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Editor’s Preface to the Spring Edition

Here at Elon University, we are extremely grateful for the opportunity to host the Pi Sigma Alpha Undergraduate Journal of Politics for the coming years. We are proud to present the Spring 2021 issue, and congratulate all authors published in this issue.

This journal seeks to highlight the intellectual curiosity that has led to innovative scholarship in all subfields of political science, scholarship that addresses timely questions, is carefully crafted, and utilizes diverse methodologies. We are committed to intellectual integrity, a fair and objective review process, and a high standard of scholarship. Through this publication, we aim to accentuate student achievements in political science research and showcase the works of undergraduate scholars, some of which has been traditionally ignored in the broader field of political science literature, despite representing the future of this discipline.

As an editorial team composed entirely of women, we understand that this occurrence is not a common one. Following the lead of the all-female American Political Science Review (APSR) Editorial Board, we are excited to promote research in the areas of “American politics, comparative politics, international relations, political theory, public law and policy, racial and ethnic politics, the politics of gender and sexuality and qualitative and quantitative research methods.” This journal values the relationships formed through student-faculty collaboration and aims to inspire a culture of intellectual curiosity that expands far beyond the college campus. In addition to recognizing the academic endeavors of undergraduate students, we hope to further encourage and empower students to seek out knowledge and realize their potential in contributing to growing scholarship in a variety of disciplines.

In the journal’s first year, we want to emphasize our appreciation for all the individuals who have made this first publication possible. Our advisors, Dr. Laura Roselle, Dr. Baris Kesgin, and Dr. Aaron Sparks, have been unwavering in their support of us throughout this entire process. Without their consistent support and insights, this issue would not have been possible. In addition, we would like to thank the entirety of the Political Science and Policy Studies Department at Elon University, as well as our Faculty Advisory Editorial Board reviewers for all of their hard work and support.

Going forward, we are excited to create a culture within our Editorial Board that embraces these values and continues to strive for excellence for the remainder of the journal’s tenure at Elon University. Thank you for your continued support and readership of our publication, we hope you enjoy our first edition.

Sincerely,

The Editorial Board at Elon University
Submission of Manuscripts

The Journal accepts manuscripts from undergraduates of any class and major. Members of Pi Sigma Alpha are especially encouraged to enter their work. We strive to publish papers of the highest quality in all areas of political science.

Generally, selected manuscripts have been well-written works with a fully developed thesis and strong argumentation stemming from original analysis. Authors may be asked to revise their work before being accepted for publication.

Submission deadlines are October 1st for the Fall edition and February 1st for the Spring edition. Manuscripts are accepted on a rolling basis; therefore early submissions are strongly encouraged.

To submit your work, please email psajournalelon@gmail.com with an attached Word document of the manuscript. Please include your name, university and contact details (mailing address, email address, and phone number) in a separate document.

Submitted manuscripts must include a short abstract (approximately 150 words), citations, and references that follow the *APSA Style Manual for Political Science*. Please do not exceed the maximum page length of 35 double-spaced pages, which includes references, tables, figures, and appendices.

The Journal is a student-run enterprise with editors and an Editorial Board that are undergraduate students and Pi Sigma Alpha members at Elon University.

The Editorial Board relies heavily on the help of our Faculty Advisory Board consisting of political science faculty from across the nation, including members of the Pi Sigma Alpha Executive Council. Due to the time committed to the manuscript review process, we would like to remind students to submit only one manuscript at a time.

Please direct any questions about submissions or the Journal’s upcoming editions to the editors at Elon University: psajournalelon@gmail.com.
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This paper adapts Kahneman and Tversky’s (1979) prospect theory for the electoral context in an attempt to elucidate some of the psychological processes underlying the rise of populism. Building on existing theories of recent populist successes in advanced Western democracies, it argues that cultural, economic, and political changes have created a ‘loss mindset’ amongst certain demographics, which have led those demographics to associate the continuation of the post-2008 status quo with the acceptance of a certain loss. Due to individuals’ strong psychological aversion against certain losses and their tendency to discount large losses, voters with such a mindset are more likely to vote for a risky candidate who promises political discontinuity over a candidate who represents the continuation of the status quo. Empirical support for the theory that a loss mindset can lead to risk-seeking electoral behavior is established by analyzing the 2016 US presidential election through a combination of individual-level survey data from the ANES 2016 Time Series Study and an assembled county-level dataset. Using cluster and factor analysis, the paper establishes robust support for the hypotheses that arise from adopting the prospect theoretical model for the 2016 election. Specifically, it finds that: (1) having a loss mindset is associated with a significant increase in support for Trump; (2) the effect of intermediate assessments of change is significantly more pronounced in the domain of losses than in the domain of gains; and (3) highly negative assessments are comparatively less politically salient than highly positive assessments. These findings help explain the appeal that anti-establishment populists hold for economically, culturally, and politically disenfranchised voters. Furthermore, this paper highlights why alarmist warnings by the establishment are often ineffective at countering populist rhetoric.

INTRODUCTION

The 2016 election of Donald Trump as President of the United States marks the provisional pinnacle of the recent rise in support for populist movements in advanced Western democracies. Although many explanations of this trend have emerged, most fall into one of two categories: while economic accounts focus on rising inequality and declining living standards, cultural theories argue that rising populism is symptomatic of a backlash against cultural changes and the rise of post-material ideology. This paper seeks to synthesize the insights gained from these divergent approaches by arguing that cultural, economic, and political factors contribute to creating a ‘loss mindset,’ which leads certain parts of the electorate to associate the continuation of status-quo politics with the acceptance of an imminent loss. Integrating this insight into a prospect theoretical framework based on Kahneman and Tversky (1979) helps account for the ostensible risk-seeking behavior of those who choose populist candidates such as Trump over status-quo candidates such as Clinton. In essence, the framing of elections as choices between losses leads to apparently risk-seeking behavior by voters who, consequently, prefer to vote for a more volatile, anti-establishment candidate with a higher range of potential political outcomes rather than for a status-quo candidate with a narrow range of potential outcomes. This paper argues that this loss mindset is a result of both structural factors — including economic, cultural, and political change — and deliberately created by populist agents who use populism as a heresthetic tool (Greenwood-Hau, Sichart, and Twyman 2021) to politicize certain topics and frame the political discourse in exceedingly negative terms to gain a political advantage.

The paper proceeds as follows. First, the literature on populism is reviewed. It is argued that the conceptual core of populism — anti-elitism — inherently commits populists to anti-status quo rhetoric. Hence, voters who vote for a populist candidate instead of an establishment candidate essentially choose volatility over political continuity. In game-theoretical terms, such voters prefer a risky gamble over a safe bet. Building on Kahneman and Tversky (1979), subsequent sections analyze the success of populism through a prospect theoretical lens. In essence, these sections argue that loss
aversion and individuals’ tendency to discount highly adverse outcomes drive those who have a loss mindset to exhibit risk-seeking electoral behavior. Contrary to existing electoral frameworks based on prospect theory (see Alesina and Passarelli 2019), this insight suggests that Kahneman and Tversky’s (1979) theory does not always predict electoral stability. Instead, if a voter views policy continuity (i.e., the preservation of the new status quo) as the continuation of economic, cultural, or political decline, they will be driven to support candidates representing political volatility.

A combination of survey data from the ANES 2016 Time Series Study and county-level demographic time series data is used to test the hypotheses that emerge from a prospect theoretical account of electoral choice using the 2016 US presidential election as a case study. Despite some methodological issues discussed in later sections, the paper finds strong overall evidence supporting the hypotheses arising from prospect theory.

This paper makes three unique contributions to the ample literature on populism, the 2016 US presidential election, and the growing literature on the importance of behavioral biases and heuristics for analyzing political behavior. First, the theory advanced in this paper extends Alesina and Passarelli’s (2019) prospect theoretical framework by positing an aggravating effect, whereby voters are drawn to extreme political choices when the continuation of the political status quo is perceived as accepting an imminent loss. Secondly, the paper provides commanding evidence for the importance of loss-averse behavioral patterns in causing volatile political outcomes. Most previous investigations have focused on showing a correlation between the negativity of an individual’s expectations about the future and their likeliness to support anti-establishment policies (see Carreras 2019). However, this insight is somewhat trivial, as those with negative views of the status quo are naturally keen on political change, whereas those with positive views are likely to support political continuity. This paper supersedes this trivial insight by showing that — in line with prospect theory’s predictions — the magnitude of the effect of marginally negative expectations on electoral choice is much larger than that of marginally positive expectations. These findings are significant as they highlight that voters with moderate views are mobilized more effectively by negative rather than positive rhetoric.

Lastly, this paper contributes to the broader debate on the rise of populist politics by suggesting that a dichotomous view of economic and cultural causes misses the point because both sets of factors contribute — albeit in different ways — to the creation of a loss mindset and, hence, demand for political discontinuity.

**Literature Review and Theory**

**Conceptualizing Populism**

A fundamental assumption on which the validity of the argument advanced herein rests is that populism operates within a logic of political discontinuity. To investigate whether this assumption is reasonable, one must first ascertain the definitional core of this en vogue analytical category. As the multifaceted history of populism highlights, this is far from a trivial task. Although contemporary political events have propelled populism to one of the most discussed concepts in social science research, it is not a recent phenomenon. Early examples of populism include peasant movements in 19th century Russia and the United States (Rooduijn 2014; Vergara 2020), as well as the government of Richard Seddon, the Prime Minister of New Zealand at the turn of the 20th century (Nagel 1993). Some have even traced the roots of populism to Puritan colonies that predated the United States’ formation (Fumurescu 2018). More recently, movements commonly labeled as ‘populist’ range from Peron’s Justicial Party in Argentina and Chávez’s United Socialist Party of Venezuela to Perot’s Progress Party in the US and Berlusconi’s Forza Italia (Rooduijn 2014). These movements’ geographical and ideological diversity hints at the fact that populism is not a monolithic category with a clear and unambiguous definitional core.

The contemporary scholarly debate over competing definitions and conceptualizations of populism mirrors this insight. At its core, this debate revolves around how populism links to substantive political-ideological positions. Some scholars understand populism as a ‘thin ideology’ (Mudde 2004) that is minimally defined by a few core components, while others view it as being inextricably linked to substantive ideologies, such as sovereignism (Baldini, Bressanelli, and Gianfreda 2020) or right-wing radicalism (Baier 2016). On the minimal end of the spectrum, Mudde (2004, 543) provides a de rigueur definition of populism as a “thin-centered ideology that considers society as ultimately separated into two homogeneous and antagonistic groups, ‘the pure people’ versus ‘the corrupt elite.’” This thin-centered ideology holds that politics should be an expression of the volonté générale (general will) of the people.” Mansbridge and Macedo echo this view in contending that populism dichotomizes society into two groups — the people and the elite — who are fighting a “morally challenged” battle (2019, 60). Carreira da Silva and Brito Vieira (2019) provide a logic-oriented account, according to which populism is primarily a logic of resentment that operates by splitting society into a morally virtuous in-group and a vilified out-group. Departing from this one-dimensional in-out logic, Corbett (2016) builds on Abts and Rummens (2007) to suggest that right-wing populism is a ‘twofold vertical structure,’ which is antagonistic both upwards (against the social elite) and downwards (against social and economic outsiders). Brubaker (2020) provides a more substantive definition, arguing that populism is not separable in toto from nationalism, as it distinguishes ‘the people’ horizontally vis-à-vis both internal outsiders (the elite at the top as well as those at social margins at the bottom) and external outsiders (the global, cosmopolitan elite at the top, and low-status migrants and refugees at the bottom). Other accounts view populism as a counterbalance...
to increasingly concentrated power (see Boyte 2012; Coles 2012; Grattan 2012; Nagel 1993). While also being located at the substantive end of the spectrum of definitions, these views run counter to those who consider populism as inherently connected to anti-liberal phenomena, such as Euroscepticism (Brasso Sørensen 2020), sovereignism (Baldini, Bressanelli, and Gianfreda 2020), or right-wing radicalism (Baier 2016).

While this paper remains sympathetic to the empirical observation that populism, especially of the right-wing variant most common in advanced Western democracies, often occurs alongside these other phenomena, it nevertheless maintains that those elements do not constitute part of the conceptual core of populism. Hence, due to its virtue of being conceptually distinct, with applicability across a range of geographical and temporal contexts (Rooduijn 2014) without conceptual stretching (Mudde and Rovira Kaltwasser 2013), this paper adopts a minimal definition of populism akin to that of Mudde (2004). Specifically, it defines populism in terms of four key features: (1) the centrality of ‘the people’ who are conceptualized as a (2) unified group fighting against (3) a corrupt elite (4) under the proclamation of crisis. The latter two aspects of the above definition are crucial for this paper because one of its central assumptions holds that populist politics operate on a platform of advocacy for political discontinuity. While the concept of discontinuity does not constitute part of the definitional core of populism, it is a direct corollary of parts (3) and (4) of the above definition: populist actors who pit themselves against corrupt governing elites and proclaim a state of crisis are necessarily committed to advocating political change. Hence, the internal logic of populism and the external appeals through which political actors utilize it necessitate at least a rhetorical (if not actual) commitment to political discontinuity.

The case of the 2016 US election illustrates this point cogently. Donald Trump ran on a platform of ‘crisis talk’ and advocacy for radical political change (Homolar and Scholz 209, 344). In contrast, Hillary Clinton represented the establishment-candidate par excellence whose primary substantive policy commitment was to “continue the preceding Democratic President’s success” (Gunawan 2017, 50). As shown theoretically and empirically in subsequent sections, the dichotomy of political continuity and discontinuity at the very core of the 2016 presidential race had dramatic implications for voting behavior if viewed through a prospect theoretical lens. This link is especially pronounced among those demographics who — due to economic, cultural, and political changes — associated the status quo that Clinton represented as the continuation of decline and, hence, the acceptance of an imminent loss.

**Explaining the Rise of Populism: A True Dichotomy**

What caused the recent rise of populism in Western democracies, as exemplified by the 2016 US presidential election, the Brexit referendum, and the electoral successes of populist parties ranging from the left-wing Syriza in Greece to Marine Le Pen’s far-right Front National? Three major strands of explanations of this rise have dominated the literature thus far: the two outlined previously, related to economics and culture, and a more recent third strand, which transcends the dichotomous ‘culture vs. economics’ debate in search of a more holistic approach. The current paper seeks to contribute to this third set of explanations by arguing that an amalgamation of cultural, economic, and political changes created a loss mindset among some demographics, rendering those particularly receptive to populist rhetoric. Before laying out this theory in full, this paper first turns its attention to existing theories of populism.

Economic explanations argue that a set of economic trends, such as stagnating real wages, increasing inequality, or decreased social mobility, are the primary causes of populism in post-industrial countries. Proponents of this approach argue that those who feel economically left behind are more likely to feel disenchanted with the political establishment, rendering them receptive to populism’s anti-elitist rhetoric. There is rich empirical support for such economic explanations: Colantone and Stanig (2018) find that the level of import shocks is positively correlated with support for anti-establishment parties. Adler and Ansell (2020) show a strong and robust positive relationship between house prices and support for populist parties. Hopkin and Blyth (2019, 215) find that support for populist parties is strongest in countries with higher Gini coefficients, indicating that populist support is positively correlated with higher levels of inequality.

Further, the populist vote share is higher in regions that have been hit harder by deindustrialization (Hopkin 2017). Therefore, the link between economic factors and support for populism is empirically well-established at the aggregate level. However, the evidence is less clear at the individual level, especially considering the 2016 US presidential election. Specifically, there are two crucial problems with the ‘left-behind’ argument that personal economic hardship drives support for populists. First, ‘pocketbook’ voting theories on which individual-level economic explanations of populism rest are not generally well-supported by empirical findings. As Mansbridge (1989) shows, evidence that personal economic situations drive voting behavior is scarce. For example, the newly unemployed are unlikely to blame the incumbent government for their misfortune (Merelman and Sniderman 1977). Even at the level of demographic groups, there is no clear evidence of a link between economic status and political preferences (Kinder, Adams, and Gronke 1984). Second, in the US context, the path of economic recovery on which the US found itself in the year leading up to the 2016 election calls into question the argument that Trump’s victory was propelled by economic dissatisfaction, especially because sociotropic assessments of recent economic events have been shown to heavily influence voting behavior (Achen and Bartels 2016; Wlezien 2015). This may explain why a recent cross-sectional
In contrast to the left-behind thesis, cultural explanations argue that populism is primarily a backlash against cultural change, specifically the rise of liberal post-materialist ideology. Norris and Inglehart (2018, 2017, 2016), the most prominent advocates of this view, argue that the 35 years of security and relative prosperity in developed democracies that followed the Second World War triggered the rise of post-materialist values that prioritize issues such as environmental protection and women’s and minority rights. These are driven by (1) birth cohort effects, whereby cohorts who experienced relative security in their formative years gradually replaced older, more conservative, and materialist generations, and (2) period effects, whereby all generations respond to current conditions, implying that rising post-WWII prosperity also made older generations less materialistic (Norris and Inglehart 2018). These cultural changes — combined with subsequent economic downturns — provoked a counter-reaction in older, less economically secure, and more conservatively oriented cohorts who felt their norms, traditions, and values were under siege. Inglehart and Norris (2017) describe this reaction as a Silent Revolution in Reverse — a value-reorientation towards conservative materialism and a shift towards support for right-wing populists who promise to arrest or reverse earlier ideological changes. Although there is evidence for the importance of cultural factors (e.g., Hopkins 2010; Norris and Inglehart 2019), purely cultural explanations have been challenged as being inconsistent with several empirical findings, such as the fact that cultural nativist accounts of the rise of populism cannot accommodate the rise of left-wing variants. Furthermore, contrary to the predictions of cultural explanations that emphasize the role of value-reorientation due to immigration, support for right-wing populism is most pronounced in rural areas where comparatively few immigrants live (Colantone and Stanig 2018; Cramer 2016).

In response to the deficiencies of the above bodies of research, a third strand of theories of the rise of populism stresses the need to move past the dichotomization of cultural and economic factors. Instead, these theories advocate a more holistic — or systemic — approach to the study of populism, emphasizing the different ways in which cultural, economic, and political factors combine to influence voting behavior. For example, Gidron and Hall (2017) argue that a social integration framework highlights how economic and cultural factors interact to create dissatisfaction with the status quo. They find evidence that both cultural (e.g., LGBT opposition, church attendance) and economic factors (e.g., occupation, social grade) affect feelings of social marginalization. Eatwell and Goodwin (2018) take a similarly systemic approach, arguing that the demand for populism is a result of four historic shifts: (1) feelings of political disenfranchisement caused by a growing clef between politicians and their citizens; (2) high levels of immigration and associated cultural fears; (3) increased relative deprivation of large parts of the population; and (4) the weakening of the bonds between mainstream parties and their constituencies.

In an attempt to contribute to this growing scholarly consensus, this paper argues that integrating insights from the above-mentioned theories into a single framework based around the concept of loss provides a comprehensive yet parsimonious explanation of the rise of populism. In essence, it argues that various structural changes — such as rising political and economic inequality, stagnating wages, and cultural shifts — caused by immigration and the rise of postmaterialism created a ‘loss mindset’ among certain demographics. In addition, it highlights the role of political agents who both catalyzed and channeled these structural factors to their political benefit. The importance of agency in politicizing structural changes is well established in the literature. Hopkins (2010) argues that immigration becomes politically salient when communities undergo sudden demographic changes while immigration is simultaneously politicized at a national level. Homolar and Scholz (2019) show that Trump’s crisis talk framed the 2016 election in a negative light. As a result, voters who perceived themselves as the losers of the political status quo gravitated towards support for political discontinuity. However, this insight alone would be somewhat trivial: those who find themselves on the downside of advantage in the current system will naturally advocate change, as is well-established in the literature on economic voting (Wlezien 2015). However, the classical economic voting literature presupposes voters’ rationality and, as a result, largely ignores the idiosyncrasies of human psychology and the fact that it is the perception of change that motivates political behavior, not the change itself. As the following section shows, integrating the concept of a loss mindset into Kahneman and Tversky’s prospect theoretical framework helps us explain this behavior by highlighting the asymmetries in psychological assessments of losses and gains and the differences between the political salience of negative and positive change that result.

A Prospect Theoretical Approach to Voting and Studying Populism

Few studies thus far have tried to use Kahneman and Tversky’s (1979) prospect theory to explain political outcomes. Notable exceptions include Weyland (1997), who draws on prospect theory to explain Latin American political leaders’ risk-taking in economic restructuring, and Alesina and Passarello (2019), who adopt the theory for the context of electoral behavior. Nonetheless, overall, political scientists “have shown little interest in [prospect theory]” (Mercer 2005, 1). The current paper seeks to illustrate the usefulness of prospect theory in the hope that this will spark renewed interest in the theory among political scientists.
Kahneman and Tversky’s (1979) prospect theory explains why decision-makers are driven to seemingly risk-seeking behavior in situations where a choice is framed as one between losses. In prospect theory, utility is assigned to gains and losses (relative to a reference point) rather than to final assets. According to Kahneman and Tversky, the decision-making process involves two phases. First, in the editing phase, individuals preliminarily analyze the “offered prospects, which often yields a simpler representation of these prospects” (ibid., 274). This phase includes forming a reference point against which prospects are framed as gains or losses. Kahneman and Tversky observe that this reference point “usually corresponds to the current asset position […]”. However, the location of the reference point, and the consequent coding of outcomes as gains or losses, can be affected by the formulation of the offered prospects, and by the expectations of the decision-maker” (ibid., 274). If an individual’s expectations about the future are negative (i.e., they expect a loss), their reference point will not be the neutral status quo but will be shifted towards negativity.

This insight is critical because it expands the range of possible electoral outcomes that loss aversion can account for in the second phase of decision-making, the evaluation phase. Alesina and Passarelli (2019, 937ff) establish a formal model of loss aversion in electoral contexts and show the existence of three effects, all of which lead to an overall status-quo bias in elections: (1) an endowment effect, whereby people get attached to a certain status quo and, since losses weigh heavier than gains, do not readily risk this status quo by voting for a volatile candidate; (2) an entrenchment effect, whereby policy changes are assessed vis-à-vis the initial status quo; and (3) a moderating effect that leads those who hold extreme views to prefer less extreme policies.

On Alesina and Passarelli’s account, these three effects explain the status-quo bias evident in electoral contexts. However, if one departs from the assumption that the reference point against which prospects are assessed is neutral and instead allows it to shift towards negativity, loss aversion predicts risk-seeking rather than risk-averse behavior. This paper refers to this effect as the aggravating effect. In essence, voters who have a loss mindset due to economic and cultural changes are led to view the continuation of status-quo politics as implying further decline. As a result, the strong aversion against certain losses will drive them to support policy discontinuity, even if they accept that this might lead to volatile outcomes and potential high losses. This is illustrated conceptually in Figure 1, which adopts Kahneman and Tversky’s utility function to predict the average utility voters who have a loss mindset will ascribe to certain potential outcomes.

Figure 1: Explaining Trump’s Appeal Using Prospect Theory

![Figure 1: Explaining Trump’s Appeal Using Prospect Theory](image)
In Figure 1, the reference point of voters who have a loss mindset is shifted to the left of the origin, as is illustrated by the position of the ‘SQ-Expectations’ line. Such voters are drawn to the more volatile, non-status quo choice because of two mechanisms. First, individuals’ strong aversion against certain losses implies that the status quo choice or candidate (i.e., Clinton) is evaluated highly negatively by those who display a loss mindset. In contrast, the volatile choice (i.e., Trump) appears more attractive because the certainty effect implies that “people underweight outcomes that are merely probable in comparison with outcomes that are obtained with certainty” (Kahneman and Tversky 1979, 263). As a result of the combined effects of the strong aversion against certain losses and the discounting of the possibility of extremely high losses, decision-makers exhibit risk-seeking behavior if their expectation of the future status quo is negative. This combined effect is illustrated in the graph, since the average utility of the larger range of outcomes is higher than that of the small range of outcomes. Note that this is despite the average utility outcome of both choices being equal. Hence, prospect theory predicts that those with more negative assessments of past socio-economic change are more likely to vote for Trump:

**H1:** Individuals with more negative assessments of change are more likely to support populist anti-establishment candidates.

Furthermore, if moderate losses do indeed weigh more heavily than moderate gains, then one would expect the magnitude of the effect of a loss mindset to be larger than that of a gain mindset:

**H2.1:** The magnitude of the effect of marginally negative assessments of change on electoral behavior is larger than that of marginally positive assessments.

Lastly, the discounting of extreme losses that prospect theory posits implies that the marginal effect of extreme assessments of change compared to that of moderate assessments will be lower in the domain of losses than gains:

**H2.2:** The difference in effect between marginal and extreme assessments of change is less pronounced in the domain of losses than in the domain of gains. i.e., 
\[(Δ\text{Heavy Loss}) - (Δ\text{Marginal Loss}) < (Δ\text{Heavy Gain}) - (Δ\text{Marginal Gain})\]

To test these hypotheses and establish support for the posited causal mechanism, subsequent sections investigate the effects of loss- and gain-mindsets on Trump’s vote share in the 2016 US presidential election. Hypothesis 1 is confirmed if respondents who professed pessimism about recent change were significantly more likely to state that they were planning on voting for Trump in the 2016 election. Hypotheses 2.1 and 2.2 are investigated by comparing the magnitude of the effects of negative and positive views of change.

**Operationalizing Loss**

Before turning to the empirical sections of this paper, it is important to first investigate the mechanisms through which economic, cultural, and political changes fuel perceptions of loss. Here, one must distinguish between two different types of changes. First, those that affect voting behavior at the individual level, irrespective of group identity. These macro-changes include rising vertical inequality and cultural change. These changes do not have to affect all groups equally to be classified as individual-level drivers of perceptions of loss: vertical inequality and cultural change have both been shown to have affected different demographic groups asymmetrically. However, in theory, these changes work across group-identity-based cleavages; they first and foremost affect individuals according to their relative position in society rather than their group membership. In contrast, there are drivers of loss that operate primarily at the level of the group. These include horizontal inequality and group-level relative deprivation, both in terms of economic, cultural, and political status. As the following subsections show, these group-based grievances have recently been receiving growing attention, as scholars have repeatedly found that perceptions of status are often more socially and politically salient at the group-level rather than individual level.

**Individual-Level Drivers of Perceptions of Loss**

Traditionally, the literature on populism has focused on macro-changes in economics, culture, and politics. In the context of the recent populist backlash, the fact that losers of globalization in post-industrialized countries have seen their real incomes and living standards decline over the last decade is well established (Eatwell and Goodwin 2016; Stiglitz 2013). The resulting feelings of decline are further worsened for ideologically traditionalist demographics by recent cultural changes such as the rise of post-materialism (Norris and Inglehart 2019) or by increasing feelings of political disenfranchisement and marginalization (Hopkin and Blyth 2019; Hochschild 2016). Such changes contribute to creating a loss mindset among individuals who expect the socio-economic and cultural decline they experienced in recent years to continue in the absence of political discontinuity.

Of course, these changes do not affect all demographic groups equally, but the literature on the rise of populism has often ignored the group-level differences in how certain macro-level societal change affects political behavior. To an extent, the current paper contributes to that scholarly oversight, as its empirical strategy focuses on attempting to establish an individual-level link between perceptions of loss and support for political discontinuity. However, this focus is owed to the data constraints that limit the scope of this investigation:
the individual-level ANES Time Series survey is the only currently available dataset that is granular enough and covers respondents’ perceptions of change. As will be discussed in the methodology and results sections, the paper does investigate how perceptions of loss operate within various demographic groups by subsetting the ANES data by gender, race, and income bracket. This is an imperfect solution as it is unable to show how group-level perceptions of loss influence political behavior; future work on the role of loss in politics should close the resulting gap by expressly focusing on the effect of perceptions of group-level grievances discussed below.

**Group-Level Grievances and Horizontal Inequalities**

There is growing evidence that group-based perceptions of status are highly politically salient, as recent trends in the literature on political conflict and inequality highlight. Previously, scholars of conflict focused primarily on vertical inequality, i.e., the inequality between individuals at different levels of the social ladder (Weede 1986; Sigelman and Simpson 1977). The focus on inequality between individuals helps explain why those studies often fail to provide conclusive evidence for a link between inequality and conflict. As Østby (2013) rightly points out, relying on measures of *individual* inequality to try to account for *collective* participation in political conflict may not be the best approach.

Horizontal inequalities (HIs) — inequalities between groups delineated by racial, cultural, or political identity—cleavages — capture the group-based nature of political action much better. The link between HIs and political conflict is well-established. Gisselquist (2013) shows that societies in which class-based and ethnicity-based cleavages are mutually reinforcing display higher levels of political violence. Similarly, Cederman, Weidmann, and Gleditsch (2011) find that the level of HI is a strong predictor of ethnonationalist conflict. Interestingly, some key findings of the conflict literature mirror insights from prospect theory. For instance, Must (2016) investigates the causes of conflict in 20 African countries to highlight that it is the *perceived* rather than the *actual* level of inequality that explains support for civil unrest, another form of support for political discontinuity. Hillesund et al. (2020, 1) similarly find that perceptions of “horizontal economic and political inequalities […] make conflict more likely.”

Furthermore, Džuverovic (2013) highlights that *changes* in groups’ relative position—rather than their static position in group-based hierarchies—is the best predictor for support for violence. Specifically, he finds that groups already at the bottom of the economic hierarchy display lower levels of frustration than formerly privileged groups whose position, relative to other groups, is declining. This mirrors a critical insight of the current study, namely that *changes* in status seem to be a more salient motivator for political action than status *per se*.

Džuverovic’s findings are especially relevant for the context of this paper, as the US political stage has been dominated by group-identity-based conflict arising from the relative decline of traditionally privileged groups vis-à-vis historically disadvantaged groups who are slowly closing the opportunity gap. In the context of the 2016 US presidential election, three horizontal cleavages are especially relevant. First, the changing racial demographics of the US have been shown to have contributed to the support of Donald Trump “among White Americans whose race/ethnicity is central to their identity” (Major, Blodorn, and Major Blascovich 2016, 931). Furthermore, questions about gender equality were also a significant driver of support for Trump among those with conservative views of gender issues (Heldman, Conroy, and Ackerman 2018). Lastly, issues of sexuality have also been shown to have contributed to the appeal of Donald Trump among those with conservative views. In combination, these group-based cleavages have led some scholars to describe the 2016 election as a “possessive investment in white heteropatriarchy” (Strolovitch, Wong, and Proctor 2017, 353). What do these issues have in common? In all of them, the dominant and (formerly) systemically privileged group has declined relative to the historically disadvantaged group. As society has progressed — albeit in small steps — towards equal opportunity regardless of race, gender, or sexuality, the conservative white heteropatriarchy has lost ground. In other words, privileged demographics were put in a loss mindset, which — as subsequent sections of this paper show — is likely to have contributed to their support for political discontinuity in the form of Donald Trump.

The approach posed herein allows us to integrate the political effects of group-based grievances into a common framework built around the concept of loss. As mentioned previously, despite this potential to accommodate individual-level as well as group-level perceptions of loss, this paper focuses primarily on the former due to data constraints. To show that perceptions of loss are essential drivers of support for Trump regardless of group-based cleavages, the analyses laid out in the following section will be completed not only for the full sample but also for subsets according to race and gender. However, future research into how loss fuels support for political discontinuity should seek to focus specifically on group-based loss, as the literature on horizontal inequality shows this to be a highly salient driver of political behavior.

**METHODOLOGY**

This study uses individual-level survey data from the American National Election Studies (ANES) 2016 Time Series Study and county-level demographic and electoral data from various sources. The ANES dataset covers questions on electoral behavior, public opinion, and a range of other areas such as values and cognitive predispositions from 4,270 respondents (1,180 face-to-face and 3,090 online interviews). The data was collected during a pre-election and a post-election interview;
Disadvantages

2) On the change

Perceptions

Potential endogeneity

Exogenous variation

Two empirical strategies are employed to address this issue of potential choice-supportive bias (Lind et al. 2017). First, in addition to implementing the analyses laid out in Section 4.4.3 on the full sample of ANES respondents, the same analyses are completed for three subsets of the respondents (Democrat, Republican, and Independent). Respondents’ stated party identification is used to create these subsets. The Democrat subset includes ‘Strong Democrats’ and ‘Not very strong Democrats’; the Republican subset consists of ‘Strong Republicans’ and ‘Not very strong Republicans’; and the Independent subset consists of ‘Independent-Democrats’, ‘Independents’, and ‘Independent-Republicans’. Classifying weak partisans as partisans is common in the literature on affective polarization (Broockman, Kalla, and Westwood 2020). Subsetting the data by partisanship helps to isolate the relationship between variations in the extent to which respondents exhibit a loss mindset and their voting behavior within partisan groups. This allows the circumvention of potential issues of reverse causality, since any choice-supportive bias can be assumed to bias results in the same direction within a partisan group. Hence, subsample-results consistent with

Hypothesis 1 would strengthen confidence in the direction of the mechanism underlying the correlational link between perceptions of loss and voting behavior.

Furthermore, to establish support for the effect of socio-economic change on electoral outcomes, this study uses county-level demographic and electoral data in addition to the individual-level survey data. It combines demographic time-series data obtained from the US Census Bureau with county-level presidential election data to investigate the effect of actual changes in demographic variables on the change in Republican vote share between 2012 and 2016. Potential endogeneity problems do not limit any correlations uncovered using this method, as it is highly improbable that a county’s aggregate vote in presidential elections directly affects the above demographic variables. Hence, finding a significant and robust relationship between the measure of local demographic decline devised below and change in Republican vote share can be taken as prima facie evidence of the causal direction of any correlations uncovered using the survey data.

Table 1 summarizes the advantages and disadvantages of each source of data. Due to their respective drawbacks, neither type of data is sufficient to investigate the hypotheses advanced in this paper. As will be shown below, however, combining the findings from analyses of both sources provides concrete inductive evidence in favor of the theory advanced in this paper. Regardless, to bolster confidence in the validity of the empirical results presented herein, one would ideally investigate how actual socio-economic change translates to professed assessments of change and then trace how changes in these assessments alter voting behavior over time or use experimental interventions to induce exogenous variation in voters’ assessment of change. Future research should address this gap.

RESULTS

Individual-Level Loss Factor Analysis

In keeping with the above methodological caveats, a combination of individual-level survey data and county-level demographic data was used to investigate Hypothesis 1, which posited that those with more negative assessments of change are more likely to have voted for Trump, the anti-establishment populist candidate. Turning to the individual-level data first, exploratory factor analysis based on a battery

<table>
<thead>
<tr>
<th>Table 1: Advantages and Disadvantages of Data Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantages</strong></td>
</tr>
<tr>
<td>Individual-level survey data</td>
</tr>
<tr>
<td>County-level demographic data</td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
</tr>
<tr>
<td>Individual-level survey data</td>
</tr>
<tr>
<td>County-level demographic data</td>
</tr>
</tbody>
</table>
of questions from the ANES pre-election wave regarding individuals’ assessment of socio-economic changes was employed to uncover the factor that underlies views of change. The analysis revealed that a single psychological factor seems to underpin these views. Using this factor, each respondent was assigned a single ‘loss score.’ The loss score captures the extent to which respondents view recent changes as positive or negative. Panel A of Figure 2 visualizes the distribution of this loss score across respondents.

Investigating the relationship between respondents’ demographic attributes and their loss score reveals which groups have the most negative perceptions of recent change. As Table 2 shows, age and gender are not significantly correlated with perceptions of loss. In contrast, self-identifying as white and religious is highly correlated with negative perceptions of change. On average, respondents with higher levels of income and education have significantly more positive perceptions of change. These results echo previous findings.
Table 2: Demographic Attributes and Standardized Loss Scores

<table>
<thead>
<tr>
<th></th>
<th>Model 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>−0.331 (0.085)***</td>
</tr>
<tr>
<td>Male</td>
<td>0.025 (0.031)</td>
</tr>
<tr>
<td>Age</td>
<td>−0.001 (0.001)</td>
</tr>
<tr>
<td>White</td>
<td>−0.505 (0.034)***</td>
</tr>
<tr>
<td>log(Income)</td>
<td>0.105 (0.017)***</td>
</tr>
<tr>
<td>Education</td>
<td>0.182 (0.022)***</td>
</tr>
<tr>
<td>Marital Status</td>
<td>−0.046 (0.034)</td>
</tr>
<tr>
<td>Religious</td>
<td>−0.303 (0.033)***</td>
</tr>
<tr>
<td>AIC</td>
<td>11462.636</td>
</tr>
<tr>
<td>BIC</td>
<td>11519.103</td>
</tr>
<tr>
<td>Log Likelihood</td>
<td>−5722.318</td>
</tr>
<tr>
<td>Deviance</td>
<td>3550.844</td>
</tr>
<tr>
<td>Num. obs.</td>
<td>3921</td>
</tr>
</tbody>
</table>

*p < 0.1, **p < 0.05, ***p < 0.001; Based on linear regression analyses. Standard errors in parentheses.

Table 3: Relationship Between Loss Indicator and Trump Vote Probability

<table>
<thead>
<tr>
<th></th>
<th>Model 1 (Unadjusted)</th>
<th>Model 2 (Adjusted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>0.466 (0.007)***</td>
<td>0.124 (0.035)***</td>
</tr>
<tr>
<td>Explanatory Variable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss-Indicator</td>
<td>−0.301 (0.007)***</td>
<td>−0.259 (0.007)***</td>
</tr>
<tr>
<td>Controls</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>0.084 (0.014)***</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>−0.001 (0.000)</td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>0.281 (0.016)***</td>
<td></td>
</tr>
<tr>
<td>Income (log)</td>
<td>0.000 (0.000)</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>−0.008 (0.010)</td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>0.074 (0.015)***</td>
<td></td>
</tr>
<tr>
<td>AIC</td>
<td>3256.790</td>
<td>2524.108</td>
</tr>
<tr>
<td>BIC</td>
<td>3274.735</td>
<td>2583.166</td>
</tr>
<tr>
<td>Log Likelihood</td>
<td>−1625.395</td>
<td>−1252.054</td>
</tr>
<tr>
<td>Deviance</td>
<td>429.954</td>
<td>328.530</td>
</tr>
<tr>
<td>Num. obs.</td>
<td>2927</td>
<td>2713</td>
</tr>
</tbody>
</table>

*p < 0.1, **p < 0.05, ***p < 0.01; Based on logit regression analyses. Standard errors in parentheses.
according to which white, low-income, relatively uneducated, and religious demographics have the most negative perceptions of recent change.

To test Hypothesis 1, the relationship between this loss score and voting behavior was investigated using logistic regression models. The results of these analyses (displayed in full in Table 3 and summarized in terms of odds ratios in Panels C and D of Figure 2) confirm a highly statistically and substantively significant relationship between the negativity of assessments of change and the probability of voting for Trump. Converting the logit coefficients from the unadjusted model displayed in Table 3 to predicted probabilities, one can see that a one-standard-deviation increase in the loss score (indicating a more positive assessment of change) from the mean is associated with a fall in predicted Trump vote share from 44.8% to 13.3% (p < 0.001). An effect of similar magnitude can be inferred from the adjusted model, although the interpretation of the coefficient (-0.259***) is not as intuitive as in the unadjusted model. Still, both models show a highly statistically (and substantively) significant relationship between the negativity of respondents’ assessments of change and their likeliness to have voted for Trump in 2016.

Furthermore, as calculating the Nagelkerke pseudo-$R^2$ (Hemmert et al. 2016) shows, the models’ explanatory power is considerable given their parsimony: not controlling for covariates, the loss indicator explains 50.6% of the variation in respondents’ 2016 presidential vote. This provides further evidence for the political salience of voters’ retrospective assessment of change and, hence, for Hypothesis 1. However, as previously mentioned, these results are still limited by potential endogeneity because respondents’ assessment of change may be endogenous to their electoral behavior. In other words, a voter may have adjusted her assessments in response to her party preference instead of having chosen Trump because of a loss mindset. To provide further evidence for the importance of loss for electoral behavior, one must find a way to circumvent this endogeneity problem.

**County-Level Clusters Analysis**

As mentioned in section 3, the existence of a correlation between individual-level subjective assessments of change is not conclusive evidence for the causal mechanism that underlies Hypothesis 1. Since subjective assessments are, by definition, not structurally predetermined, it may be the case that voting for Trump causes a higher loss score rather than the other way round. In contrast, the relationship between local socio-economic changes and presidential election voting behavior does not suffer from potential reverse causality and endogeneity. Hence, a robust relationship between county-level socio-economic decline (or local socio-economic loss) and change in Republican vote share would increase confidence in the direction of the individual-level behavioral causal mechanism posited above. To achieve this, the following methodology was employed. First, county-level demographic time-series data for the years between 2012 and 2016 was obtained from the US Census Bureau and combined with data on presidential returns from the 2012 and 2016 elections. The benefit of using time-series data is that it permits the tracing of the effect of socio-economic change on voting behavior at the county level. Hence, the change of certain socio-economic variables (change in total population, % of the population living in poverty, and mean income levels) between 2012 and 2016 was calculated. Using these variables and emulating the methodological approach taken at the individual level, a K-means cluster analysis was performed. The analysis revealed three distinct groups: (1) Stable Counties, whose socio-economic situation did not change significantly between 2012 and 2016, (2) Loss Counties, who were worse off in 2016 than in 2012, and (3) Gain Counties, for which the converse is true. These clusters were then used to estimate the effect of local

<table>
<thead>
<tr>
<th>Table 4: County Clusters and Change in Republican Vote Share 2012-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 3</td>
</tr>
<tr>
<td>Intercept (Reference)</td>
</tr>
<tr>
<td>Loss Counties</td>
</tr>
<tr>
<td>Gain Counties</td>
</tr>
<tr>
<td>R²</td>
</tr>
<tr>
<td>Adj. R²</td>
</tr>
<tr>
<td>Num. obs.</td>
</tr>
<tr>
<td>RMSE</td>
</tr>
<tr>
<td>*p &lt; 0.1, **p &lt; 0.05, ***p &lt; 0.001; Linear regression analysis, based on OLS. Robust standard errors in parentheses.</td>
</tr>
</tbody>
</table>

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decline on the change in Republican vote share between 2012 and 2016.

As Table 4 shows, on average, Republican vote share was 5.0 percentage points higher in Loss Counties and 5.5 percentage points lower in Gain Counties compared to the neutral reference category. Both effects are statistically significant at \( p < 0.05 \). In addition to the cluster analysis, factor analysis was carried out and assigned a loss-indicator score to each county. Table 5 shows a clear correlation between local socio-economic decline as captured by the county-level loss score and changes in Republican vote share. A reduction in the loss score by one standard deviation is associated with a 4.7-percentage point increase in Republican vote share \( (p < 0.001) \). While the methodology employed at the county level is constrained by the limited availability of time-series demographic data at the necessary level of granularity, the findings presented here increase confidence in the causal direction of the relationship uncovered using the individual-level survey data.

In summary, individual-level survey and county-level demographic data provide strong inductive support for Hypothesis 1. However, the association between perceptions of socio-economic decline and voting for specific candidates is well established in the existing economic voting literature (Lewis-Beck and Nadeau, 2011) and is, hence, somewhat trivial. To establish further support for the prospect theoretical foundation of electoral behavior, the second set of hypotheses concerning the asymmetries in the domain of gains and losses — which provide a theoretically rigorous explanation for the risk-seeking electoral behavior that theories of economic voting cannot account for — is much more substantively relevant. It is these hypotheses that the paper now turns to.

**Individual-Level Cluster Analysis (Full Sample)**

To investigate Hypotheses 2.1 (concerning the overall magnitude of effects of gains and losses) and 2.2 (concerning differences between marginal and extreme gains and losses), K-means cluster analysis based on a question battery covering respondents’ retrospective assessment of socio-economic change was employed to identify groupings with distinct patterns of assessments of change within the individual-level ANES survey data. Specifically, the battery covered views on (1) changes in the economy since 2008, (2) respondents’ household financial situation in the last year, (3) changes in the economy in the last year, (4) whether the country is generally on the right track\(^5\), (5) changes in unemployment in the last year, and (6) changes in social mobility in the last 20 years. The Average Silhouette Method was used to determine the optimal number of clusters for the cluster analysis (Rousseeuw 1987).

As Panel A of Figure 3 shows, the optimal number of clusters was determined to be four, closely followed by the five- and three-cluster solutions. Due to the benefit of having a middle category that can serve as the neutral reference category, the five-cluster solution was chosen as the basis for subsequent analyses. The cluster analysis results can be seen in Panel B, which visualizes the five clusters in terms of the first two principal components that explain the majority of the variance within the survey data. Considering that negative values on the x- and y-axes indicate negativity of assessments of recent changes, one can rank the groups according to the extent to which they exhibit a loss mindset. Cluster 3 \( (n = 1051) \) exhibits the most negative retrospective assessment of change and will henceforth be referred to as the Heavy Loss group. Cluster 4 (Marginal Loss, \( n = 513 \)), 5 (Reference, \( n = 545 \)) 2 (Marginal Gain, \( n = 1189 \)) and 1 (Heavy Gain, \( n = 972 \)) view recent changes increasingly more positively. To support this classification, Panel C of Table 3 displays the weighted loss score (used previously to test Hypothesis 1) for each of the five groups in terms of standard deviations from the mean. Clearly, the Heavy Loss cluster displays the most negative assessment of change \((-1.18 \text{ SDs})\), followed by the Marginal Loss \((-0.58 \text{ SDs})\), the Reference \((0.16 \text{ SDs})\), the Marginal Gains \((0.27 \text{ SDs})\), and the Heavy Gains \((1.06 \text{ SDs})\) clusters. The validity of the groups’ classification is further confirmed by the mean

| Table 5: Loss Score and County-Level Change in Republican Vote Share 2012-2016 |
|---------------------------------|---------------------------------|
| **Model 4**                     |                                 |
| Intercept (Reference)           | \(-1.953 \ (0.634)\)**          |
| Loss Score                      | \(-4.696 \ (0.656)\)*****       |
| \(R^2\)                         | 0.102                           |
| Adj. \(R^2\)                    | 0.102                           |
| Num. obs.                       | 3111                            |
| RMSE                            | 0.211                           |

\( \ast p < 0.1, \, \ast \ast p < 0.05, \, \ast \ast \ast p < 0.001; \) Linear regression analysis, based on OLS. Robust standard errors in parentheses.
responses to some of the questions used as the basis for the cluster analysis (see Figure 4). In terms of demographics, the clusters do not differ significantly in terms of age, gender, or marital status. However, the loss clusters are significantly more religious, have a lower mean income, and are significantly less educated (p < 0.01) than the gain clusters.

Turning our attention to the voting behavior of the respective groups reveals striking differences in the proportion of respondents who voted for Donald Trump in the 2016 US presidential election between the identified loss groups. As Panel D of Figure 3 shows, 83.6% of the Heavy Loss, 70.6% of the Moderate Loss, 43.5% of the intermediate Reference, 38.5% of the Moderate Gain, and only 4.5% of the Heavy Gain groups voted for Trump. These figures provide further support for Hypothesis 1, as having negative assessments of change is clearly associated with voting for a non-status quo candidate. The statistical significance of this association is confirmed using logistic models to regress Trump’s vote
share on cluster membership. As Table 6 shows, the negative correlation between membership in the loss clusters and the probability of voting for Trump is highly statistically and substantively significant (logit coefficients in the adjusted model of 1.843*** and 1.295*** for the extreme and marginal loss groups, respectively) and robust to the inclusion of a standard battery of demographic controls. Membership in the Heavy Gain group is associated with a significant decrease in the probability of voting for Trump (-2.882***). Most strikingly, there is no consistently significant difference between the Marginal Gain and the reference group in terms of predicted Trump vote probability. This provides preliminary support for Hypothesis 2.1.

The magnitudes of the effects uncovered in the above models allow us to investigate Hypotheses 2.1 and 2.2 more closely. The former predicted that the effect of marginal losses on voting behavior would be larger than that of marginal gains. This is because individuals have a strong aversion against accepting losses and a tendency to over-weigh small losses, which renders those who equate the continuation of the status quo with accepting an imminent loss willing to accept risky gambles (such as voting for the volatile populist candidate). The models presented in Table 6 lend support to this hypothesis. In both the unadjusted and the adjusted models, the magnitude of the correlation between membership in the Marginal Loss and probability of voting for Trump is significantly larger than that of membership in the Marginal Gain group (1.138***/1.295*** compared to -0.208/-0.291*). The latter association is minuscule enough not to be statistically significant at p < 0.05 in either model. These results support Hypothesis 2.1: the effect of a marginal loss mindset on voting behavior is substantively and significantly larger than that of a marginal gain mindset.

Considering the small magnitude of the effect of being in the Moderate Gain group on Trump vote probability, the high statistical (p < 0.001) and substantive significance of the effect of extreme gains is all the more striking. As Figure 4, Panel D predicted, membership in the Heavy Gains groups is associated with a large decrease in the probability of voting for Trump (logit coefficients of -2.788***/-2.882***). This result allows us to investigate Hypothesis 2.2, which predicted that the marginal effect of extreme assessments of losses/ gains on voting behavior compared to that of moderate evaluations would be less pronounced in the domain of gains than that of losses because individuals discount large losses in their calculations and because small losses already weigh relatively heavily in decision-making processes (Kahneman and Tversky 1979). As a result, the difference between the magnitude of the effects of slight losses and large losses is expected to be bigger than the difference between slight gains and large gains. The results support this hypothesis. As Figure 5 visualizes, the marginal increase in the effect on Trump vote share when moving from moderate gains/losses to extreme gains/losses is significantly larger in the domain of gains (logit coefficients of -0.291* vs. -2.882***) than in the domain of losses (1.295*** vs. 1.843***). This shows that highly positive perceptions of change are more politically salient relative to moderate perceptions compared to highly negative perceptions, supporting Hypothesis 2.2.
Individual-Level Cluster Analysis (Subsamples)  
— Subsetting the Data by Partisanship

To further address issues of potential choice-supportive bias and, hence, reverse causality, the individual-level cluster analyses laid out in the previous section were completed for three partisan subsamples (Independent, Democrat, and Republican). The results provide further support for key Hypothesis 1. Throughout the subsamples, there is a strong and robust relationship between perceptions of loss and voting for Donald Trump, as is illustrated in Figure 6.  

42.2% of Independents in the Reference group voted for Trump in 2016, compared to 74.0% and 82.8% in the Marginal Loss and Heavy Loss groups, respectively (see Figure 8 in the Appendix for all Trump vote shares by subsamples). The vote share among the Marginal Gain group is not significantly different from the intermediate group. Strikingly, only 6.6% of Independent respondents in the Heavy Gain group voted for Trump. These findings are consistent with all three hypotheses. In particular, there is a strong and robust relationship between perceptions of loss and voting for Trump (Hypothesis 1), marginal losses have a bigger effect than marginal gains (Hypothesis 2.1), and the difference in the magnitude of marginal and extreme perceptions is lower in the domain of losses than in the domain of gains (Hypothesis 2.2).

There is similarly strong support for Hypothesis 1 within the Republican subsample, although the high overall vote share for Trump and associated ceiling effects requires a more cautious interpretation of the results as they relate to Hypotheses 2.1 and 2.2. However, the loss clusters do display a higher preponderance of Trump voters than the reference...
group by more than ten percentage points, despite a high share of 84.8% of the Reference group having voted for Trump; remarkably, just 47.7% of Republicans in the Heavy Gain group voted for Trump.

Among Democrats, 3.1% in the Reference group, 0.8% in the (Marginal Gain) group, 2.8% in the Heavy Gain, and 5.5% in the Marginal Loss group voted for Trump, compared to a striking 28.6% among the Heavy Loss group. These findings provide further evidence in support of Hypothesis 1.

Subsetting the Data by Gender, Race, and Income Bracket

The theoretical rationale for subsetting the data by gender, race, and income is rooted in the literature on...
Further research is needed to investigate this claim. Between assessments of cultural change and voting behavior to left behind economically. Hence, one would expect the link of loss are often more politically salient than feeling 2016; Norris and Inglehart 2019) shows that cultural feelings change. While this data only allows us to test the 'economic data and respondents' assessment of socio-economic empirical results presented are primarily based on socio-political factors contribute to creating a loss mindset, the evidence is less unambiguous for non-white respondents (see Panels C and D), although the generally low vote share (19.1%) warrants caution not to over-interpret the magnitude of the effects. Nonetheless, there is strong support for Hypothesis 1, as 46.9% of non-whites in the Heavy Loss group voted for Trump, compared to 14.8% in the Marginal Loss group and only 8.5% in the Reference group. The evidence is consistent with all three hypotheses for both the top and bottom halves of the income distribution (Panels E and F). These analyses further increase confidence in the key findings of the paper, although they retain their individual-level focus and do not address group-based perceptions of loss. Future work should aim to close this gap.

DISCUSSION
There are four critical limitations to the above findings. First, while the results presented provide inductive evidence to support the theory advanced herein, the aforementioned data constraints necessitate further investigation to confidently establish the direction of the causal mechanism that links assessments of change and voting behavior. Hence, future research should trace how changes in people's assessment affect their political behavior using time-series data and investigate whether these changes are exogenous or endogenous to voting behavior. One way to investigate this is to use experimental methods to effect exogenous variation in voters' assessments of change and then trace the downstream effects on political behavior.

The second limitation also stems from data constraints. Specifically, while it is argued that economic, cultural, and political factors contribute to creating a loss mindset, the empirical results presented are primarily based on socio-economic data and respondents' assessment of socio-economic change. While this data only allows us to test the 'economic arm' of the causal mechanism, recent research (see Hochschild 2016; Norris and Inglehart 2019) shows that cultural feelings of loss are often even more politically salient than feeling left behind economically. Hence, one would expect the link between assessments of cultural change and voting behavior to be even more pronounced than this paper's findings suggest. Further research is needed to investigate this claim.

Similarly, this paper is unable to address how perceptions of loss and gain operate at the group level rather than the level of the individual. Stratifying the full sample into subsamples by gender and race shows that variations in perceptions of loss affect voting behavior within groups in line with the predictions of prospect theory. However, as the literature on horizontal inequality shows, between-group inequality is often an even more potent driver of political action. Future research should investigate how prospect theory can help illuminate the psychological processes that make group-level changes in status so highly politically salient.

Lastly, the peculiarity of the case study this paper uses to support its theoretical claims limits the generalizability of the findings, as the 2016 US election is not a typical instance of populist success. While Trump used anti-establishment rhetoric to garner support, he simultaneously benefited from an establishment institution par excellence: the Republican Party. Trump's dual advantage of pitching himself against the establishment while also benefiting from the Republican Party's established structures of support limits the generalizability of the findings presented herein and necessitates further investigation.

CONCLUSION AND IMPLICATIONS
Building on prospect theory, this paper posited that integrating existing cultural, economic, and systemic explanations into a framework based on perceptions of loss parsimoniously illuminates some of the reasons for the recent rise in support for populist politics. Specifically, it argued that the psychological asymmetries between losses and gains highlighted by Kahneman and Tversky (1979) help explain why those who associate the continuation of the status quo with the acceptance of an imminent loss are driven to supporting volatile populists such as Donald Trump over establishment-candidates such as Hillary Clinton. To test this theory, three key hypotheses were derived. First, it was hypothesized that voters with more negative assessments of change are more likely to vote for anti-establishment, populist candidates. Second, the magnitude of the effect of marginally negative assessments of change on electoral behavior is larger than that of marginally positive assessments. Lastly, the difference in effect between marginal and extreme assessments of change is less pronounced in the domain of losses than in the domain of gains. Using a combination of county-level demographic data and individual-level survey data, evidence in support of all three hypotheses was found.

Despite the limitations discussed in the previous section of this paper, these findings have critical implications for the study of populism and electoral behavior more broadly. First and foremost, relaxing Alesina and Passarelli's (2019) assumption that the status quo against which prospects are assessed as gains or losses is necessarily neutral helps account for risk-seeking electoral behavior where voters have a loss
Figure 7: Coefficient Plots for Demographic Subsamples

A Male

B Female

C White

D Non-White

E Income Low

F Income High
mindset. While the economic voting literature acknowledges the asymmetrical effect of gains and losses, the risk-aversion it presumes renders these theories unable to explain the rise of volatile anti-establishmentism that prioritizes discontinuity over security. The risk-seeking behavior that prospect theory predicts for those whose reference point is shifted towards negativity addresses this shortcoming.

Furthermore, the theory explains why it was so important for Trump to frame the 2016 election as a choice between losses. Ironically, the agency that contributed to this framing originated not only from the Trump campaign (Homolar and Scholz 2019) but also from Hillary Clinton and the alarmist rhetoric she used to warn against a Trump presidency. Clinton’s strategic choices in 2016 highlight the difficulties that moderate candidates face when campaigning against an anti-establishment, populist candidate, such as Donald Trump. While the moderate candidate can portray themselves as a safe bet, the associated narrow range of potential outcomes they represent may be a distinct disadvantage if the election is framed as a choice between losses. To make matters worse, due to the psychological salience of negativity, framing the election as a choice between gains is exceedingly difficult to achieve. The positive rhetoric required to do so risks the candidate appearing naive and out of touch with voters’ concerns.

This dilemma underlines the importance of conducive structural preconditions for moderate candidates seeking to defeat populists who use alarmist rhetoric to create a loss mindset among the electorate. Voters who have recently experienced improvements in their living standards, feel that their cultural concerns are being heard, and that their voice matters in the national political arena are likely to be less susceptible to loss rhetoric. Hence, if the political establishment wants to arrest the spread of populism, it should seek to deliver meaningful and positive change.

REFERENCES


Heldman, Caroline, Meredith Conroy, and Alissa Ackerman. 2018. Sex and Gender in the 2016 Presidential Election. Santa Barbara, CA: Praeger, an Imprint of ABC-CLIO, LLC.


**APPENDICES**

Figure 8: Trump Vote Share for Partisan Subsamples

![Figure 8: Trump Vote Share for Partisan Subsamples](image-url)
<table>
<thead>
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<th></th>
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<th>Independent</th>
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<th>Democrat</th>
<th>Republican</th>
<th>Republican</th>
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<td></td>
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<td>(0.451)</td>
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<td>(0.610)</td>
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<td>0.371</td>
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*p < 0.1, **p < 0.05, ***p < 0.001; Based on logit regression analyses. Standard errors in parentheses.
Figure 9: Trump Vote Share for Demographic Subsamples

A Male

- 1 Heavy Loss: 86.4%
- 2 Marginal Loss: 72.8%
- 3 Reference: 44.6%
- 4 Marginal Gain: 42.6%
- 5 Heavy Gain: 5.2%

B Female

- 1 Heavy Loss: 79.4%
- 2 Marginal Loss: 67.8%
- 3 Reference: 35.8%
- 4 Marginal Gain: 23.5%
- 5 Heavy Gain: 4.9%

C White

- 1 Heavy Loss: 89.5%
- 2 Marginal Loss: 88.2%
- 3 Reference: 61.2%
- 4 Marginal Gain: 50.2%
- 5 Heavy Gain: 5.6%

D Non-White

- 1 Heavy Loss: 46.9%
- 2 Marginal Loss: 14.8%
- 3 Reference: 8.5%
- 4 Marginal Gain: 8.4%
- 5 Heavy Gain: 5.0%

E Income Low

- 1 Heavy Loss: 78.8%
- 2 Marginal Loss: 57.6%
- 3 Reference: 33.7%
- 4 Marginal Gain: 16.3%
- 5 Heavy Gain: 5.7%

F Income High

- 1 Heavy Loss: 87.0%
- 2 Marginal Loss: 83.5%
- 3 Reference: 60.8%
- 4 Marginal Gain: 31.6%
- 5 Heavy Gain: 3.3%
Table 8: Cluster-Membership and Trump Vote Share by Race, Income, and Gender

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<tr>
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<th>White</th>
<th>Non-White</th>
<th>Low Income</th>
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<td>(0.168)</td>
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<td>(0.179)</td>
<td>(0.168)</td>
<td>(0.178)</td>
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*p < 0.1, **p < 0.05, ***p < 0.001; Based on logit regression analyses. Standard errors in parentheses.
NOTES

1 Acknowledgments: While completing this dissertation, I have received a great deal of support, encouragement, and advice from my professors and mentors at LSE. First and foremost, I would like to thank my supervisor, Prof. Sara Hobolt, whose substantive expertise was invaluable and whose enthusiasm for the topic motivated me to find ways to solve the methodological difficulties I experienced along the way. In addition, special thanks go to Dr. Joe Greenwood-Hau who has been a key source of support, encouragement, and friendship. I would also like to thank my teachers and mentors at the LSE Government Department. Dr. Florian Foos, Dr. Sarah Brierley, Dr. Joseph Leigh, and Dr. David Woodruff — your commitment to helping young researchers like myself develop the skills necessary to become Political Scientists made writing this dissertation possible. Last but not least, thank you to my family and friends: Oma, Mama, Papa, Gerhart, Anna, Joe, Ilse, Luisa, Höller, Ingrid, Annemarie, Sharon — thank you for your continued support.

2 These include unemployment, whether the country is generally on the right track, and whether there is a higher degree of social mobility now than 20 years ago.

3 These include the change in total population, median household income, and share of population living in poverty. Ideally, one would include other variables capturing additional aspects of relative economic and cultural deprivation. Unfortunately, due to data constraints, doing so extends beyond the scope of this study. Future research should aim to close this gap.

4 Respondents’ assessments of the following were used as the basis for these analyses: whether the country is generally on the right track; respondent’s household financial situation now compared to a year ago; the state of the economy now compared to a year ago; unemployment now compared to a year ago; and the level of social mobility now compared to 20 years ago.

5 It should be noted that this is the only variable included in the ANES dataset that captures respondents’ assessment of cultural rather than socio-economic change. The fact that this variable is highly correlated with the overall loss score lends credence to the general tenor of this paper that both economic and cultural factors matter.

6 The full regression results are included in the Appendix (see Table 7).

7 The full results are included in Table 8 and Figure 9 in the Appendix.