Government Unemployment Insurance for All?
The Fall of the Berlin Wall and Social Preference Evolution

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Abstract

The paper makes use of the natural experiment of the fall of the Berlin wall to examine empirically the persistence and evolution of social preferences. Using data from six West and four East European countries plus Germany in the 2016 wave of the International Social Survey Program, we focus on the role of government in providing living standard to the unemployed. We find an "East-West divide" of attitudes, still existing in 2016 across Europe, a generation after the collapse of communism. Perhaps surprisingly, the divide reveals less support in Eastern Europe for a role of the government in correcting adverse labor market outcomes, which we attribute empirically to preference persistence in the older generation (educated during communism). Nevertheless, we also show that social preferences do evolve, relatively fast, as the younger generation (educated after communism) does not reveal the same beliefs. We interpret the East-West Europe divide in terms of two novel hypotheses, reinforcing each other even if originating in the respective worldviews of the opposite social fractions that coexisted inside the communist society, and contributing both to preference persistence in the older generation: (i) the "lazy unemployed" stigma indoctrinated by the communist propaganda and those loyal to it; and (ii) the "socialist fatigue" experience transmitted by dissidents and silent opponents to the regime. Our main results and their suggested interpretation are corroborated by several robustness checks and placebo tests.

Keywords: social preferences; East-West Europe divide; communism; survey data; role of government; unemployment insurance

JEL classification codes: D83; D91; E71; H53; P16; P51

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1 Introduction

There is a growing body of theoretical and empirical literature on the formation, transmission and evolution of individual and social beliefs, preferences, values and attitudes – across as well as within generations. The theoretical part of this literature usually follows the "cultural transmission" modelling approach introduced in economics by Bisin and Verdier (2000, 2001, 2010), while its empirical part has commonly built on the "fall of the Berlin wall" on 9 November 1989 (e.g., Alesina and Fuchs-Schündeln, 2007), an extreme and symbolic landmark of the collapse of communism and the end of the Cold War in the past century. The failure of the communist regimes in Eastern Europe and the transition back to markets offers a quasi-natural experiment for social scientists to analyze how this abrupt and barely expected radical change has influenced the belief systems of people experiencing similar economic and political conditions, especially during their "impressive years" – which is of primary interest to us here. These formative years, i.e., encompassing childhood, adolescence and youth (up to about 20-25 years of age), are crucial for every individual in shaping out an accomplished "worldview", or "culture", that hardly ever later changes (see, e.g., Giuliano and Spilimbergo, 2014).

What is unique for Europe is that the evolution of individual and social belief systems has been subjected to two extreme "geo-political shocks" in the course of only 45 years (roughly, two generation spans in their formative years): first, by the separation and divergence between the two split-apart "halves" of Europe, the "Communist East" and the "Capitalist West", since the end of World War II in 1945; and, then, by the convergence and reunification of the continent, since the collapse of "real socialism" in Eastern Europe in 1989. The unprecedented transition from communism to markets and to a unified Europe is an exogenous historical and political shift of paradigms regarding ideologies and standards of living. It allows studying the formation and transmission of preferences, attitudes and worldviews, in particular with respect to the role of government, which was excessive in Eastern Europe during its communist period (1945-1989). Thus, the fall of the Berlin wall more generally symbolizes two spontaneous and unprecedented socio-economic and political processes of transition from plan to market, which it launched and propagated in parallel: on

a national scale, the reunification of Germany; and on a continental scale, the restoration of a unified Europe.

Our aim in the present paper is to examine empirically the role of an individual's formative years, more specifically spent or not under communism, in shaping out her preferences for more involvement of the government in correcting unfavorable outcomes of the market forces, and further to analyze how long-lasting these preferences are. In particular, our empirical design explores and compares the views that the government should provide living standard for the unemployed in the old(er) generation, with formative years spent during the Cold War on both sides of the "Berlin wall divide" of Europe, both between themselves and against the young(er) generation, the first one that grew up in a unified Europe. We employ the socio-political phenomenon of the rise and fall of communism as a natural experiment that has affected the formation, transmission and evolution of individual and social beliefs and ensure a broad and representative coverage of Europe, going beyond the single case of Germany (which is also present in our sample), as much of the earlier empirical literature has in effect done. Our key contribution here is to use data from 11 European countries in the 2016 wave of the International Social Survey Program (ISSP), the latest and the first one that contains identification of an intergenerational linkage by reporting the place of birth of respondents' parents, in order to address these issues.

We select the ISSP question on unemployment insurance because it is a highly sensitive and still hotly debated economic issue, expected to reveal large differences in support or not for government intervention into market forces. One would expect, as also reflected in most of the empirical literature (notably, Alesina and Fuchs-Schündeln, 2007), that such a difference in opinion and worldviews could especially occur if people have grown up and been educated under a communist regime, where the propaganda proclaimed that the role of government is to ensure "jobs for all", thereby insulating workers from the job market fortune reversals typical in market democracies. Hence, we focus on the differences of preferences and attitudes along such a dimension between respondents from countries of the Western and Eastern parts of Europe, as well as in two different generations identifiable in our sample as those who grew up during the Cold War (older) and after it (younger).

Our main novel results can be summarized along three dimensions. First, and consistent with most of the earlier literature (e.g., Giuliano and Spilimbergo, 2014), we find that preferences

and attitudes that are instilled or picked up during the formative years (age up to 25 in our empirical implementation) do persist through life: a phenomenon usually labelled "preference persistence".

Second, we find an "East-West divide" in social preferences (as, e.g., in Alesina and Fuchs-Schündeln, 2007, who study Germany only), still existing in 2016 across Europe, a generation span after the fall of the Berlin wall. Perhaps surprisingly, this divide reveals a lower degree of support for government intervention to protect the unemployed in Eastern Europe. To delve deeper, we then isolate the respondents educated before the fall of the Berlin wall from the others, separating those from the old(er) generation (i.e., those who grew up during the Cold War) that spent their formative years in a (formerly) socialist country from their Western counterparts. Using these subsets of respondents, and controlling for the education level (as a main channel of preference transmission and indoctrination – see, e.g., Saint-Paul, 2010), we reveal that education obtained in the Communist East does contribute to explain the East-West divide of opinion. More precisely, our results suggest that having been educated before the end of the Cold War, no matter whether in the East or West of Europe, yields a positive influence on the support for a state-run unemployment insurance system. However, having lived in a socialist country during the formative years of one's life before the fall of the Berlin wall yields an opposite, negative, impact on the preference for such a "protective" state intervention. Moreover, in relative terms, the latter effect comes out as being more important quantitatively, thus uncovering a stronger influence.

Third, we consider how long-lasting these preferences are, and find that the East-West divide vanishes when we replace the older cohort educated before the fall of the Berlin wall with the next, younger cohort. This result reveals that social preferences do evolve over time, and in a relatively fast way: while they may persist for a generation or two, beliefs and attitudes can ultimately dilute and change, especially as the socio-economic environment within which belief formation and transmission occurs also evolves.

We then develop several robustness checks and placebo tests, which reveal the stability and strength of our results. As a plausible interpretation of our findings, we propose a combination of two different worldviews or ideologies dominant under communism in opposing social layers, but indeed reinforcing each other, and transmitted to the generation whose formative years were completed before the fall of the Berlin wall: (i) the stigma

indoctrinated by the communist propaganda and those loyal to it, claiming that "the unemployed are lazy", which we shall denote for short as the hypothesis of "lazy unemployed" indoctrination; and (ii) the disillusionment transmitted by dissidents and silent opponents of the regime, arising as a major outcome and key insight from "the grand experiment of communism" in the 20th century (see, e.g., Farvaque, Mihailov and Naghavi, 2018), namely that excessive government intervention in the economy under communism ruined it and was not economically viable, therefore representing what we shall refer to as the hypothesis of "socialist fatigue" experience, itself shaped out in the ups and downs of intergenerational learning by trial and error during the history of communism. Each of these two hypotheses, or rather ideologies or worldviews, trying to instill its own cultural values into the next generation, has enhanced intergenerational preference persistence around the time of the fall of the Berlin wall, and has thus most plausibly contributed to accounting for our main novel econometric finding, namely, the negative influence of formative years spent in Eastern Europe under communism and its empirically corroborated origins.

The structure of the paper is as follows. The next section outlines the background theory on which the empirical design is based. Section 3 presents the data and the methodology used in the analysis. Section 4 reports and interprets the results, while section 5 contains robustness checks and placebo tests. The final section concludes.

2 Background Theory

Whereas most of the literature in economics used to assume preferences as "priors" which are endowed to agents and do not change, more recent work began to view beliefs and values as shaped out by evolutionary and cultural forces in society. Dual inheritance theory in anthropology and other social sciences, treated at length in Cavalli-Sforza and Feldman (1981), Boyd and Richerson (1985) or Alexander (2017), suggests that genes (or "nature") are not the only factor responsible in influencing traits and practices of individuals. Culture, defined in a general sense as imitative or social learning typical mostly for humans (and often referred to as "nurture"), is the other crucial factor, whose importance may even be overwhelming in evolving socio-economic systems. Indeed, based on experimental eliciting of preferences over giving and risk-taking from a subject pool of twins, Cesarini et al. (2009) estimate that only about 20% of individual variation is explained by genetic differences. Moreover, while it takes a large number of generations for genes to mutate, beliefs, values,

attitudes and behavior inherited as culture can be modified much faster, in a generation or two, as individuals and societies adapt in response to observation and experience. Along the same line, Desmet et al. (2017) show that, if ethnic identity can be a significant predictor of cultural values, the within-group variation in culture is larger than the between-group variation. Hence, culture is important, but can evolve relatively fast, across few generations.

As an underlying theoretical framework for our empirical design, we rely on the models analyzing cultural transmission across generations by Bisin and Verdier (2000, 2001, 2010), followed by applications and modifications in Sáez-Martí and Sjögren (2008), Farvaque and Mihailov (2014), and Farvaque, Mihailov and Naghavi (2018). In this kind of framework, children are born "naïve", i.e., with not well-defined preferences, but acquire them through observation, imitation and adoption of "cultural models" with which they are matched. This matching, termed "socialization", naturally comes in two steps and is influenced to some extent by economic choices, but also by parents. Children are first exposed to their parent's worldview model (usually a binary choice or value, in this theoretical literature), and are thus "matched" with their family, in what can be termed "direct vertical transmission". If they do not adopt their parent's trait, they are then exposed to the influence of other individuals of the old generation (e.g., teachers, peers, role models) and adopt the preference type of some among these, i.e., "oblique vertical transmission". The focus in the cited literature has exclusively been on "vertical", i.e., "intergenerational", cultural transmission, and not on "horizontal", i.e., "intragenerational", cultural transmission. "Imperfect empathy", as a particular form of myopia in otherwise dominantly rational parents, is commonly assumed in this literature, and implies that parents always want to socialize their children to their own preferences and cultural traits.

There are some studies on the long-lasting effects of communism, and most of these focus on East versus West Germany. Alesina and Fuchs-Schündeln (2007) find that, after German reunification, East Germans are more in favor of state intervention than West Germans, and that this is especially true for older cohorts. Chevalier and Marie (2017) show that the children born during the transition period that Germany went through after the fall of the Berlin wall perform worse in terms of education, which they attribute to negative parental selection, instilled by the cultural context in which mothers were raised, while Campa and Serafinelli (2019) reveal that women from East Germany are more likely to place importance on career success compared to women from West-Germany. Dohmen et al. (2012) use the

German socio-economic panel survey (GSOEP) and show that socialization is important in the transmission process of attitudes towards risk, the latter being related by Fuchs-Schündeln and Schündeln (2005) to self-selection in jobs. Frijters et al. (2004) use the panel to examine life satisfaction across the two parts of Germany, while Peichl and Ungerer (2017) analyze the difference in opportunities of upward mobility across them.

To our knowledge, few (if any) of the existing studies explore empirically (i) the influence of the formative years in cultural transmission (ii) across the continent of Europe (iii) in the older generation, who grew up before the fall of the Berlin wall on both sides of the divide as well as (iv) in the current younger generation. The novelty of the present analysis is to shed insights on each of these four important aspects. In particular, very few of the earlier papers on the East-West divide in preferences or attitudes expands the analysis beyond the case of Germany.

3 Data and Methodology

The data for our study comes from the International Social Survey Program (ISSP) conducted by the Inter-University Consortium for Political and Social Research. It gathers national-level representative data on diverse topics over the years by using the same methodology and provides an opportunity to compare data across different countries. The analysis here is confined to 11 Europeans countries: see **Table 1**. We employ the latest wave, of 2016, of the "Role of Government" ISSP survey, which is also the first ISSP wave that enables researchers to identify parents' characteristics such as place of birth for a child-respondent in the wave. This part of the ISSP collects individual-level data arising from the responses to questionnaires on key indicators related to the role of government in society.

[**Table 1** about here]

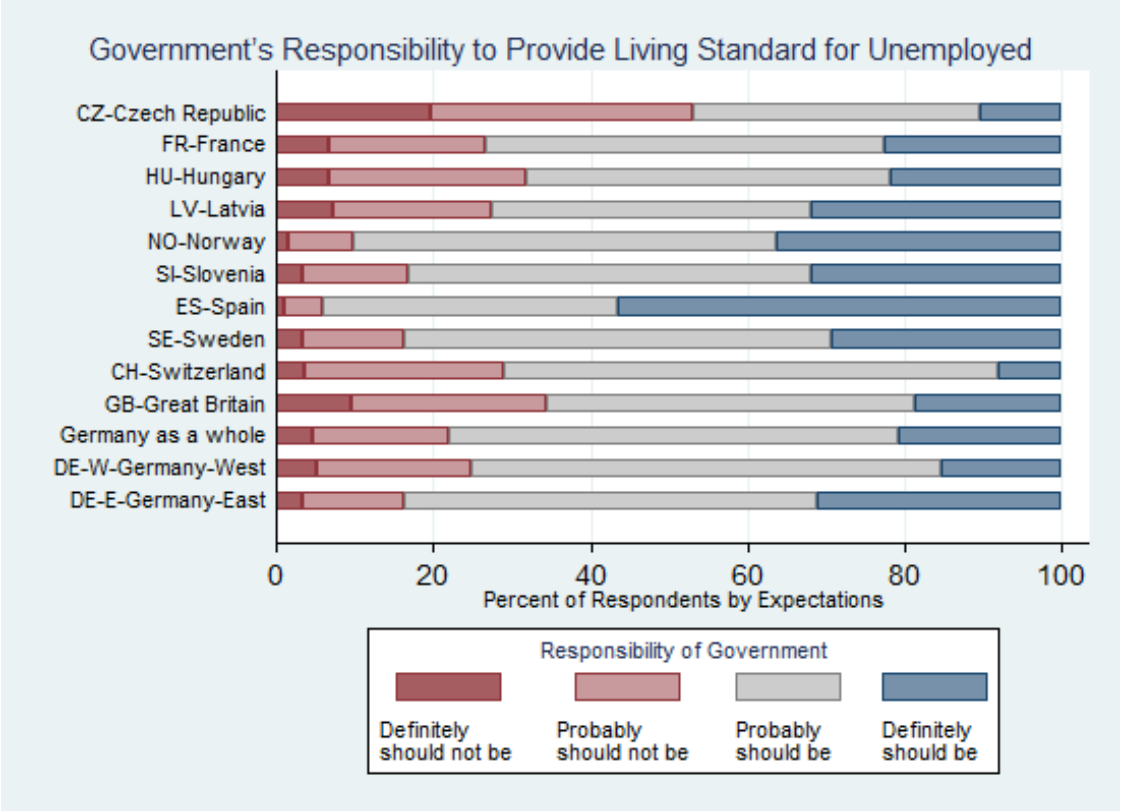
In order to measure individual attitudes with regard to the role of government in providing unemployment protection and insurance, we rely on the following ISSP question:

> ***Question:*** *"Do you think it should or should not be the government's responsibility to provide living standard for unemployed?"*

The responses are coded in four categories, as 1 ("definitely should not be"), 2 ("probably should not be"), 3 ("probably should be") and 4 ("definitely should be").

Figure 1 indicates that the highest fraction of surveyed individuals who respond that unemployment care "definitely should be" the responsibility of the government is found in Spain, which seems not surprising given the fact that the unemployment rate in this country has been the highest in Western Europe for long, reaching at its peak about 25% of the labor force. By contrast, the lowest fraction of people responding "definitely should be" are from Switzerland, which again is not surprising given the well-known reputation of this country as being among the West European states with the lowest unemployment rates since World War II. Interestingly, and consistently with earlier papers (Alesina and Fuchs-Schündeln, 2007; Rainer and Siedler, 2009; Campa and Serafinelli, 2018), Figure 1 reveals as well that a high proportion of East Germans, as compared with West Germans, favor government unemployment insurance (in the "definitely should be" response category).

Figure 1: The four categories of possible responses by country, % shares



Source: Authors' calculations based on the ISSP wave of 2016.

Table 2 provides information on the descriptive statistics of the variables used in the analysis. It contains 13 categorical individual-level characteristics and 4 continuous country-level characteristics. We first define our individual-level variables, and then the country-level ones.

[**Table 2** about here]

"Religious affiliation" is a dummy variable and is coded as 1 if the respondent follows any religion, and 0 otherwise. "Gender" is a dichotomous variable too, and 1 corresponds to male gender. "Marital status" is another binary variable, coded as 1 for a married individual and 0 for an unmarried individual. "Educational level" is a categorical variable that captures seven different levels of education, ordered from none, coded as 0, to university complete, coded as 6. "Household size" indicates the number of people living in the house of the respondent. "Occupation" comprises of four categories: employed, unemployed, retired and others, which are coded as 1, 2, 3 and 0, respectively. "Employment sector" is a dummy variable, coded as 1 if the respondent is a civil servant and 0 otherwise. It is of particular importance due to the exposure of many of the respondents to the communist regime, where the state was supposed to provide job to all and had an excessively stretched administrative sector (part of it being known as the "nomenklatura"). "Trust in members of parliament (MPs)", as MPs are representatives of all citizens in a country, is an ordinal variable and indicates respondents' views related to trust in politicians, i.e., whether politicians are trusted to keep their promises to the electorate. Similarly, "interest in politics" is an ordinal variable ranging from 1 to 5 that indicates the level of interest of the respondents in political issues.

Eastern Europe is a dummy variable coded as 1 if the respondent is from an East European country and 0 otherwise. "Formative years (before fall of wall)" is also a dummy variable and corresponds to 1 if the individual got educated before 1989; more precisely, we define this proxy in a way that such an individual has spent the first 25 years of her/his life, growing up and receiving education, before the fall of the Berlin wall. "Father's birth place" and "mother's birth place" are dummy variables that are coded as 1 if the respondent's father and mother, respectively, have been born in Eastern Europe, and 0 otherwise.

In addition to the individual-level variables listed above, we also employ four country-level controls, as follows. "Unemployment rate" provides the rate of unemployment, in % of the labor force, in the year of the ISSP wave we use, 2016, according to Eurostat. The prevalence

of unemployment could enhance the perception and willingness of a nation to be insured against this type of risk by the government. “Ln Pseudo insurance rate” is the natural logarithm of the “pseudo coverage rate of unemployment benefits” (defined as the number of recipients of unemployment benefits, and of unemployment assistance once the benefits period is over, relative to the total number of unemployed) in 2016, coming from the OECD social benefit recipients database. This variable controls for the existing level of unemployment insurance in a particular country. Similarly, “Ln KOF Globalization Index” is the natural logarithm of the index developed by the KOF Swiss Economic Institute, considered in the year of the wave in each country: we use it as a proxy for the fears of the respondents regarding job competition from, and, potentially, loss of job to, immigrant workers. Finally, “civil liberty” is an index released by Freedom House that measures the degree of freedoms in a country.

A quick look through Table 2 reveals that along most of the variables the East (respectively, the four columns in the middle panel B, 4290 observations) and the West (respectively, the four columns in panel C, 7980 observations) of Europe (resp., the four columns in panel A) are quite similar. We therefore only highlight the variables where the countries of Eastern Europe strongly differ from those of Western Europe. Excluding an unimportant difference, i.e., that nearly 2/3 of the respondents in the West are male against 58.4% in the East, respondents living in the West of Europe are on average slightly more educated (mean of 3.67) than their counterparts in the East of the continent (mean of 3.33), trust more MPs (mean of 2.57 against 2.33), show more interest in politics (3.24 against 2.74), suffer from a higher unemployment rate in 2016 (by about 2.5 percentage points; however, this is largely due to the presence of Spain in our sample, which is the “outlier” with the highest unemployment rate, 19.6%) but also enjoy a higher pseudo insurance rate and attain a somewhat lower level of civil liberty. What is of particular importance in the present study is that 87% of the parents of the respondents living in East European countries were born in East European countries, while only less than 4% of the parents of the respondents living in West European countries were born in Eastern European countries.

Following much of the related body of work, our baseline empirical specification is

$$\boldsymbol{Y_i = \alpha + \beta X_i + \lambda W_i + \varepsilon_i}$$

which we initially estimate by ordered logistic regression, but then add other techniques (as will be reported in the respective tables with results further below).

In the above regression specification, $\boldsymbol{Y_i}$ is a categorical dependent variable representing the opinion of individual *i* in the 2016 ISSP wave on "The Role of Government" that unemployment care should be responsibility of the government; $\boldsymbol{X_i}$ contains a set of individual-level socio-economic characteristics for *i*: religious affiliation, gender, marital status, education, household size, occupation, employment sector, trust in MPs, and interest in politics; and $\boldsymbol{W_i}$ denotes a vector of country-level macroeconomic and political control variables for the country where respondent *i* lives: unemployment rate, pseudo insurance rate, the KOF globalization index and civil liberty.

4 Results

In the design and implementation of our empirical strategy, as a point of departure we first ask, and address by estimating our baseline specification above, the following question:

4.1 What determines support for the government in protecting the unemployed?

Our "baseline" results reported in **Table 3** consider the full set of control variables with country fixed effects. It contains four columns measuring marginal effects, according to the four categories in the possible responses to the question of the ISSP 2016 wave we focus on. By construction, the marginal effects in the first two columns sum in magnitude to the marginal effects in the last two columns but have the opposite sign. For this reason, our analysis concentrates on the last column only, which reports the marginal effects of the respondents who reply "definitely should be", and are the most strongly supportive of the role of government in helping the unemployed.

[**Table 3** about here]

The variables whose marginal effects are found statistically significant are as follows. The strongest marginal effect (excluding the two variables in logs for lack of comparability, due to the rescaling) is for the unemployed respondents, who express a stronger support for the role of the government in caring for unemployment by 9.4%, which does not come as a surprise. The strongest negative marginal effect is for the respondents with the highest degree (upper level tertiary) education, who reveal a weaker support by 7.0%. This is intuitive too,

since the best educated tend to fear least unemployment as they can easily find another job even if fired. Furthermore, support is revealed for retired respondents, by 6.8% stronger, and respondents who are government employees, by 1.8% stronger, who trust MPs, by 2.3% stronger, and who show interest in politics, by 1.1% stronger. By contrast, support is found weaker for male respondents, by 2.9%, and by married respondents, by 3.2%. The former finding can be explained by the well-known fact that men are usually found more individualistic, more self-confident and less risk-averse than women (see, e.g., Eckel and Grossman, 2008), and the latter by the likely interpretation that a married individual has a better diversified/insured income in the family even if she loses her job, as her partner is less likely to lose his job during exactly the same month or year. The other individual-level variables do not come out as statistically significant, notably religion, household size and the "employed" status.

From the country-level controls, having a higher unemployment rate (hence having a higher probability to lose one's job), a higher pseudo insurance rate (hence being accustomed to feeling more insured against unemployment by the government already) and a higher integration into the world economy (hence stronger fears from losing one's job to immigrants) contribute to a stronger support in favor of the government to take care of the unemployed.

The next question we address, as our empirical design unfolds, naturally follows:

4.2 Is there an East-West Europe divide?

Table 4 reports our findings when we replace the country fixed effects estimation in Table 3 with an analogous one but with an East European country dummy instead. What we now learn is that – perhaps surprisingly, given most earlier related work in economics, which is, however, based exclusively on the reunification of Germany – respondents from East European countries express weaker support, by 5.5%, for the role of the government in dealing with unemployment protection. Otherwise, the single essential change from comparing tables 3 and 4 across the individual-level characteristics is that religion becomes statistically significant and contributes to the support for the role of the government in caring for the unemployed, probably because religion instills values of compassion, community and a sense of some power that protects the poor or unhappy or unlucky. All other respective marginal effects are preserved, with the same signs and similar magnitudes, except for the

maximum of support, now increased to 11.6%, by the unemployed respondents, and the minimum of support, now dropping to -8.7%, by the respondents with the highest education level.

There are a few more changes in terms of the country-level variables, though. Notably, the sign of the KOF globalization index switches to negative, and we could interpret this as predominating self-confidence of the "incumbent workers" in a country that the "immigrant newcomers" are not likely to compete them out by lower wages but inferior skills. Civil liberty also attains a significant negative marginal effect, and this does not seem surprising as a liberal and individualistic culture or worldview would not welcome as acceptable or desirable government intervention into (labor) market forces and individual (unemployment) outcomes.

The next step in our study is, thus, to explore further the reasons for the difference in attitudes between the East and West of Europe.

4.3 The older, communist generation – do social preferences persist?

What could explain the fact that East Europeans reveal a lower tendency to support the government in protecting the unemployed than the rest of Europe? We here explore two possible influences, both operating via cultural transmission. In effect, we include two interaction terms in the previous regressions: one to account for the level of education; and the other to account for the fact that the formative years were lived through in a communist country. In the present subsection, we first consider the older generation in our sample, i.e., the cohort of the ISSP 2016 wave respondents who have been educated before the fall of the Berlin wall. In a robustness subsection that follows we shall consider instead the younger generation, i.e., the cohort of respondents who have been educated after the collapse of communism.

Table 5 displays our results with regard to the older generation. Note that, to save space and due to the symmetry between the marginal effects, we now keep only the fourth column (compared with tables 3 and 4), i.e., the responses "definitely should be". There are three columns, however, in Table 5, accounting for the two potential channels – of higher level of education and of communist exposure during obtaining it: these are initially explored by including each in a separate respective regression (the middle two columns in Table 5); and,

then, including them in the same regression simultaneously (last column in Table 5). The first interaction is between our variable denoted as "formative years (lived through before the fall of the Berlin wall)", corresponding to the people who were at least 25 years old in 1989, and our variable for their exposure to potential indoctrination via the educational system (see Saint-Paul, 2010). The second term interacts the same dummy of formative years before 1989 with the birth place of the respondent's father being in Eastern Europe. We finally combine these two interactions in the same regression (last column of Table 5), to judge about the relative strength of the marginal effects of these two channels of preference formation.

[**Table 5** about here]

First, Table 5 reveals that respondents whose formative years (up to the age of 25) were spent during the Cold War period and who reached a higher educational level (implied by a longer spell at schools and universities) tend to support in a stronger way the role of the government in unemployment protection, by 2.2%. Thus, the educational channel, having operated on the older generation, tends to give favor to a role for the government. Recall that, in tables 3 and 4, higher degrees of education supported less the role of government in ensuring living standards for the unemployed. Here, what we get is that the more educated a respondent of that older, "Cold War", generation is, the more supportive she is of a role for government insurance in sustaining the unemployed. Thus, the previous result in Table 3, which showed a lower support for government intervention increasing with the level of education, was in fact driven by the younger cohorts, educated after the demise of communism. In other words, more individualistic and liberal younger generations show weaker support for that same role of the government under examination here, the more educated they are.

Second, Table 5 further reveals that having been raised (as identified by the birth place of the father) and educated in the East of Europe before the fall of the Berlin wall (as identified by our "formative years" definition) comes out with a negative, and more than 2 times stronger (but less significant), marginal effect, -5.6%. We would explain this finding as a combination of two possible channels, and related interpretations, both reinforcing preference persistence, but from opposite points of view or ideologies. At the time of communism, while on the surface the society seemed homogeneous and obedient to the official propaganda, due to fear of personal persecution (as in the times of Stalin and his follower dictators in Eastern Europe), beneath the surface it was polarly divided in its perception of communism and in its

attitudes and beliefs regarding individual and social values. Those who benefited (mostly, materially and professionally) from the imposition of communism in 1945 and were themselves Communist Party members or belonged to the "nomenklatura" of state-owned firms managers and of local mayors and executives, or friends and faithful supporters of the regime, viewed the marginal individuals choosing not to work as "lazy" or "drunkards", who were furthermore stigmatized by the official propaganda as well as by honest working members of a family who had to earn their mediocre living standard through labor, often of an unattractive or undesired nature. People whose mindset or worldview regards the occasional unemployed individuals in a communist society (before the fall of the wall) as "drunkards" or "failures" (indeed, "social waste" was an expression of that time) could not instill in the formative years of the next generation support for the government with a possible role for it to protect living standards by providing unemployment benefits to the few "lazy", rather than guaranteeing "jobs for all". On the other hand, those who were persecuted or disadvantaged by the regime, and had a worldview opposing that of the official propaganda, would most likely not support an excessive role of the government either, including in guaranteeing unemployment protection, as most of these people in the communist society were believers in the material success of the West, with its market democracy, liberal ideology and minimal state intervention in the economy (through regulation mostly). Distrust in the powerful "state apparatus", which was perceived as interfering with, and indeed distorting and subverting, the market mechanism in the economy, would lead to transmission of these preferences as well.

In the last column of Table 5, both interaction terms are considered together in the same regression. They preserve the sign of their respective marginal effects and, essentially their magnitude, as for each factor it declines by only about half percentage point (yet, the statistical significance level for education remains somewhat stronger).

All in all, then, in the older generation, support for the unemployed is nowadays stronger, and this even further enhanced the more educated the people from this "Cold War" generation are. This evidence favors preference persistence, as in most of the related literature.

5 Robustness Analysis and Falsification Tests

We now turn to verifying the plausibility of the proposed main interpretation of our results, i.e., preference persistence in the older, "Cold War" generation in our sample, arising from the combination of opposite ideological worldviews, the "lazy unemployed" indoctrination and the "socialist fatigue" experience, which we do in two stages, each in two steps, via two robustness checks followed by two placebo tests.

5.1 Robustness check 1: Binary dependent variable and logistic regression

Table 6 reports results from a first robustness check, which consists in two alterations of the main approach reported so far. We first reduce the dimension of our dependent categorical variable, by redefining it as a binary (dummy) variable. As a consequence, we also employ a different estimation strategy, relying now on logistic regression.

[**Table 6** about here]

Both methodological modifications do not change the substance, and not even much the magnitudes, of the marginal effects. Notably, the marginal effect of the interaction of formative years before the end of the Cold War with educational level is again positive, and of a nearly unchanged magnitude, now 2.4%, while that of the interaction of formative years before the fall of the Berlin wall with father's birth place of the respondent in an East European country is again negative, and of a comparable magnitude, -6.8%, i.e., about 3 times stronger (in absolute value), yet (marginally) loses statistical significance.

5.2 Robustness check 2: Formative years interacted with mother's place of birth

Table 7 reports the same estimation as in Table 5, but now father's place of birth is replaced by mother's place of birth. The findings in these two tables are qualitatively and quantitatively almost identical, which reassures us of the stability of the empirical outcomes we reported so far as well as of our main interpretations in explaining them.

[**Table 7** about here]

5.3 Placebo test 1: The next, younger, generation – do social preferences evolve?

In effect, a new, younger generation has completed its period of preference formation and has entered active life, which is reflected in the ISSP wave of our study, 2016, but not in earlier

ones. And this more recent generation, including in Eastern Europe, is much more individualistic and, even for the Eastern part of it, does not remember or know enough about communism. Or is it that the older generation, raised under communism, persists in its views of either "lazy unemployed" or "socialist fatigue" and still dominates in social preferences?

To address this question and check how much/fast social preferences potentially evolve, we next repeat, as a robustness check to our main interpretation, the same exercise as in Table 5, but now replacing the "old(er) generation" in the sample, whose formative years were spent under communism, with the "young(er) generation" in the sample, whose formative years were essentially ignorant of communism or the Cold War. That is, we now identify – by redefining the earlier variable "formative years" now to apply, and read in **Table 8**, "(after fall of Berlin wall)" – the respondents who were born in or after 1991, and were raised and educated as the memories of the Cold War period and the communist regime were gradually fading away into oblivion (even in Eastern Europe).

The purpose of this check, of course, is to see that now the interaction terms we focused on in Table 5 to interpret our findings in Table 4 of the East-West European divide in preferences (on the issue at hand) will not come out as statistically significant. The results reported in Table 8 support our expectation, and thereby do not falsify empirically the main interpretation we proposed, combining the "lazy unemployed" and the "socialist fatigue" explanations instilled in the generation with formative years in East European countries during (the last 25 years of) the communist regime.

[**Table 8** about here]

Thus, after delving deeper, we find that preference persistence within the older generation drives the main result in Table 4 of a lower support in the Eastern part of Europe for the role of government in protecting the unemployed; if we only isolate responses from the younger generation, these reveal that social preferences do evolve, as this same result is then not supported empirically.

5.4 Placebo test 2: Older generation, non-Europe non-communist countries

We finally, and in addition, proceed to another placebo test, to further consolidate the robustness analysis and check again the plausibility of the proposed interpretation of our main empirical findings. We repeat the exercise in Table 5, but now taking respondents from

two market democracies with quite different cultures or worldviews, both distant from Eastern Europe geographically and socio-politically, with regard to their national history in the 20th century: the United States and Japan. Because these two countries were not exposed to communism, we do not expect statistical significance of the two interaction terms of main interest identifying the role of the formative years as a key cultural transmission driver (and, in part, also as rough proxies for the oblique and direct channels in it). **Table 9** corroborates that this is the case indeed. Our results are, thus, not a pure statistical artefact.

[**Table 9** about here]

To sum up, our main novel finding has come out as robust and seems consistent with most earlier related works, which however are almost exclusively based on the German case, in line with "preference persistence" from the recent communist past (e.g., Alesina and Fuchs-Schündeln, 2007). However, (i) as stressed previously, few studies have broadened this type of survey-based analysis of cultural transmission beyond the very specific case of Germany; and (ii) our preference persistence drivers originate in each of the two opposing ideologies and social layers inside the communist society, reinforcing each other to explain our key finding of lower support for government intervention in labor markets in Eastern Europe in Table 4. Moreover, in addition to social preference persistence, we also find evidence for social preference evolution, as generation and their environment and formative years change.

6 Concluding Remarks

This paper aimed at examining empirically the influence of an individual's formative years spent under communism, or not, in social preference persistence and evolution. We focused on explaining the uncovered "divide" in opinions in the East versus the West of Europe on the role of the government in correcting adverse labor market outcomes. Our contribution consisted in using data from six West European and four East European countries plus Germany in the 2016 ISSP wave, the first that allows identification of an intergenerational linkage by place of birth of respondents' parents and potentially indicative of intergenerational cultural transmission.

Our main results can be restated and summarized along three dimensions. First, and consistent with most of the earlier literature (Giuliano and Spilimbergo, 2014), we found that individual attitudes that are instilled or picked up via socialization (in the family and at

school) during the "impressive years" do persist through life. Second, we found an East-West divide, still existing in 2016 across Europe, a generation span after the collapse of communism. Perhaps surprisingly, the divide revealed less support in Eastern Europe for a role of the government in correcting adverse labor market outcomes. Third, delving into the origins of the East-West European divide in such attitudes, we attributed it to preference persistence in the older generation (educated during communism). Nevertheless, we also showed that social preferences do evolve, indeed relatively fast, as the younger generation (educated after communism) did not reveal the same beliefs.

To interpret our findings, we proposed a combination of two empirically supported hypotheses, reinforcing each other even if originating in the respective worldviews of the opposite social fractions inside the communist regime: (i) the "lazy unemployed" stigma indoctrinated by the communist propaganda and those loyal to it; and (ii) the "socialist fatigue" experience transmitted by dissidents and silent opponents to the regime, as the communist experiment failed to ensure elementary economic reproduction of the society (see, e.g., Farvaque, Mihailov and Naghavi, 2018, for a theoretical model true to the historical experience in Eastern Europe and the former Soviet Union).

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Table 1: List of countries included in the analysis

Serial no.	Country	Country code	Region
1	Czech Republic	203	East Europe
2	France	250	West Europe
3	Germany	276	East and West Europe
4	Hungary	348	East Europe
5	Latvia	428	East Europe
6	Norway	578	West Europe
7	Slovenia	705	East Europe
8	Spain	724	West Europe
9	Sweden	752	West Europe
10	Switzerland	756	West Europe
11	United Kingdom	826	West Europe

Source: International Social Survey Program (ISSP), 2016 wave.

Table 2: Descriptive statistics

Variables	Panel A: Full Sample (Observations=12270)				Panel B: East Europe (Observations=4290)				Panel C: West Europe (Observations=7980)			
	Mean	Std. Dev.	Min	Max	Mean	Std. Dev.	Min	Max	Mean	Std. Dev.	Min	Max
Religious Affiliation	0.6399	0.4801	0	1	0.5844	0.4929	0	1	0.6697	0.4704	0	1
Gender	0.4939	0.5000	0	1	0.4716	0.4992	0	1	0.5059	0.5000	0	1
Marital Status	0.5137	0.4998	0	1	0.5000	0.5001	0	1	0.5211	0.4996	0	1
Educational Level	3.5491	1.5667	0	6	3.3294	1.3229	0	6	3.6672	1.6715	0	6
Household Size	2.6084	1.3217	0	13	2.6210	1.3266	1	10	2.6016	1.3190	0	13
Occupation	0.8191	0.6397	0	3	0.7902	0.5853	0	3	0.8346	0.6666	0	3
Employment Sector	0.2939	0.4556	0	1	0.3049	0.4604	0	1	0.2880	0.4528	0	1
Trust in MPs	2.4913	1.0767	1	5	2.3399	1.0287	1	5	2.5727	1.0930	1	5
Interest in Politics	3.0660	1.1390	1	5	2.7406	1.0828	1	5	3.2410	1.1301	1	5
Father's Birth Place	0.3284	0.4697	0	1	0.8695	0.3369	0	1	0.0376	0.1902	0	1
Mother's Birth Place	0.3293	0.4700	0	1	0.8748	0.3310	0	1	0.0361	0.1865	0	1
Eastern Europe	0.3496	0.4769	0	1	1.0000	0.0000	1	1	0	0	0	0
Formative years (before fall of wall)	0.4710	0.4992	0	1	0.4455	0.4971	0	1	0.4847	0.4998	0	1
Unemployment Rate	7.9531	5.0590	3.9514	19.6347	6.2846	2.2725	3.9514	9.6429	8.8501	5.8547	4.1218	19.6347
Ln Pseudo Insurance Rates	3.3985	0.6713	2.1451	4.3750	3.2990	0.4334	2.5138	3.8195	3.4520	0.7641	2.1451	4.3750
Ln KOF Globalisation Index	4.4582	0.0360	4.3801	4.5127	4.4250	0.0332	4.3801	4.4793	4.4761	0.0221	4.4462	4.5127
Civil Liberty	1.2405	0.4274	1	2	1.4131	0.4924	1	2	1.1477	0.3549	1	2

Source: Authors' calculations based on the ISSP 2016 wave.

Table 3: Full set of controls + country fixed effects

Unemployment insurance responsibility of Government	Marginal effects for "definitely should not be"	Marginal effects for "probably should not be"	Marginal effects for "probably should be"	Marginal effects for "definitely should be"
Religious Affiliation No Affiliation (Ref)	0.001 (0.002)	0.003 (0.005)	-0.000 (0.000)	-0.004 (0.007)
Gender: Male Female (Ref)	0.008*** (0.002)	0.023*** (0.005)	-0.002*** (0.001)	-0.029*** (0.006)
Marital Status: Married Unmarried (Ref)	0.009*** (0.002)	0.025*** (0.005)	-0.002*** (0.001)	-0.032*** (0.006)
Education: None (Ref)				
Primary school	0.004 (0.006)	0.014 (0.020)	0.003 (0.005)	-0.021 (0.031)
Lower secondary	0.001 (0.005)	0.004 (0.017)	0.001 (0.005)	-0.006 (0.028)
Upper secondary	0.013** (0.006)	0.039** (0.018)	0.002 (0.005)	-0.054* (0.028)
Post secondary	0.016*** (0.006)	0.046** (0.019)	0.001 (0.005)	-0.063** (0.029)
Lower level tertiary	0.015** (0.006)	0.044** (0.018)	0.001 (0.005)	-0.059** (0.028)
Upper level tertiary	0.018*** (0.006)	0.053*** (0.019)	-0.001 (0.005)	-0.070** (0.029)
Household Size	0.001 (0.001)	0.003 (0.002)	-0.000 (0.000)	-0.004 (0.003)
Occupation: Others (Ref)				
Employed	0.001 (0.002)	0.002 (0.006)	-0.000 (0.001)	-0.002 (0.007)
Unemployed	-0.019*** (0.004)	-0.059*** (0.012)	-0.016* (0.009)	0.094*** (0.024)
Retired	-0.015*** (0.004)	-0.045*** (0.013)	-0.007 (0.006)	0.068*** (0.021)
Govt. Employee Non Govt. Employee (Ref)	-0.005*** (0.002)	-0.014*** (0.005)	0.001* (0.000)	0.018** (0.007)
Trust in MPs	-0.006*** (0.001)	-0.018*** (0.003)	0.002*** (0.001)	0.023*** (0.003)
Interest in Politics	-0.003*** (0.001)	-0.009*** (0.002)	0.001** (0.000)	0.011*** (0.003)
Unemployment Rate	-0.013*** (0.002)	-0.038*** (0.004)	0.003*** (0.001)	0.047*** (0.005)
Ln Pseudo Insurance Rate	-0.004** (0.002)	-0.011** (0.005)	0.001* (0.001)	0.014** (0.007)
Ln KOF Globalization Index	-0.402*** (0.070)	-1.167*** (0.200)	0.097*** (0.036)	1.473*** (0.249)
Civil Liberty	-0.008 (0.013)	-0.022 (0.038)	0.002 (0.003)	0.028 (0.048)
Observations	12270	12270	12270	12270
Country F.E	Yes	Yes	Yes	Yes

Robust standard errors in parentheses; * p<0.1, ** p<0.05, *** p<0.01.

Table 4: Full set of control variables + East Europe dummy (no country fixed effects)

Unemployment insurance responsibility of Government	Marginal effects for "definitely should not be"	Marginal effects for "probably should not be"	Marginal effects for "probably should be"	Marginal effects for "definitely should be"
Eastern Europe Western Europe (Ref)	0.016*** (0.004)	0.042*** (0.009)	-0.003** (0.001)	-0.055*** (0.012)
Religious Affiliation No Affiliation (Ref)	-0.010*** (0.002)	-0.026*** (0.005)	0.002** (0.001)	0.034*** (0.007)
Gender: Male Female (Ref)	0.007*** (0.002)	0.020*** (0.005)	-0.001** (0.001)	-0.026*** (0.006)
Marital Status: Married Unmarried (Ref)	0.010*** (0.002)	0.026*** (0.005)	-0.002** (0.001)	-0.034*** (0.007)
Education: None (Ref)				
Primary school	0.006 (0.006)	0.018 (0.019)	0.006 (0.008)	-0.030 (0.033)
Lower secondary	0.007 (0.005)	0.022 (0.017)	0.007 (0.008)	-0.036 (0.030)
Upper secondary	0.020*** (0.006)	0.056*** (0.018)	0.005 (0.008)	-0.082*** (0.030)
Post secondary	0.017*** (0.006)	0.047*** (0.018)	0.007 (0.008)	-0.071** (0.030)
Lower level tertiary	0.015** (0.006)	0.043** (0.018)	0.007 (0.008)	-0.065** (0.030)
Upper level tertiary	0.022*** (0.006)	0.061*** (0.018)	0.004 (0.008)	-0.087*** (0.030)
Household Size	0.001* (0.001)	0.003* (0.002)	-0.000 (0.000)	-0.005* (0.003)
Occupation: Others (Ref)				
Employed	-0.004* (0.002)	-0.010* (0.006)	0.001 (0.001)	0.012* (0.007)
Unemployed	-0.025*** (0.004)	-0.072*** (0.012)	-0.019** (0.009)	0.116*** (0.024)
Retired	-0.016*** (0.004)	-0.045*** (0.013)	-0.003 (0.004)	0.064*** (0.020)
Govt. Employee Non Govt. Employee (Ref)	-0.006*** (0.002)	-0.016*** (0.005)	0.001 (0.000)	0.021*** (0.007)
Trust in MPs	-0.008*** (0.001)	-0.021*** (0.003)	0.002*** (0.001)	0.028*** (0.003)
Interest in Politics	-0.003*** (0.001)	-0.008*** (0.002)	0.001** (0.000)	0.011*** (0.003)
Unemployment Rate	-0.006*** (0.000)	-0.016*** (0.001)	0.001*** (0.000)	0.021*** (0.001)
Ln Pseudo Insurance Rate	-0.001 (0.001)	-0.002 (0.004)	0.000 (0.000)	0.002 (0.005)
Ln KOF Globalization Index	0.288*** (0.047)	0.765*** (0.124)	-0.054*** (0.021)	-0.999*** (0.161)

Civil Liberty	0.020*** (0.002)	0.054*** (0.006)	-0.004*** (0.001)	-0.070*** (0.008)
Observations	12270	12270	12270	12270
Country F.E	No	No	No	No

Robust standard errors in parentheses; * p<0.1, ** p<0.05, *** p<0.01.

Table 5: Interactions ("definitely should be" category of answer in all 3 columns)

Unemployment insurance responsibility of Government	Marginal effects for "definitely should be"	Marginal effects for "definitely should be"	Marginal effects for "definitely should be"
Formative Years	-0.082*** (0.027)	0.047* (0.026)	-0.024 (0.042)
Educational Level	-0.036*** (0.005)		-0.035*** (0.005)
Formative years (before fall of Berlin wall) * Educational Level	0.022*** (0.007)		0.018** (0.007)
Religious Affiliation No Affiliation (Ref)	0.020* (0.010)	0.023** (0.010)	0.020** (0.010)
Gender: Male Female (Ref)	-0.018* (0.009)	-0.011 (0.009)	-0.018* (0.009)
Marital Status: Married Unmarried (Ref)	-0.012 (0.010)	-0.017* (0.010)	-0.013 (0.010)
Household Size	-0.007* (0.004)	-0.006 (0.004)	-0.007* (0.004)
Occupation: Others (Ref)			
Employed	-0.001 (0.013)	-0.007 (0.013)	-0.000 (0.013)
Unemployed	0.007 (0.029)	0.014 (0.030)	0.007 (0.029)
Retired	0.065 (0.043)	0.070 (0.045)	0.066 (0.044)
Interest in Politics	-0.012** (0.005)	-0.018*** (0.005)	-0.011** (0.005)
Trust in MPs	0.032*** (0.005)	0.032*** (0.005)	0.032*** (0.005)
Unemployment Rate	0.117*** (0.007)	0.104*** (0.012)	0.115*** (0.012)
Ln Pseudo Insurance Rate	-0.139*** (0.015)	-0.158*** (0.016)	-0.140*** (0.016)
Ln KOF Globalization Index	6.080*** (0.468)	5.235*** (0.899)	5.927*** (0.903)
Civil Liberty	-0.102*** (0.013)	-0.102*** (0.015)	-0.100*** (0.014)
Father's Birth Place		0.021 (0.036)	0.018 (0.036)
Formative Years (before fall of Berlin wall) * Father's Birth Place		-0.056** (0.026)	-0.051* (0.028)
Observations	4290	4290	4290

Robust standard errors in parentheses; * p<0.1, ** p<0.05, *** p<0.01.

Table 6: Robustness check 1 - Reducing dimension of answer and using logistic regression

Unemployment insurance responsibility of Government	Marginal effects for "definitely should be"
Formative Years	-0.030 (0.066)
Educational Level	-0.046*** (0.008)
Formative Years (before fall of Berlin wall) * Educational Level	0.024** (0.011)
Father's Birth Place	0.012 (0.053)
Formative Years (before fall of Berlin wall) * Father's Birth Place	-0.068 (0.044)
Religious Affiliation No Affiliation (Ref)	0.037** (0.016)
Gender: Male Female (Ref)	-0.018 (0.014)
Marital Status: Married Unmarried (Ref)	-0.019 (0.015)
Household Size	-0.009 (0.006)
Occupation: Others (Ref) Employed Unemployed Retired	 -0.007 (0.020) -0.032 (0.043) 0.067 (0.051)
Interest in Politics	-0.018*** (0.007)
Trust in MPs	0.048*** (0.007)
Unemployment Rate	0.153*** (0.018)
Ln Pseudo Insurance Rate	-0.228*** (0.024)
Ln KOF Globalization Index	7.939*** (1.381)
Civil Liberty	-0.203*** (0.023)
Observations	4290

Robust standard errors in parentheses; * p<0.1, ** p<0.05, *** p<0.01.

Table 7: Robustness check 2 - Using mother's birth place instead of father's birth place

Unemployment insurance responsibility of Government	Marginal effects for "definitely should not be"	Marginal effects for "probably should not be"	Marginal effects for "probably should be"	Marginal effects for "definitely should be"
Formative Years	0.011 (0.021)	0.021 (0.039)	-0.009 (0.017)	-0.023 (0.042)
Educational Level	0.017*** (0.003)	0.032*** (0.005)	-0.014*** (0.002)	-0.035*** (0.005)
Formative Years (before fall of Berlin wall) * Educational Level	-0.009** (0.004)	-0.016** (0.007)	0.007** (0.003)	0.018** (0.007)
Mother's Birth Place	-0.014 (0.019)	-0.026 (0.036)	0.011 (0.016)	0.029 (0.040)
Formative Years (before fall of Berlin wall) * Mother's Birth Place	0.025* (0.014)	0.047* (0.026)	-0.020* (0.011)	-0.051* (0.028)
Religious Affiliation No Affiliation (Ref)	-0.010** (0.005)	-0.019** (0.009)	0.008* (0.004)	0.020** (0.010)
Gender: Male Female (Ref)	0.009* (0.005)	0.016* (0.008)	-0.007* (0.004)	-0.018* (0.009)
Marital Status: Married Unmarried (Ref)	0.006 (0.005)	0.012 (0.009)	-0.005 (0.004)	-0.013 (0.010)
Household Size	0.004* (0.002)	0.007* (0.004)	-0.003* (0.002)	-0.007* (0.004)
Occupation: Others (Ref)				
Employed	0.000 (0.006)	0.000 (0.012)	-0.000 (0.005)	-0.001 (0.013)
Unemployed	-0.003 (0.013)	-0.006 (0.026)	0.003 (0.010)	0.007 (0.029)
Retired	-0.025* (0.013)	-0.052* (0.031)	0.012*** (0.004)	0.066 (0.043)
Interest in Politics	0.005** (0.002)	0.010** (0.005)	-0.005** (0.002)	-0.011** (0.005)
Trust in MPs	-0.015*** (0.002)	-0.029*** (0.005)	0.013*** (0.002)	0.032*** (0.005)
Unemployment Rate	-0.057*** (0.007)	-0.108*** (0.012)	0.047*** (0.007)	0.118*** (0.013)
Ln Pseudo Insurance Rate	0.067*** (0.008)	0.126*** (0.015)	-0.055*** (0.008)	-0.138*** (0.016)
Ln KOF Globalization Index	-3.006*** (0.496)	-5.645*** (0.920)	2.466*** (0.457)	6.185*** (0.991)
Civil Liberty	0.050*** (0.008)	0.093*** (0.014)	-0.041*** (0.007)	-0.102*** (0.015)
Observations	4290	4290	4290	4290

Robust standard errors in parentheses; * p<0.1, ** p<0.05, *** p<0.01.

Table 8: Placebo test 1 - Considering people aged less than 25 in 2016

Unemployment insurance responsibility of Government	Marginal effects for "definitely should not be"	Marginal effects for "probably should not be"	Marginal effects for "probably should be"	Marginal effects for "definitely should be"
Formative Years	0.016 (0.043)	0.030 (0.080)	-0.013 (0.035)	-0.033 (0.087)
Educational Level	0.013*** (0.002)	0.025*** (0.004)	-0.011*** (0.002)	-0.027*** (0.004)
Formative Years (after fall of Berlin wall) * Educational Level	-0.010 (0.009)	-0.018 (0.016)	0.008 (0.007)	0.020 (0.018)
Father's Birth Place	0.003 (0.016)	0.005 (0.029)	-0.002 (0.013)	-0.006 (0.032)
Formative Years (after fall of Berlin wall) * Father's Birth Place	0.017 (0.031)	0.031 (0.057)	-0.014 (0.025)	-0.034 (0.063)
Religious Affiliation No Affiliation (Ref)	-0.008* (0.005)	-0.016* (0.010)	0.007* (0.004)	0.017* (0.010)
Gender: Male Female (Ref)	0.008* (0.005)	0.015* (0.008)	-0.006* (0.004)	-0.016* (0.009)
Marital Status: Married Unmarried (Ref)	0.007 (0.005)	0.013 (0.009)	-0.006 (0.004)	-0.014 (0.010)
Household Size	0.003 (0.002)	0.005 (0.004)	-0.002 (0.002)	-0.006 (0.004)
Occupation: Others (Ref)				
Employed	-0.003 (0.006)	-0.005 (0.010)	0.002 (0.005)	0.006 (0.011)
Unemployed	-0.003 (0.014)	-0.005 (0.026)	0.002 (0.011)	0.005 (0.028)
Retired	-0.027** (0.013)	-0.056* (0.030)	0.014*** (0.004)	0.069 (0.043)
Interest in Politics	0.006** (0.002)	0.011** (0.004)	-0.005** (0.002)	-0.012** (0.005)
Trust in MPs	-0.016*** (0.002)	-0.029*** (0.005)	0.013*** (0.002)	0.032*** (0.005)
Unemployment Rate	-0.056*** (0.006)	-0.106*** (0.011)	0.046*** (0.006)	0.116*** (0.012)
Ln Pseudo Insurance Rate	0.067*** (0.008)	0.126*** (0.015)	-0.055*** (0.008)	-0.138*** (0.016)
Ln KOF Globalization Index	-2.948*** (0.454)	-5.515*** (0.833)	2.410*** (0.422)	6.053*** (0.898)
Civil Liberty	0.047*** (0.007)	0.088*** (0.014)	-0.038*** (0.007)	-0.096*** (0.014)
Observations	4290	4290	4290	4290

Robust standard errors in parentheses; * p<0.1, ** p<0.05, *** p<0.01.

Table 9: Placebo test 2 -Taking respondents from the United States and Japan

Unemployment insurance responsibility of Government	Marginal effects for "definitely should not be"	Marginal effects for "probably should not be"	Marginal effects for "probably should be"	Marginal effects for "definitely should be"
Formative Years (before fall of Berlin wall)	0.001 (0.025)	0.001 (0.037)	-0.001 (0.030)	-0.001 (0.032)
Educational Level	0.009* (0.005)	0.012* (0.007)	-0.010* (0.005)	-0.011* (0.006)
Formative Years (before fall of Berlin wall) * Educational Level	-0.004 (0.006)	-0.006 (0.009)	0.005 (0.007)	0.005 (0.008)
Religious Affiliation No Affiliation (Ref)	-0.006 (0.009)	-0.008 (0.013)	0.007 (0.010)	0.007 (0.011)
Gender: Male Female (Ref)	0.014* (0.008)	0.020* (0.012)	-0.016* (0.010)	-0.018* (0.010)
Marital Status: Married Unmarried (Ref)	0.048*** (0.009)	0.070*** (0.013)	-0.056*** (0.010)	-0.061*** (0.011)
Household Size	-0.003 (0.003)	-0.004 (0.004)	0.003 (0.003)	0.004 (0.004)
Occupation: Others (Ref)				
Employed	0.007 (0.011)	0.011 (0.016)	-0.009 (0.013)	-0.010 (0.015)
Unemployed	-0.016 (0.025)	-0.026 (0.046)	0.018 (0.027)	0.025 (0.044)
Retired	0.003 (0.015)	0.005 (0.022)	-0.004 (0.017)	-0.005 (0.020)
Interest in Politics	-0.003 (0.004)	-0.004 (0.006)	0.003 (0.005)	0.003 (0.005)
Trust in MPs	-0.016*** (0.004)	-0.023*** (0.006)	0.019*** (0.005)	0.020*** (0.005)
Unemployment Rate	-0.001 (0.005)	-0.001 (0.007)	0.001 (0.006)	0.001 (0.007)
Observations	2403	2403	2403	2403

Robust standard errors in parentheses; * p<0.1, ** p<0.05, *** p<0.01.