

Family Values and the Regulation of Labor*

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May 27, 2014

Abstract

To be efficient, flexible labor markets require geographically mobile workers. Otherwise firms can take advantage of workers' immobility and extract rents at their expense. In cultures with strong family ties, moving away from home is costly. Thus, to limit the rents of firms and to avoid moving, individuals with strong family ties rationally choose regulated labor markets, even though regulation generates higher unemployment and lower incomes. Empirically, we find that individuals who inherit stronger family ties are less mobile, have lower wages and higher unemployment, and support more stringent labor market regulations. We find a positive association between labor market rigidities at the beginning of the 21st century and family values prevailing before World War II, and between family structures in the Middle Ages and current desire for labor market regulation. Both results suggest that labor market regulations have deep cultural roots.

1 Introduction

Labor market institutions differ across countries and stringent labor market regulations persist despite being economically inefficient.¹ In this paper, we endogenize the choice

*We thank Fabrizio Zilibotti and three anonymous referees for comments that substantially improved this paper. We also thank Murat Iyigun and seminar participants at Bocconi University, Brown University, Harvard University, the Kaler meeting at UCLA, IZA, IIES (Stockholm), the London School of Economics, New York University, Princeton University, the Terry College of Business, UC Berkeley Haas School of Business, University of Mannheim, University of Southern California, the AEA meetings (Denver), the CEPR Conference on Culture and Institutions (Milan) and the Politics, Information and the Macroeconomy conference (Barcelona) for helpful comments.

¹Most economists, with varying emphasis, would argue that these regulations are at least in part responsible for the high European unemployment from the 1980s onward. For a balanced, view see Blanchard and Wolfers (2000).

of labor market institutions as a function of differences in cultural values, proposing an interpretation based upon the complementarity between the strength of family ties and the stringency of labor market regulations. Flexible labor markets require that individuals move geographically in order to maximize their opportunities, find the best match with a firm, and get the best paid job. This is efficient when mobility is relatively painless. However, in certain cultures, staying close to family is important and the mobility required by a free labor market is painful. With unregulated labor markets, local firms would have a market power (i.e. monopsonistic power) over immobile workers and would pay low wages. Thus workers with strong family ties would favor labor regulation to counteract this power. This can lead to two different equilibria. One is laissez-faire, with high mobility and unregulated labor markets, which occurs when family ties are weak. When family ties are strong, there is another equilibrium with labor market rigidity comprising minimum wage and firing restrictions. Given the cultural value placed on family ties, labor market regulation can be preferable to laissez-faire. Though laissez-faire produces higher per capita income, it rarefies family relations. If family ties are sufficiently strong, this relaxation of family relationships can reduce individual utility so much that welfare can be higher with a regulated labor market.²

An innovative feature of our model is that individuals can choose the degree of family ties, or to be more realistic, they can educate their children in a certain way. Thus, our model implies a two-way effect between family ties and labor market regulation. An inherited culture of strong family ties leads to a preference for labor market rigidities, but the latter in turn makes it optimal to teach and adopt strong family ties. Thus economic incentives explain the evolution of cultural values and viceversa.

In our empirical analysis, we study the interaction between family ties, labor market institutions, and outcomes. We motivate our analysis by documenting a strong correlation at the country level between family ties (measured using a variety of subjective indicators on family values and objective measures of family arrangements) and labor market regulations. Individual level evidence, which controls for country fixed effects, also shows a positive correlation between desire for regulation and family ties. To further mitigate

²Our model does not account for home production, but with strong family ties hours not spent at work can be devoted to work at home. Thus adding home production would reinforce the result of the model, because less work in the market would be less costly in societies with strong family ties.

problems of omitted variables and reverse causality, our main empirical contribution relies upon micro-evidence based on second-generation immigrants in the United States.³ We show that second-generation immigrants coming from familistic societies are less mobile, face a wage and employment penalty, and also ask for more government regulation of wages and job security.

In order to document persistence, we show that the strength of family values inherited from the countries of origin before World War II is positively correlated with the stringency of labor market regulation in the countries of origin at the beginning of the 21st century. Using regional variation in medieval family structures, we also document a correlation between desire for regulation today and the structure of the family dating back at least to the Middle Ages. Overall our evidence supports the idea that, at the country level, the relationship between actual regulation and family values goes through an individual desire for regulation influenced by transmission of cultural values.

This paper contributes to the growing literature on the importance of cultural values in determining economic outcomes (see Guiso, Sapienza & Zingales, 2006, and Alesina & Giuliano, 2013, for reviews). After establishing the relevance of cultural transmission (Bisin & Verdier, 2000 and 2001), this literature has moved forward and begun looking at the interactions between culture and institutions.⁴ Tabellini (2008), for example, studies a model where individuals respond to incentives but are also influenced by norms of good conduct inherited from earlier generations.⁵ We contribute to this literature by looking at the interplay and coevolution of labor market institutions and a specific cultural trait of a society, the strength of family ties. Previous research has investigated some of the aspects studied in this paper. Alesina and Giuliano (2010) and Algan and Cahuc (2005)

³Cultural values are relatively slow to evolve, as a vast literature on the behavior of immigrants to other countries, mainly the United States, shows. See, for instance, Alesina and Giuliano (2010), Algan and Cahuc (2005), Fernandez and Fogli (2006, 2009), Giuliano (2007), Guiso et al. (2006), Luttmer and Singhal (2011) amongst many others.

⁴See Bisin and Verdier (2000, 2001). Their model has been applied to the transmission of religious beliefs (Bisin and Verdier, 2000, and Bisin et al., 2004), of education (Patacchini and Zenou, 2007), of ethnic identity (Bisin et al. 2006), of moral values (Tabellini, 2008), and of priors about the trustworthiness of others (Guiso et al., 2008).

⁵On the relationship between culture and institutions, Algan and Cahuc (2009) investigate the role of civic virtue on labor market institutions. On the link from regulation and institutions to culture, Alesina and Angeletos (2005), Alesina, Cozzi, and Mantovan (2012), Alesina and Fuchs-Schündeln (2007), Aghion et al. (2011), and Aghion et al. (2010) show that regulation can shape beliefs such as the demand for redistribution or beliefs in cooperation.

have looked at the effect of family ties on several economic outcomes, including labor market outcomes of women and young adults. This paper goes several steps further, by linking family ties to labor market regulation, not just to labor market outcomes. In addition, it presents a model in which culture and institutions interact, giving rise to multiple equilibria. Finally, it presents suggestive evidence on the relevance of culture on institutions, by showing how different forms of family arrangements going back to at least the Middle Ages influence labor market institutions today.

Our paper is also related to a vast area of research on labor market institutions and labor market performance. Hassler et al. (2005) find a negative relationship between unemployment insurance and geographical mobility. In their theoretical interpretation, there is a self-reinforcing mechanism linking preferences to the demand for social insurance (and therefore unemployment duration and risks). Differences in the propensity to move are endogenously related to the time people spend in a particular location, which in turn depends on labor market institutions. As time goes by, people establish friendships, partnerships, and even new family ties that make them disinclined to move. Compared to their work, we emphasize the relevance of one specific self-reinforcing mechanism, the presence of family ties, and perform a much more extensive empirical analysis.⁶ Fogli (2004) builds up a model based on the interaction between credit market imperfections and family structure to explain cross country differences in labor market institutions. In particular, she finds that countries with high levels of employment protection also display severe credit market imperfections and a high percentage of young people living at home. In her model, credit market imperfections are considered as primitive, and family an endogenous reaction to those; in our framework, family values are persistent and determine the existence of labor market regulations.

⁶This paper contributes to the literature stressing the complementarity between investment in local social ties, including friends and family, and geographical immobility. Glaeser, Laibson and Sacerdote (2002) argue that individuals who perceive themselves as being strongly attached to a village, a township, or a region may invest in local social capital, because the returns from these local ties are high while, on the other hand, strong local social capital raises the cost of mobility and in turn reduces incentives to move. Spilimbergo and Ubeda (2004) show that interactions between social ties and moving decisions can explain the different behaviors of workers in different groups, regions, or countries in an endogenous way by showing the existence of multiple equilibria. Glaeser and Redlick (2008) show that it is possible that an area can get caught in a bad equilibrium, where the prospect of out-migration reduces social capital investment and a lack of social capital investment makes out-migration more appealing. David, Janiak, and Wasmer (2009) build a model that can include two different equilibria: strong local social capital and low mobility vs. low social capital and high propensity to move.

More broadly, this paper provides a different but complementary analysis to the insider outsider model on employment protection and minimum wage (Lindbeck and Snower, 1989; Blanchard and Giavazzi, 2003; Saint-Paul 2000, 2002). In this framework, unionized “inside” workers want to preserve their rents and want to avoid competition from the outsiders. However, this interpretation does not explain why insiders are more powerful in some countries than in others. In addition, the logic of this model implies that the “outsiders” should oppose labor regulations, but in reality this is not the case. In fact those who could be considered outsiders favor extending the coverage to themselves as well over liberalizing the labor market.

The paper is organized as follows. In Section 2 we start with basic cross-country correlations between family values and labor market regulations, and individual level analysis between the desire for regulation and family ties, to motivate our model, which is fully described in Section 3. Section 4 looks at the economic outcomes and attitudes of second generation immigrants, Section 5 further documents the issue of persistence. Section 6 concludes.

2 Some motivating evidence

This section describes the relationship between family ties and labor market regulation. In a cross-section of countries, we document a positive relationship between family values and the stringency of the regulation of wages and jobs. From micro-regressions, we then show that the demand for regulation is strongly related to family ties.

2.1 Data

We obtain data on family ties from four waves of the World Values Survey (WVS 1981-2003). The WVS is an international social survey that provides a wide range of subjective and objective indicators on the relationship between parents and children.

The basic measure for family ties comes from the question *i) Living with parents*, which asks whether a young adult is living at home with his or her parents.⁷ We also use

⁷Reher (1998), in studying differences between weak and strong family ties in Europe, claims that "the strength and weakness refers to cultural patterns of family loyalties, allegiances, and authorities which are reflected in demographic patterns of coresidence with adult children and older family members".

subjective measures of family ties related to the following questions: *ii) Respect parents*, which asks whether 1) regardless of what the qualities and faults of one’s parents are, one must always love and respect them, and 2) one does not have the duty to respect and love parents who have not earned it. *iii) Make parents proud*, which asks whether the main goal in life is to make one’s own parents proud. *iv) Parents’ responsibility*, which asks whether: 1) It is the parents’ duty to do their best for their children, even at the expense of their own well-being, and 2) parents have a life on their own. *v) Obey parents*, which asks whether obedience is an important quality for children. We recode all the questions so that a higher number implies a stronger attachment to the family, and we collapse the data at the country level to be able to correlate them to measures of labor market regulations across countries. More details about each variable are provided in Table A1, whereas Table A4 provides correlations among the various measures of family ties. We also report additional evidence on child-parent geographic proximity from the *Survey of Health, Ageing, and Retirement in Europe (SHARE)*.⁸

We use standard indicators of labor market regulation of jobs and wages. We focus on two different labor market institutions: job protection and the minimum wage. We use the Botero et al. (2004) index to measure job protection. This index aggregates three components: *i)* the notice period for redundancy dismissal after 20 years of continuous employment, *ii)* the severance pay for redundancy dismissal after 20 years of employment, and *iii)* the legally mandated penalty for redundancy dismissal. The index can take values from 0 to 200. Using these data, we can estimate the empirical relationship between family ties and job protection for more than just OECD countries.⁹

⁸The SHARE database is a cross-national database that provides micro data on health, socio-economic status and the social and family network of individuals, aged 50 or over, from 14 European countries. We use the second release of the 2006 wave, which includes the following countries: Austria, Belgium, Czech Republic, Denmark, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Spain, Sweden, and Switzerland. For our purpose, SHARE offers detailed information on child-parent geographic proximity. From this survey, we constructed three indicators of family attachment at the country level: the first measures the fraction of adult children (older than 24) who live 5 km or closer to their family, the second measures the average age at which the young adult left home, and the third indicator measures the frequency of contacts parents have with their children (this variable, increasing with frequency, is coded on a scale from 1 (never) to 7 (daily)). We constructed the variables using the information on the first child; the survey also reports information for the other children. The results remain valid when we look at the second or third child or at an average of all the children.

⁹In the appendix, we also report the robustness of our results using the 2013 OECD indicators of labor market regulations. This indicator measures the procedures and costs involved in dismissing individuals or groups of workers. The indicator also distinguishes between regular and temporary contracts. This dis-

The index of stringency of the minimum wage combines information on both *i)* the *level* of the minimum wage and *ii)* the *regulation* of the minimum wage, such as the existence of legal wage floors and potential derogation. As shown by Aghion et al. (2011), those two types of information are necessary to describe accurately the stringency of the minimum wage. For instance, although Nordic countries have relatively high wage floors, they have no legal minimum wage and the wage floors are quite flexible across demographic groups. The first component of our index, the level of the wage floor, is measured as the monthly minimum wage expressed in U.S. dollars. To make this measure comparable across countries, we calculate the ratio of the monthly minimum wage over per capita income, obtained from the World Bank. The levels of the minimum wage and per capita income are averaged over the 2000s.

The second component of the index measures the extent to which the state directly regulates minimum wages instead of letting social partners negotiate them. The component equals 1 if there is a legal statutory minimum wage and if the minimum wage is set at the national level without any derogation; it equals 0.5 if there is a legal statutory minimum wage but with derogations by age, qualification, region, sector, or occupation, or if the wage floor is set by collective bargaining but extended to all workers; and it equals 0 if the minimum wage is set by collective bargaining and applies only to unionized workers. The overall index of the stringency of the minimum wage is the product of the two components: the level and the extent of state regulation.

2.2 Evidence

Figure 1 shows the positive cross-country correlation between the two measures of labor market regulation (firing costs and the minimum wage) and the objective indicator of family ties, measured by the fraction of young adults living in the parental home.¹⁰ Countries with strong family ties in Latin America, North Africa, and Mediterranean Europe tend

tion could be relevant for our purposes because in societies with strong family ties, male-breadwinner adults could be more protected in the labor market while women or young adults have access only to temporary contracts. Since we do not look at employment of different groups in this paper, we do not investigate the difference in the share of temporary and regular contracts among the employed population. Figure A4 in the Appendix shows the correlations between family ties and the indicator of labor regulations using temporary and regular contracts. Our results also hold when we use this alternative measure.

¹⁰The results with the subjective measures are very similar and are available from the authors.

to have greater regulation of jobs and wages. In contrast, less familistic countries, in particular Nordic and Anglo-Saxon countries, tend to have less stringent regulation of the minimum wage and of job protection.¹¹

Table 1 confirms these cross-country correlations with regressions controlling for additional variables. We include legal origin, which is the traditional alternative theory for explaining regulation and its economic consequences (see Botero et al., 2004; or La Porta et al., 2008). We also include the (ln)-country average population over the 1980-2000 period (taken from the World Bank). Mulligan and Shleifer (2005) stressed that population density might be crucial for explaining the supply of regulation. Third, we include a measure of volatility, using the annual variation in real GDP, to take into account the possibility that regulation is a reaction to uncertainty in the macroeconomic environment. The relationship between labor market regulation and family ties remains positive and statistically significant at the 1% or 5% level.

Finally, we show that family ties are related not only to labor market regulation but also to the demand for such a regulation. We document this relationship with micro regressions on individual preferences from the WVS. We include country fixed effects and country linear time trends to control for omitted country specific characteristics that could drive the previous cross-country correlations. From the WVS, we use the following question: *“Here are some more aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?: Good Job Security”*. The answer takes the value 1 if job security is mentioned and 0 otherwise. We control for gender, age, age squared, education, employment status, marital status, and number of children. We also include attitudes toward risk aversion that could drive the demand for job security.¹² Table 2 shows a strong correlation at the individual level between the various measures of family ties and the demand for job security, statistically significant most of the times at the 1% level. Having a young adult in the household has the same positive impact on the demand for job security as being employed instead

¹¹Figures A2 and A3 in the Appendix show the correlations between labor market regulation (and desire for labor market regulation) and the three additional objective measures of family attachment constructed from the SHARE survey. The picture is consistent with our previous findings: countries with strong family ties demand and choose more regulated labor markets.

¹²Risk aversion is measured using a variable asking the respondent to choose, on a scale from 1 to 10, between two statements: "I worry about difficulties changes may cause" (they are at point 1) versus "I welcome possibilities that something new is beginning" (they are at point 10).

of inactive. A one standard deviation increase in the belief about the importance of the family is associated with a rise in the demand for job security by three percentage points, which is 4.6 percent of the mean of this variable. The effect is twice as large as a one standard deviation increase in the measure of risk aversion. Figure A1 in the Appendix shows that this relationship translates into a positive correlation at the macro level between the demand for job (or wage) security and family ties.¹³

Overall these results show a strong relationship between family ties and labor market regulation that goes through the demand for regulation.

3 The model

3.1 The setup

There are two goods: labor and a numeraire good produced with labor. There is a continuum of individuals of mass one. Individuals are uniformly located on the $[0, 1]$ line. At birth, every individual is located on a point where his/her parents live. Individuals are risk neutral and have no preference for leisure: their utility is equal to the sum of their consumption and a term that represents the valuation of family ties. Individuals are identical, except that they inherit different family ties, which can be either strong or weak. Strong family ties yield a utility $\Delta > 0$ if an individual lives in the same location as her parents, and a disutility $-\Delta$ if he/she lives elsewhere. An individual with weak family ties is indifferent as to living in his/her location of birth or elsewhere, thus $\Delta = 0$. The share of individuals with strong family ties is $\sigma \in [0, 1]$. Family ties are public information.

The timing is as follows:

1. With majority rule, individuals vote on labor market regulation. By assumption, there are two possible types of labor market policies: either labor market flexibility (i.e.,

¹³The question about wage security comes from the International Social Survey Program (ISSP), a compilation of surveys, covering all OECD and Eastern European countries, devoted each year to a specific topic such as religion, social networks or the role of government. An ISSP survey on "The role of government" was carried out in 1996, posing a specific question on the regulation of wages: "Here is a list of potential government actions for the economy: Control wages by law?." The answer can take on values from 1, strongly agree, to 4, strongly disagree. To ease interpretation, we recoded the question as a dummy, taking the value of 1 if the respondent (strongly) agrees and 0 if he/she (strongly) disagrees. We cannot run individual level regressions with the ISSP, because this survey does not contain measures of family ties.

laissez-faire on the labor market) or regulation of wages and employment based upon two instruments, a minimum wage and job protection.

2. Firms offer labor contracts. When a worker is hired in his/her initial location, his/her productivity y is drawn from the uniform distribution on the interval $[0, 1]$. Every worker can find a job with productivity 1 in a place different from his/her initial location. Job protection is a set of rules that constrains firms to keep all employees whose productivity is above a threshold value denoted by $R \in [0, 1]$. Job protection entails deadweight losses $c \in [0, 1)$, that is, the production of a worker who draws the productivity y is equal to $y - c$, instead of y absent job protection.¹⁴ In each location, there is a single firm that offers labor contracts. In this setup, immobile workers are paid at their reservation wage.¹⁵ When there is a minimum wage, immobile workers can be either employed and paid the minimum wage, denoted by w , or unemployed. They are unemployed if their productivity y is below the reservation productivity R of the firm.

The nature of these assumptions should be clear. A worker with weak family ties would always manage to find a job with productivity $y = 1$ if the labor market is flexible and equal to $y - c$ if the labor market is regulated, since he bears no costs of mobility. A worker with strong family ties has a moving cost. Without labor market regulation, workers with strong family ties face the monopsony power of firms. Labor market regulation protects these workers against those firms.

3.2 Family values and labor market regulation

The model is solved by backward induction.

i) In stage 2, the labor market is either regulated or flexible.

Flexible labor market

If the labor market is flexible, individuals with weak family ties obtain a wage equal to 1 by moving at no cost. Their utility level is

$$U_F^W = 1. \tag{1}$$

¹⁴The latter can take a variety of forms, including the distortionary cost of taxation needed to implement the regulation. We do not explicitly model this channel.

¹⁵The important assumption here is that mobility costs decrease wages. This property could be obtained in a search and matching model, à la Mortensen and Pissarides, see e.g., Pissarides (2000).

Individuals with strong family ties get a wage equal to 1 if they decide to leave their initial location, but the move costs them 2Δ since family ties yield a utility $\Delta > 0$, if an individual lives in the same location as her parents, and a disutility $-\Delta$ if he/she lives elsewhere. Therefore, their reservation wage, which is necessarily non negative, is equal to $\max(0, 1 - 2\Delta)$. This implies that individuals with strong family ties get a wage equal to 0 and stay in their initial location if Δ is larger than $1/2$.¹⁶ In that case, their utility is equal to the valuation of family ties, Δ . Henceforth, for the sake of clarity, we define strong family ties as a situation where $\Delta > 1/2$ so that it implies that individuals with strong family ties always prefer to be immobile and get the utility level¹⁷

$$U_F^S = \Delta. \quad (2)$$

Rigid labor market

If the labor market is regulated, the government sets a minimum wage and job protection. Individuals with weak family ties obtain a wage equal to 1 by moving at no cost. Their utility level is

$$U_R^W = 1 - c. \quad (3)$$

Workers with strong family ties are immobile. The probability of getting a job offer in the firm located in his/her initial birthplace is equal to the probability of drawing a productivity y larger than the reservation productivity R . With the uniform distribution, this probability is equal to $1 - R$. If the productivity is higher than R , individuals with strong family ties get the minimum wage w in their birthplace. When the productivity is lower than R , individuals get zero income. The expected utility of individuals with strong family ties is

$$U_R^S = (1 - R)w + \Delta \quad (4)$$

ii) In stage 1, people vote on the labor market policy: either regulation or flexibility.¹⁸

There are only two types of voters, so that the median voter can have either strong family

¹⁶Here the monopsony sets a wage equal to 0 because the labor supply is infinitely elastic at this wage level. Assuming a finite positive elasticity, labor supply could lead the monopsony to set a positive wage. Furthermore, the minimum wage could increase employment and improve allocative efficiency, which is not the case in our setup.

¹⁷As shown in Alesina et al. (2010), our results extend to the case where $\Delta \in (0, 1/2]$.

¹⁸In our model, individuals with strong family ties do not care about the situation in other local labor markets compared to their own labor market. There are no spillovers across labor markets. An

ties or weak family ties. We assume that the owners of the firms do not vote. If they did, they would always prefer labor market flexibility regardless of the level of family ties; therefore their dominant strategy is to vote for flexibility. Their share of votes should simply be added to those who vote for laissez-faire.¹⁹

- Individuals with weak family ties obtain $U_F^W = 1$ under labor market flexibility, and $U_R^W = 1 - c$ under labor market regulation. Therefore, individuals with weak family ties always prefer labor market flexibility. This implies that the outcome of the vote is labor market flexibility if the share of people with strong family ties, σ , is smaller than $1/2$.

- Now, consider the case where $\sigma > 1/2$, so that the median voter has strong family ties. Comparison of equations (2) and (4) shows that those with strong family ties prefer a regulated labor market rather than a flexible one.

The optimal labor market regulation is the set of values of the minimum wage w and of the reservation productivity R that maximizes the expected utility of workers with strong family ties, as defined by equation (4) and subject to the zero profit condition:

$$\int_R^1 (y - c - w)dy = 0. \quad (5)$$

It is easy to check that the solution is:

$$R = c \text{ and } w = \frac{1 - c}{2}. \quad (6)$$

The solution shows that labor market regulation comprises a binding minimum wage and job protection which force firms to keep employees whose productivity is lower than their labor cost. In this equilibrium, every worker with strong family ties can be either employed (with probability $1 - c$) or unemployed (with probability c) and remains in his/her initial location. Profits are equal to 0. The wage is smaller than 1 and thus smaller than the wage under flexible labor markets. Employment is equal to $1 - \sigma c$, since all individuals with weak family ties are employed (the share of individuals with strong family ties is

interpretation of our model could be that the regulation is chosen in each labor pool. If such spillovers were introduced, the effects could go either way. For instance, if capital is mobile, immobile workers could prefer regulated labor markets in some employment pools to avoid competition from other employment pools. On the other hand, regulated labor market abroad could reduce the outside opportunity of immobile workers.

¹⁹ In case workers own stocks of firms then some of them would face a trade-off between their interest as stockholders and their interest as workers. We do not explore this extension here. In most countries the percentage of individuals who hold stocks is small.

equal to σ , and a share c of individuals with strong family ties are unemployed). Thus employment is lower when the labor market is regulated, since employment is equal to 1 when the labor market is flexible. Workers with strong family ties get the expected utility (see equations (4) and (6)):

$$U_R^S = \frac{(1-c)^2}{2} + \Delta \quad (7)$$

which is larger than Δ , the utility they would get if the labor market were flexible.

This simple model shows that labor market regulation can be influenced by family ties. In a country where the majority of individuals is endowed with strong family ties, making them reluctant to change location when they do not find a job close to the location of their relatives, democratic elections can lead to rigid labor markets, with a high minimum wage and stringent labor market protection. Such institutions emerge because they are the preferred choice of the median voter.

3.3 Labor market regulations and the "choice" of family values

Until now, it has been assumed that family values were given. Now, we are going to explore the formation of family values. This allows us to show that there is a two way relationship between labor market regulations and family values.

Let us assume that individuals choose family values with either strong family ties or weak family ties. The choice of family values, made at birth, is irreversible. In reality, family values are "chosen" by parents and transmitted to children. However, for the sake of simplicity, we collapse the model to a static case without intergenerational transmission of values.²⁰

Individuals choose their family values with perfect foresight. If they anticipate that the share of individuals with strong family ties σ is smaller than 1/2, they know that labor market flexibility will prevail. Otherwise, the outcome of the vote will be labor market regulation. Therefore, the payoff of individuals with strong family ties is

$$\begin{cases} \Delta & \text{if } \sigma \leq 1/2 \\ \Delta + \frac{(1-c)^2}{2} & \text{if } \sigma > 1/2, \end{cases}$$

²⁰Alesina et al. (2010) present a dynamic extension of this model where parents influence the family values of their children in the spirit of the model of Bisin and Verdier (2000, 2001).

and the payoff of individuals with weak family ties is²¹

$$\begin{cases} 1 & \text{if } \sigma \leq 1/2 \\ 1 - c & \text{if } \sigma > 1/2. \end{cases}$$

Thus, the utility gains of choosing strong family ties rather than weak family ties are

$$\Gamma(\sigma) = \begin{cases} \Delta - 1 & \text{if } \sigma \leq 1/2 \\ \Delta - \frac{1-c^2}{2} & \text{if } \sigma > 1/2. \end{cases}$$

In a Nash equilibrium, every individual takes σ as given and chooses strong family ties if the gains of doing so are positive, and weak family ties otherwise.

When $\Delta > 1$, the equilibrium is necessarily with strong family ties. However, when Δ belongs to the interval $(1/2, 1)$, there are two stable Nash equilibria, either weak or strong family ties. As shown by Figure 2, which displays the function $\Gamma(\sigma)$, there is an equilibrium (point A on Figure 2) where everybody chooses weak family ties and then votes for labor market flexibility. In that case, the labor market is competitive: everyone is paid his/her marginal productivity. Labor mobility is high, since everyone changes his/her location in this equilibrium. On the other hand, there is another equilibrium (point B on Figure 2) where everyone chooses strong family ties and then vote for stringent labor market regulation. The labor market is monopsonistic because workers are immobile. This is the reason why people vote for stringent labor market regulations. Multiple equilibria arise because there is a feedback effect between the choice of labor market regulations and that of family values. When parents anticipate that the labor market will be regulated, because other parents inculcate strong family ties to their children, they are also induced to choose strong ties if they wish to maximize the expected utility of their own children. Similar reasoning applies to weak family ties. This mechanism is related to that of Hassler et al. (2005), who exhibit a self-reinforcing mechanism linking preferences to the demand of social insurance and geographical mobility.

Production, employment, and wages are lower with rigid labor markets than with flexible labor markets. However, the equilibrium with flexible labor markets does not necessarily Pareto-dominate the equilibrium with rigid labor markets. Actually, the equilibrium with rigid labor markets and strong family ties dominates if $\Delta > 1 - \frac{(1-c)^2}{2}$, since

²¹When the labor market is rigid, the minimum wage, $w = (1 - c)/2$, obtained by immobile workers, is smaller than $1 - c$, the wage of mobile workers. This implies that individuals with weak family ties are always mobile.

the expected utility is $\Delta + \frac{(1-c)^2}{2}$ in the equilibrium with strong family ties and 1 in the equilibrium with weak family ties. Otherwise, the equilibrium with weak family ties yields higher welfare. Accordingly, the economy can be coordinated on an equilibrium with too rigid labor markets, when $\Delta < 1 - \frac{(1-c)^2}{2}$, but also on an equilibrium with too flexible labor markets, when $1 > \Delta > 1 - \frac{(1-c)^2}{2}$. It turns out that labor market regulation is the preferred equilibrium if the valuation of strong family ties, Δ , is high relative to c , the cost of labor market regulation.

A slightly different way of rephrasing this result is that in countries or historical periods when family ties can bring about great gains, the benefits of family ties may compensate for the loss of efficiency caused by labor market regulations. This simple analysis shows how societies can be coordinated on different equilibria, either with strong family ties and rigid labor markets, or with weak family ties and flexible labor markets. This analysis shows a two way interaction between culture and institutions.

4 Evidence from immigrants in the United States

In this section, we seek to establish the two points related to the prediction of the model: (1) individuals with strong family ties are less mobile and receive lower wages and employment prospects; (2) as a consequence, strong family ties predict high demand for job protection and wage regulation, and not just a high actual level of regulation. To test these predictions and isolate the relevance of family values, we need to overcome the issue of omitted variables and reverse causality at stake in the cross-country and within country estimates from Section 2.

We address both concerns by looking at children of immigrants in the United States, a group of individuals from diverse cultural backgrounds and different family ties, facing the same external environment, including markets, institutions, laws, and policies. We associate to each immigrant the family values of his/her country of origin, as measured by objective and subjective measures of family ties in the WVS. Family values attributed to any immigrant are those of the country of origin and not those that he/she expresses (and that therefore could be caused by his/her special circumstances). We look at second generation immigrants (individuals who were born and raised in the United States), because problems of disruption and selection due to immigration are more limited compared

to first generation immigrants (those who actually moved). We provide evidence both on immigrants' outcomes (unemployment, mobility, and wages) and on their desire for labor market regulation. We show that immigrants coming from more familistic societies are less mobile, face a wage and employment penalty, and ask for more government regulation of wages and job security.²² The results hold when we use the objective and subjective measures of family ties calculated from the WVS.

This exercise is beneficial because we are holding constant the external environment while examining individuals from diverse cultural backgrounds. One shortcoming is that the children of immigrants are not a random sample of the full population in the home country. Therefore, the results should be understood with this in mind: they are an average effect of the sample we consider. However, in this specific case, the results should be biased against us: individuals from countries with weak family ties are indifferent to staying or leaving in the country of origin, but for people from countries with strong family ties those who left should be less attached to the family. As a result, we should see less variation among immigrants, and as such our estimates most likely constitute a lower bound of the effect of family values on labor market outcomes. Another shortcoming of the analysis is that if immigrants and their children tend to live in locations with many co-ethnics, then it is possible that informal institutions may be re-created in these areas, which explains some of the persistence.

Another issue related with this empirical strategy is that of persistence. Since we postulate a feedback effect between culture and institutions, parents should, over time, teach their children family values more compatible with the institutions they face in the new environment. This is indeed the case, as the impact of family ties among immigrants is smaller when compared to the cross-country correlations. For example, a one standard deviation increase in the strength of family ties (as measured by the fraction of people living at home in the home country) explains 39% of the average of the job security measure in the cross country regressions but only 5% when we look at second generation immigrants.

²²The use of immigrants (first or second generation) to study the importance of culture on economic behavior is becoming relatively standard in the analysis of culture. See Alesina and Giuliano (2010), Algan and Cahuc (2005, 2009), Antecol (2000), Carroll, Rhee and Rhee (1994), Fernandez and Fogli (2006, 2009), Giuliano (2007), and Guiso, Sapienza, and Zingales (2006), among others.

4.1 Data and empirical specification

We use two main datasets: to study immigrants' outcomes, we use the March Supplement of the Current Population Survey (CPS), and to study immigrants' attitudes towards labor market regulation, we use the General Social Survey (GSS).

4.1.1 March Supplement of the Current Population Survey: 1994-2012

The March Supplement of the CPS is the only available recent dataset in which individuals were asked (starting from 1994) about their parents' country of origin.²³ We define second generation immigrants by looking at the country of origin of the respondent's father in order to maximize the number of observations.²⁴ We pool 19 years of data, from 1994 to 2012, to have a higher number of observations. We use the CPS to study the following outcomes predicted by the model: geographical mobility, unemployment and wages. In the CPS we have data on almost all countries covered in the WVS.²⁵ Descriptive statistics are provided in Table A3, panel C.

4.1.2 General Social Survey: 1972-2012

The GSS, which covers the period from 1972 to 2012, provides information on the place of birth and the country of origin of the respondent's forbearers since 1977. The GSS variable for the country of origin reads as follows: "From what countries or part of the world did your ancestors come?" The individual can report up to three countries of origin in order of preference. Two out of three respondents report only one country of origin. We select the GSS ethnic variable that captures the country of origin to which the respondent feels closest to be able to interpret the comparison between countries of origin. To maximize the number of observations, we combine all generations; therefore, we define an immigrant as a person with at least one ancestor (parent or grand parent) born abroad.²⁶

The GSS poses specific questions related to attitudes toward job security and regulation. Preferences for job security are measured by the question: "Would you please

²³The Census reports information about the father's country of origin until 1970.

²⁴The CPS also reports the country of origin of the mother, but the sample size would be smaller due to a much higher number of missing observations.

²⁵For a list of countries of origin in the CPS, see Table A6 in the Appendix.

²⁶The descriptive statistics are reported in Table A3, panel C, of the Appendix, and the list of countries is reported in Table A7.

look at this card and tell me which one thing on this list you would most prefer in a job? No danger of being fired.” The answer is ranked from 1, for the most important characteristic, to 5 for the least important. Attitudes toward regulation of jobs and wages are given by the following two questions: “Here are some things the government might do for the economy: Supporting declining industries to protect jobs.” “Here are some things the government might do for the economy: Regulate wages.” The answers range from 1 (strongly agree) to 5 (strongly disagree). We recode all the questions so that a higher number is associated with a higher desire for regulation.

4.1.3 Empirical Specification

For both attitudes and labor market outcomes, we run the following OLS or probit (depending on the nature of the left hand side variable) regressions:

$$Y_{ic} = \alpha_0 + \alpha_1 family_ties_c + \alpha_2 X_i + \delta_s + \varepsilon_{ic}$$

where Y_{ic} is our variable of interest for an immigrant i whose forbearer was born in country c . X_i are individual controls, which vary according to the nature of the left hand side variable, and $family_ties_c$ are different measures of family ties calculated from the WVS in the country of origin. We also control for a full set of U.S. state dummies. All standard errors are clustered at the country of origin level.

4.2 Results

4.2.1 Evidence on labor market outcomes

We start by analyzing the impact of country of origin family ties on labor market outcomes of second generation immigrants. Tables 3 to 5 report the evidence obtained with the CPS for the following labor market outcomes: mobility, unemployment and log real hourly wages. Mobility is defined as a dummy equal to 1 if the individual moved from/in a different state, or abroad in the previous five years. Unemployed is a dummy equal to 1 if the person is unemployed. Log real hourly wage is defined as total wage income divided by the number of hours worked in a year, and corrected for inflation.²⁷

²⁷The CPS has information on the number of weeks worked in a year and the number of hours usually worked in a week. When correcting for inflation, we use the 1994 CPS as the base year.

We regress each outcome on the different measures of family ties. The mobility regression (Table 3) controls for education, marital and employment status, real family income, and number of children in the household, in addition to gender, race, and a quadratic term for age.²⁸ A potential mechanism linking family ties and labor market outcomes could operate through the housing market: differences in preferences for home ownership could drive geographical mobility and, indirectly, unemployment and wages. Our regressions control for the presence of this channel by including a dummy indicating whether the person owns a house. The standard errors are clustered at the country of origin level. Our specification also includes state dummies to take into account local labor market characteristics of the area where immigrants live that could drive the results. Although we do not report the estimated coefficients for the control variables, they are generally as expected.²⁹ In particular, unemployed individuals are more likely to move (presumably because they are searching for jobs). Less educated people are less mobile, and higher income tends to discourage mobility, controlling for education. Married people tend to move less, as do women (although the gender effect is not significant). The results are significant, and with the expected sign for each measure of family values: individuals coming from countries with stronger family ties display lower mobility.

Table 4 reports the results for the probability of being unemployed. We find that the probability of being unemployed is indeed substantially higher³⁰ for immigrants coming from countries with strong family ties.³¹ Thus, looking at Tables 3 and 4, the picture is consistent with the model: with stronger family ties people are less willing to move to find jobs.

Table 5 reports a standard Mincer wage regression, where log hourly wages are regressed on education and a quadratic in potential experience (defined as age minus num-

²⁸Note that the mobility question refers to the previous five years, whereas the employment status refers to the survey year and as such cannot fully capture the determinant of mobility in the past. We use log income as a control for income, but the results are robust to the inclusion of a quadratic in income.

²⁹The estimates for the controls are available on request.

³⁰We do not find a significant effect on the variable indicating the fraction of people living at home in the country of origin. This variable is significant, however when we look at the probability of being unemployed for second generation immigrants in the 1940 and 1960 Census. The results are reported in Table A29 of the Appendix.

³¹This result is also in line with Bentolila and Ichino (2008), who find that the losses associated with unemployment are much lower in Mediterranean societies with strong family ties, as the family provides insurance.

ber of years of education minus six). We also control for marital status and gender. Higher experience increases wages, as expected, together with education. Single people and women tend to have lower wages. All the different measures of family values have a significant effect on wages: second generation immigrants who come from familistic countries have lower wages as predicted by our model.³²

We can easily compute the impact of a one standard deviation increase in different measures of family ties: for example, for the mobility equation, an increase in one standard deviation of the variable “living with parents” leads to a decline of 0.003 of the mobility variable, or 7% of the average of this variable. The results for the other family values variables are similar and can explain between 4% and 10% of the mean of the mobility variable. The effects of the family variables from the country of origin are of comparable magnitude for the unemployment variable and a bit smaller for wages (this could be because individuals who do not move to stay close to their families might decide to invest less in education to start with and have lower wages as a result).

4.2.2 Evidence on attitudes toward labor market regulation

We then look at the implication of inherited family values on the demand for regulation (Tables 6 to 9). In Tables 6 to 8 we use the three questions from the GSS described above.³³ Each regression controls for a quadratic in age, years of education, gender, income, employment and marital status, number of children, and region fixed effects.³⁴ Standard errors are clustered at the country of origin level. The results are highly consistent with the previous cross-country estimates. U.S. immigrants coming from countries with strong family ties tend to consider job security as a more important characteristic for a job. They are also more likely to believe that the government should save jobs or directly intervene to regulate wages. The effects are statistically significant and econom-

³²An additional prediction of our model is a positive relationship between wages and geographical mobility. When we run a regression of wages on mobility, we indeed find a positive coefficient of 0.047, with standard errors of 0.012.

³³We run OLS regressions but the results are robust to running ordered logit (results available from the authors).

³⁴The publicly available version of the GSS provides only the region of residence as the geographic identifier. The question on home ownership has been asked in only some of the years of the survey; therefore including this control would substantially reduce our sample. We ran our regressions on the smaller sample, however, finding consistent results (available from the authors).

ically sizeable. A one standard deviation increase in the fraction of the adult population living at home in the country of origin can explain 5% of the sample average of all three measures of support for regulation. The effect is of sizable magnitude when compared to variables such as income or education. An increase in one standard deviation in the years of education can explain 10% of the sample average of the support for regulation.

Table 9 reports the estimated average effect size (AES) for the three measures of regulation examined in Tables 6 to 8. We computed the AES following Kling, Liebman, Katz, and Sanbonmatsu (2007).³⁵ The AES estimates confirm the findings when examining the attitudes toward regulation separately: coming from a country where family ties are very strong is associated with more desire for labor market regulation among immigrants. The results are always significant at the 1% level, independently of the measure of family ties in the country of origin used.

4.2.3 Robustness checks

A potential concern with the estimates reported up to this point is that the measures of family ties are capturing some other country of origin characteristics (migrants coming from poorer countries or countries with lower human capital could have higher unemployment or lower wages, for example). We test for the possibility of omitted variables by controlling for various country of origin characteristics in both the CPS and the GSS estimates: in particular, we include the level of GDP per capita (Tables A8 to A11) and the level of human capital (Tables A12 to A14)³⁶, as measured by the average number of years of education (Barro-Lee, 2010). In order to take into account differences in ancestors' human capital, we include a measure of "ethnic human capital" (Borjas, 1992, 1995), given by the average education of the immigrant group to which each second generation immigrant belongs (Tables A16 to A19).³⁷ The inclusion of other cross-country

³⁵Let β^k indicate the estimated family ties coefficient for outcome variable k and σ^k the standard deviation of outcome k . Then, the average effect size is equal to $\frac{1}{K} \sum_{k=1}^K \frac{\beta^k}{\sigma^k}$, where K is the total number of outcome variables. To properly calculate the sample variance of the AES, the coefficients β^k are jointly estimated in a seemingly unrelated regression framework. See Clingingsmith, Khwaja, and Kremer (2009) for an alternative application and further details.

³⁶The GSS contains information on the level of education of the parents. We can therefore also control directly for this variable in our regressions. The results (reported in Table A15) are robust to the inclusion of parental human capital, despite the much smaller sample size.

³⁷To construct this measure, we use the 1970 Census and calculate the average years of education for all individuals between the ages of 25 and 44 who were born in one of the countries of origin in our

characteristics does not modify the relevance of family values on labor market outcomes and attitudes of second generation immigrants.

As a second robustness check, we test whether family values are more robustly related to labor market outcomes or attitudes than another more commonly used cultural variable, the level of trust in a country (Tables A20 to A23). Knack and Keefer (1997) have found, for example, a positive correlation between trust and economic development. One may worry that the cross-country differences in family values are simply picking up on cross-country differences in the level of trust. We measure trust using the following question in the WVS: "Generally speaking, would you say that most people can be trusted or that most people cannot be trusted?" Our results survive the inclusion of trust as an alternative cultural value.³⁸ Finally, we include all the previous controls at once, finding similar results (Tables A24 to A27).

As a third check, we test the robustness of our results to the use of different samples. For the labor market outcomes, we have used the CPS, since this dataset is the closest in time to the data on family ties taken from the WVS. We check whether the results also hold when we use evidence from the previous 1940, 1960 and 1970 U.S. Censuses (Tables A28 to A30).³⁹ We run the regressions under the assumption that family values observed today have been fairly stable over time, so we assume that they have not changed in the past 70 years or so. Our results are remarkably consistent with those found using the CPS: today as well as 70 years ago, immigrants from societies with strong family ties tend to have lower mobility rates, lower wages and higher unemployment.

If differences in cultural values regarding the role of the family are relevant in explaining labor market outcomes, one would expect a stronger effect if both parents come from the same country: norms are more likely to be transmitted if parents share the same cultural origin. We test whether this is the case by restricting the sample to second generation immigrants whose parents came from the same country (Tables A31 to A33). We

sample. We select individuals in this age range, as this roughly corresponds to the age interval in which we would find the parents of individuals in our sample.

³⁸We also control for a specific measure of trust: trust in the family. This measure is inversely related to trust (see Alesina & Giuliano, 2011) and strongly related to family ties, as it could be considered a proxy for amoral familism. Our results (available on request) are robust to the inclusion of this measure, despite the smaller sample size.

³⁹The 1950 Census does not contain the variable on geographical mobility.

indeed find that the coefficients are more precisely estimated and larger in magnitude.⁴⁰

5 Persistence

This paper asserts that labor market institutions depend on deeply rooted cultural values, like family ties. Thus labor market institutions are persistent to the extent that family values are fairly constant over time. In this section, we present evidence showing that family values do not change quickly.⁴¹ We do so in two ways. First, we show that the strength of family ties inherited from countries of origin before 1940 is correlated with the stringency of labor market regulation in the countries of origin at the beginning of the 21st century. Second, we exploit differences in family types across European regions dating back to the Middle Ages and coming from Todd (1990) to show that regional historical variation in family structures is related to differences in desire for regulation in a sample of individuals observed in different countries.⁴²

5.1 Attitudes of immigrants

In this section, we investigate the persistence of family values and their long lasting impact on labor market regulations, by showing that attitudes toward the family of immigrants arrived in the United States before 1940 are related to labor market regulations in the country of origin at the beginning of the 21st century. We focus on family values before World War II, as the main labor market institutions were implemented in the post-war period.

The strength of family ties before World War II cannot be observed directly, since there is no survey available for this period. To track historical values of family ties in different countries, we follow the methodology of Algan and Cahuc (2010) by estimating the inherited component of family values. More precisely, we estimate the family values that US immigrants have inherited from their forbears who migrated from different countries.

⁴⁰This exercise can be done only using the CPS. The Census contains information about the country of origin of the father only. The GSS asks respondents to indicate only one country of ancestry.

⁴¹Giavazzi et al. (2014) show that family values are among the most persistent values across generation when compared to other types of attitudes, including cooperation, redistribution or pre marital sex.

⁴²This analysis cannot be performed with immigrants' data, because the CPS and the GSS do not report region of origin of the immigrants.

To reconstruct those family values before World War II, we focus on U.S. immigrants whose ancestors arrived in the United States before 1940. The estimation of inherited family values is based on the GSS, which provides information on contemporaneous family values of U.S. descendants of immigrants and the wave of immigration. To measure inherited family values, we run an OLS regression of family values reported in the GSS on countries of origin fixed effects, in addition to individual characteristics. The inherited family values correspond to the coefficients of country of origin fixed effects. The sample is made up of U.S. immigrants whose ancestors migrated before 1940.⁴³

The GSS does not contain the same variables on family ties as those of the WVS. To measure the strength of family ties, we use a variable that asks the respondents how often they spend a social evening with relatives.⁴⁴

We next discuss the correlation between inherited family ties and current labor market legislations in the home countries. Table 10 shows the OLS estimations, controlling for legal origin, population density, and GDP volatility. The correlation between firing costs in the 2000, minimum wage legislation and family values prior to 1940 is statistically significant in both cases at the 5% level. In contrast, legal origins, population density, and GDP volatility are not statistically significantly correlated with the regulation of labor when we include inherited family values. Moreover, the coefficients associated with past family values are of the same order of magnitude as the ones found with contemporaneous family values in Table 1, suggesting the long lasting effect of family ties on the design of

⁴³If we assume a gap of 25 years between generations, this includes the following sample of U.S. immigrants: i) second generation immigrants born before 1940, since their parents immigrated to the U.S. before 1940; ii) third generation immigrants born before 1965, since their grandparents arrived in the U.S. before 1940; iii) fourth generation immigrants born before 1990. For a general review of the methodology, see Algan and Cahuc (2010).

⁴⁴The question asks "How often do you spend a social evening with relatives?" The respondent can answer "Almost every day, once or twice a week, several times a month, about once a month, several times a year, about once a year, never." Figure A5 in the Appendix shows the correlation between the inherited family ties from the countries of origin before 1940 and the current family ties in the home countries. The strength of family ties for immigrants who arrived before 1940 corresponds to the country of origin fixed effects in the microregressions on family ties in the GSS. The current family ties in the home country correspond to the share of adults still living in the parental house from the WVS. The correlation, which is rather steady, is equal to 0.48, showing strong inertia in family values across countries. Table A34 shows additional regressions documenting the strong correlations between reported family values in the GSS and home country family values based on the various measures from the WVS. Independently of how family ties are measured, the correlations are very strong. This is a reassuring test for our empirical strategy and an additional confirmation of cultural transmission of family values across generations.

labor market regulation.

5.2 Medieval family structures and current desire for labor market regulation

We document a correlation between medieval family structures and current desire for regulation, using Todd’s (1990) classification of medieval families. The latter is particularly appealing, because it provides regional variation in the structure of the family. By linking the regional variation in family structures to individual desire for regulation, we further prove that the desire for regulation is not driven by other omitted cross country characteristics, since we will be able to control for country fixed effects.

Todd (1990) provides a characterization of family types along two dimensions. The first is the vertical relationship between parents and children. The relationship is said to be “liberal” if children become independent from their parents at an early age and leave their parental home as soon as they get married. The relationship is said to be “authoritarian” if children continue to depend on their parents in adult age and still live with them after marrying. The second principle of organization of the family is the horizontal relationship between siblings, based on inheritance laws or practices. The relationship is said to be egalitarian if siblings receive roughly an equal share of the family wealth after their parents’ death or said to be not egalitarian when the parents can favor one offspring at the expense of the others.

By combining these two dimensions of family organization, Todd defines four family types.⁴⁵ The *absolute nuclear family* is liberal and not egalitarian. In this context, children become totally independent from their parents when they reach adulthood and form single families with one couple and their children. The *egalitarian nuclear family* is liberal and egalitarian. This family type encourages stronger relations between family members than the absolute nuclear family, at least until the parents’ death. The egalitarian inheritance rules therefore encourage the co-residence of different generations, despite the liberal relationship between parents and children. The *extended family* is authoritarian and not egalitarian. The household consists of extended families, where the eldest son and his family stay in the parental home and inherit the family wealth, while the other children

⁴⁵See Table A5 in the Appendix for a summary of the typologies.

remain in the parental home only until they get married.⁴⁶ And finally the *communitarian family*, is authoritarian and egalitarian. This type consists of large extended families, with all sons living with their wives in the parental house.⁴⁷

We look at the relationship between family types in the Middle Ages and the demand for job protection at end of the 20th century by matching at the regional level Todd’s European classification of family types with the European countries of the WVS and the International Social Survey Program (ISSP) datasets.⁴⁸⁴⁹ We use a WVS question to measure preferences for job security: “Here are some more aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job: Good Job Security?” The answers take the value 1 if job security is mentioned and 0 otherwise. We then consider a question taken from the ISSP on labor market regulation: “Here is a list of potential government actions for the economy: Help Declining Industries and Protect Jobs” and it is coded on a scale from 1 (strongly agree) to 4 (strongly disagree). We recoded the question so that a higher number indicates a desire for more regulation.

⁴⁶Todd refers to the *extended family as stem family*. He also refers to the *imcomplete stem family*, the same as the stem family but with more egalitarian inheritance rules (in principle but rarely in practice). We group together the complete and incomplete stem families in our quantitative analysis.

⁴⁷Todd’s family classification is based on historical monographies dating back to the Middle Ages, in different regions of Western European countries. These monographies were collected by the church or different legal powers to track their local population and levy taxes. Todd combined these historical monographies with census data in the 1950s and found a very strong persistence of the family arrangement across European regions since the Middle Ages. For Europe, Todd provides data at the regional level. Significant heterogeneity in family types exists across European countries. Figure A6 in the Appendix shows the family types at the regional level, using Todd’s original classification. Absolute nuclear families are more widespread in England, while in Southern European countries, families are egalitarian nuclear, extended, or communitarian. A fair amount of heterogeneity exists within the same country. In northern countries such as Denmark, Norway and Ireland, we see a division between nuclear egalitarian and extended families. In France, the region Ile de France and the north have egalitarian nuclear families, the west and the east are mainly populated by extended families, whereas in the southeast the predominant type is the communitarian family. The same heterogeneity is at work in Spain, Portugal, Italy, Switzerland and Germany. Todd suggests that the long-term persistence of these family types could explain key economic outcomes such as the European industrial revolutions or the current economic development of regions. See Todd (1990) and Duranton et al. (2009) for a detailed presentation of the regional variation for Europe.

⁴⁸We use the 2006 ISSP question on the role of government.

⁴⁹Note that Todd’s data are available only on a map, and the regional classification he used does not necessarily correspond to the regional classification reported in the WVS or the ISSP. For that reason, we did a country by country adjustment overlaying Todd’s original map with the classification of the WVS and the ISSP. Figure A6 in the Appendix shows Todd’s map of family structures.

Each regression controls for gender, a quadratic in age, education, income, unemployment status, political orientation, religious denomination, and country fixed effects. For each of the two questions, we test the robustness of the results to various family classification of family ties. In column 1 (4), we include dummies for egalitarian nuclear, extended and communitarian family. Absolute nuclear family is the reference group. In column 2 (5), we include a dummy only for authoritarian family to compare family structures only with respect to the vertical relationship between parents and children. The liberal family is the excluded group. Finally, in column 3 (6), we use the number of generations living in the parental home (the excluded group are parental homes with only one adult generation).

We find consistent results across various specifications. Individuals coming from extended or communitarian family regions tend to have a higher desire for labor market regulation. The effect of the extended and communitarian family on the demand for job security is statistically significant at least at the 5% level (both when they are included separately, in columns 1 and 4, or when using a unique dummy, in columns 2 and 5). Egalitarian nuclear family has the expected sign but its effect is not significant. The results remain similar in nature when we use authoritarian versus liberal measures of family ties or the number of generations living in the parental home as an indicator of the historical strength of family ties. The magnitude of the effects of the medieval family structure on the demand for labor regulation is substantial. People who come from a region with historically authoritarian family structures, as opposed to liberal ones, are 9 percentage points more likely to think that job security is a priority and 19 percentage points more likely to think that the government should help declining industries to protect jobs.

Overall, these results are in line with the prediction of the model, namely, that family values have persistent effects on labor market regulation if the intergenerational transmission of family values is sufficiently strong. Labor market regulations seem to have deep cultural roots, since labor market rigidities at the beginning of the 21st century are correlated with family values prevailing before WWII. We also find evidence of persistence between medieval family structure and desire for labor market regulation today.

6 Conclusions

Labor market deregulation requires geographical mobility, otherwise firms can take advantage of the immobility of workers and extract rents. However, geographical mobility requires relatively weak family ties. That is, individuals should not experience a too high utility loss if they need to move away from their family of origin. Such costs may be high in cultures that value family ties and family closeness. As a result, countries with strong family ties rationally favor a host of labor market regulations, in order to restrict the monopsony power of firms. Family values may evolve over time, albeit slowly. In places with laissez-faire labor markets, parents have an incentive to teach children the benefits of mobility. In countries with regulated labor markets, the benefits of mobility are much lower and parents can, if they choose to do so, teach the value of family ties, since they come at lower or no cost. Thus we can have two equilibria, with two way causality between family ties and labor market regulation.

We investigate this correlation between family values and attitudes toward labor market regulation and preferences for job security versus a free labor market using cross country evidence, individual level evidence drawn from immigrants in the United States, and evidence about persistence in family structures going back to the Middle Ages. In all cases, we found rather strong support for the theory. The correlation between labor market regulation and relatively slow-moving cultural traits regarding the family, and the fact that labor market regulation is complementary to certain family values, explain the difficulty in liberalizing labor markets. In a sense, the relatively lower employment and inefficiency associated with labor market regulation is the price that certain countries choose to pay in order to enjoy the benefits of family ties and closeness.

Differences in family ties could also have broader implications for the overall desire of regulation in a society, for example individuals with strong family ties could support stringent product market regulations that limit the entry of foreigners. This point, together with a more complete analysis of the evolution over time of institutions in countries with different family arrangements, is left for future research.

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Figure 2
 The relation between the gains $\Gamma(\sigma)$ to choose strong family ties rather than weak family ties and the share σ of individuals with strong family ties

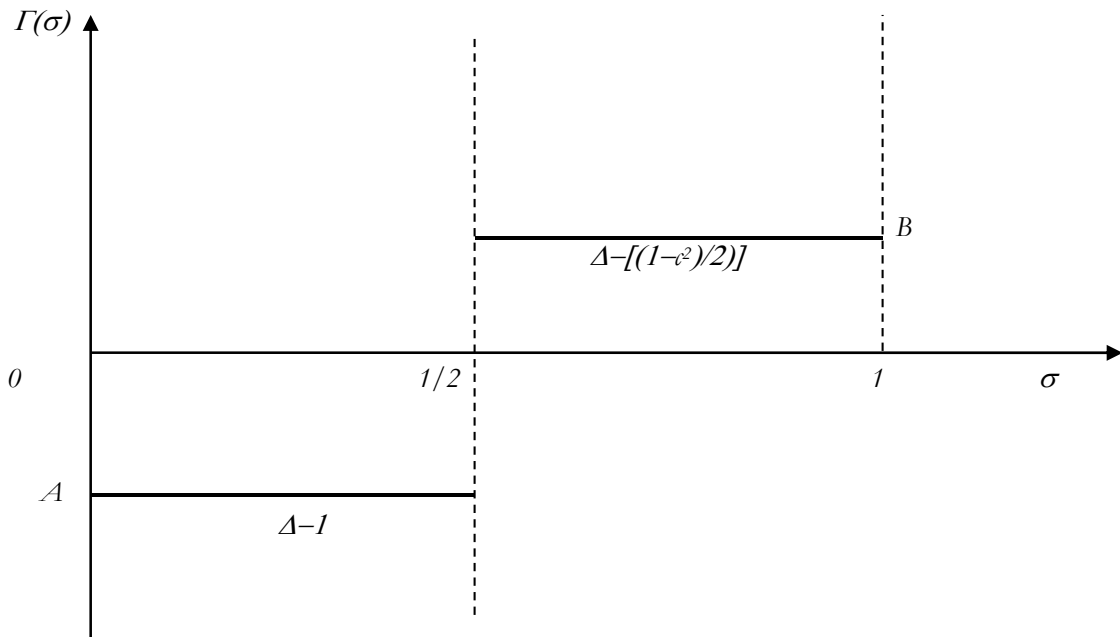


Table 1
Family Ties and the Regulation of Labor, Cross Country Evidence

VARIABLES	(1) Firing Costs	(2) Min. Wage Regulation
Share adult pop. in parent. Home	.771*** (0.365)	0.042** (0.018)
LO: French	0.259*** (0.096)	-0.006 (0.008)
LO : German	0.133 (0.099)	-0.017** (0.008)
LO : Scandinavian	0.175 (0.107)	-0.033*** (0.008)
(Ln) Population	0.068** (0.026)	-0.001 (0.002)
GDP Volatility	0.420 (0.539)	0.017 (0.032)
Observations	58	46
R-squared	0.351	0.381

Legal Origin (LO) : Common Law reference. Source: ILO and WB;
Robust standard errors in parentheses, *** significant at 1%, **
significant at 5%, significant at 10%.

Table 2
Family Ties and Demand for Job Security

	(1)	(2)	(3)	(4)	(5)
	Important thing in a job: job security (WVS)				
Share adult pop. in parent. home	0.0153** (0.005)				
Respect parents		0.034* (0.018)			
Obedience			0.040*** (0.014)		
Make parents proud				0.062*** (0.021)	
Family important					0.069*** (0.012)
Observations	35312	77685	80530	23510	79700
R-squared	0.156	0.103	0.100	0.137	0.105

Controls : Gender, Age, Age Squared, Education, Employment Status, Marital Status, Number of Children, Risk Aversion, Country Fixed Effects and Country Linear Time Trends. Robust standard errors in parentheses. World Values Survey 1981-2003; *** p<0.01, ** p<0.05, * p<0.1

Table 3
Family Ties and Mobility
Second Generation Immigrants, CPS 1994-2012. Microestimates

	(1)	(2)	(3)	(4)	(5)	(6)
	Mobility	Mobility	Mobility	Mobility	Mobility	Mobility
Share of adult pop. in parent. home	-0.025*** (0.009)					
Respect parents		-0.035*** (0.007)				
Obedience			-0.023*** (0.006)			
Parents proud				-0.011*** (0.002)		
Parents responsibility					-0.017** (0.007)	
Family important						-0.043*** (0.010)
Observations	82926	105181	84571	84289	105149	105320

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Mobility is defined as a dummy equal to 1 is the individual moved from/in a different state, or abroad in the last five years. Regressions control for a quadratic in age, education, marital status, gender, children, a dummy if the person is unemployed, a dummy for home ownership, real personal income, dummies for race, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table 4
Family Ties and Unemployment
Second Generation Immigrants, CPS 1994-2012. Microestimates

	(1)	(2)	(3)	(4)	(5)	(6)
	Unempl.	Unempl.	Unempl.	Unempl.	Unempl.	Unempl.
Share adult pop. in parent. home	0.010 (0.015)					
Respect parents		0.038*** (0.011)				
Obedience			0.032*** (0.009)			
Parents proud				0.015*** (0.004)		
Parents responsibility					0.034*** (0.008)	
Family important						0.064*** (0.011)
Observations	52982	67665	54117	53954	67658	67758

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Unemployed is a dummy equal to 1 if the person is unemployed. Regressions control for a quadratic in age, education, marital status, a gender dummy, a dummy for home ownership, race dummies, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table 5
Family Ties and Log Hourly Wages
Second Generation Immigrant, CPS 1994-2012. Microestimates

	(1)	(2)	(3)	(4)	(5)	(6)
	Log wage	Log wage	Log wage	Log wage	Log wage	Log wage
Share adult pop. in parent. home	-0.168** (0.064)					
Respect parents		-0.166*** (0.062)				
Obedience			-0.177*** (0.057)			
Parents proud				-0.074*** (0.018)		
Parents responsibility					-0.121*** (0.039)	
Family important						-0.275*** (0.079)
Observations	60962	77983	62291	62137	78031	78158
R-squared	0.27	0.28	0.28	0.28	0.28	0.28

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Regressions include controls for gender, education, quadratic in experience, marital status, number of children, a dummy for home ownership, dummies for race, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table 6
Family Values and Demand for Labor Regulation:
Importance of job security – GSS 1977-2012

	(1)	(2)	(3)	(4)	(5)	(6)
	Job security	Job security	Job security	Job security	Job security	Job security
Share adult pop. in parent. home	0.769*** (0.121)					
Respect parents		0.570*** (0.147)				
Obedience			0.257 (0.164)			
Parents proud				0.219*** (0.047)		
Parents responsibility					0.402* (0.210)	
Family important						0.424* (0.248)
Observations	13270	13152	13270	11173	13245	13270
R-squared	0.09	0.09	0.09	0.09	0.09	0.09

Robust standard errors are clustered at the ancestry level. *** significant at 1%, ** significant at 5%, * significant at 10%. Regressions control for a quadratic in age, education, income, marital and employment status, number of children, a gender dummy, region and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table 7
Family Values and Demand for Labor Regulation:
Government support for declining industries – GSS 1977-2012

	(1)	(2)	(3)	(4)	(5)	(6)
	Save jobs	Save jobs	Save jobs	Save jobs	Save jobs	Save jobs
Share adult pop. in parent. home	1.141*** (0.238)					
Respect parents		0.752*** (0.245)				
Obedience			0.346 (0.231)			
Parents proud				0.292*** (0.086)		
Parents responsibility					0.560* (0.320)	
Family important						0.585 (0.402)
Observations	2834	2807	2834	2378	2827	2834
R-squared	0.12	0.12	0.11	0.12	0.12	0.11

Robust standard errors are clustered at the ancestry level. *** significant at 1%, ** significant at 5%, * significant at 10%. Regressions control for a quadratic in age, education, income, marital and employment status, number of children, a gender dummy, region and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table 8
Family Values and Demand for Labor Regulation:
Government should regulate wages – GSS 1977-2012

	(1)	(2)	(3)	(4)	(5)	(6)
	Set wages	Set wages	Set wages	Set wages	Set wages	Set wages
Share adult pop. in parent. home	1.060*** (0.275)					
Respect parents		0.808*** (0.238)				
Obedience			0.362 (0.232)			
Parents proud				0.314*** (0.065)		
Parents responsibility					0.552** (0.241)	
Family important						0.703** (0.330)
Observations	1937	1918	1937	1637	1931	1937
R-squared	0.08	0.08	0.07	0.08	0.07	0.07

Robust standard errors are clustered at the ancestry level. *** significant at 1%, ** significant at 5%, * significant at 10%. Regressions control for a quadratic in age, education, income, marital and employment status, number of children, a gender dummy and region fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table 9
Family Values and Demand for Labor Regulation:
Average Effect Size Coefficients – GSS 1977-2012

	(1)	(2)	(3)	(4)	(5)	(6)
	AES	AES	AES	AES	AES	AES
Share adult pop. in parent. home	0.522*** (0.108)					
Respect parents		0.412*** (0.096)				
Obedience			0.264*** (0.096)			
Parents proud				0.124*** (0.031)		
Parents responsibility					0.370*** (0.122)	
Family important						0.450*** (0.158)
Observations	6014	5959	6014	5063	6001	6014

Robust standard errors are clustered at the ancestry level. *** significant at 1%, ** significant at 5%, * significant at 10%. AES averages the normalized treatment effects obtained from a seemingly unrelated regression in which each dependent variable is one of the desire for regulation measure. All regressions control for a quadratic in age, education, income, marital and employment status, number of children, gender dummies and region fixed effects. Family ties variables are measured in the country of origin from the WVS. The number of observations is the average number of observations in the regressions for the three attitude variables toward regulation.

Table 10
Inherited Family Ties Before 1940 and Labor Regulation

Dependent variable	(1) Firing costs	(2) State regulation of minimum wage
Inherited family ties before 1940	.552** (.237)	.024** (.010)
Civil law origin	.014 (.153)	-.005 (.009)
Scandinavian origin	-.145 (.191)	-.021 (.013)
German origin	-.050 (.153)	-.008 (.010)
Ln(population)	.002 (.043)	.002 (.002)
GDP volatility	.235 (.854)	-.019 (.033)
Observations	24	23
R-squared	.49	.56

Source: GSS, ILO (2007) and Botero et al. (2004). The reference group for legal origin is common law. Robust standard errors in parentheses. *** significant at 1%, ** significant at 5%, * significant at 10%.

Table 11
Desire for Regulation and Medieval Family Structure

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)
	Most important for a job: job security				Government: help to protect jobs	
Egalitarian Nuclear Family	0.04 (0.04)			0.09 (0.08)		
Extended Family	0.10*** (0.03)			0.29** (0.11)		
Communitarian Family	0.092** (0.028)			0.25** (0.10)		
Authoritarian Family (Extended +Comm.)		0.09** (0.02)			0.19*** (0.06)	
Two adult generations			0.08*** (0.02)			0.04 (0.06)
Three or more adult generations			0.06* (0.03)			0.13* (0.07)
Observations	26411	26411	26411	8659	8659	8659
R-squared	0.119	0.119	0.119	0.169	0.168	0.167

Notes [1] In columns 1 & 2 & 3, controls include gender, a quadratic in age, education, income, religious denomination dummies and time and country fixed effects. Source: WVS; [2] In columns 4 & 5 & 6, controls include gender, a quadratic in age, education, income, unemployment status, political orientation, religious denomination and country fixed effects. Source: ISSP. [3] In both specifications, standard errors are clustered at the country level, *** significant at 1%, ** significant at 5%, * significant at 10%.

APPENDIX A

List of countries

Cross-country Macro Evidence: (Section 2 – Basic Facts)

Relationship between Employment protection (from Botero et al. 2004) and Family ties (from WVS 1981-2005) – 58 countries: Algeria, Argentina, Australia, Austria, Bangladesh, Belarus, Belgium, Bulgaria, Canada, Chile, China, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, India, Iran, Ireland, Italy, Japan, Jordan, Korea, Kyrgyz Republic, Latvia, Lithuania, Macedonia, Mexico, Morocco, Netherlands, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Portugal, Puerto Rico, Romania, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, Uganda, Ukraine, United Kingdom, United States, Venezuela, Vietnam, Zimbabwe.

Relationships between Minimum Wage Regulation (from ILO) and Family ties (from WVS 1981-2005) – 47 countries: Algeria, Argentina, Australia, Austria, Bangladesh, Belgium, Brazil, Bulgaria, Canada, Chile, China, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, India, Indonesia, Italy, Japan, Latvia, Lithuania, Mexico, Morocco, Netherlands, Nigeria, Pakistan, Peru, Philippines, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States, Venezuela.

Within country Micro Evidence: (Section 2 – Basic Facts)

Relationship between Family Ties and the Demand for Job protection (from WVS 1981-2005): Micro estimates – Same 58 countries as the macro regression of employment protection on family types.

US – immigrants Micro Evidence (Section 4)

See Tables A6-A7

Micro Cross-Country Evidence with Medieval Family types: (Section 5 – Persistence)

Micro regressions on the WVS (matching with Medieval Family Types at the regional level): 11 countries - Denmark, Finland, France, Germany, Ireland, Netherlands, Norway, Portugal, Spain, Switzerland, United Kingdom

Micro regressions on the ISSP (matching with Medieval Family Types at the regional level): 10 countries - Denmark, Finland, France, Germany, Ireland, Netherlands, Norway, Portugal, Spain, Switzerland

Table A1
Variables' Definition and Sources: Cross Country Analysis

Variables	Definition	Source
<i>Regulation of Labor and Demand for regulation</i>		
Firing cost	The index measures the rigidity of employment contracts in 1999, based on the difficulty of firing measured in wages, US dollars.	Source: Botero et al. (2004) and World Bank
Minimum wage regulation	This index is the product of two sub-components: i) Level of the minimum wage or of the wage floors (in absence of legal minimum wage). ii) Stringency of the legislation: =1 if there is a legal statutory minimum wage and if the minimum wage is set at the national level without any derogation. = 0.5 if there is a legal statutory minimum wage but with derogations by age, qualification, region, sector or occupation; or if the wage floor is set by collective bargaining but extended to all workers. = 0 if the wage is set by collective bargaining and only applies to the unionized workers.	Source: ILO database 2000-2009
Demand for job security	“Here are some more aspects of a job that people say are important. Please look at them and tell me which ones you personally think are important in a job?: Good Job Security”. Answer=1 if job security is mentioned, 0 otherwise	WVS 1981-2003
Demand for government regulation	“Here is a list of potential government actions for the economy: Help Declining Industries and Protect Job”. 1=strongly disagree – 4=strongly disagree.	ISSP 2006
<i>Family ties</i>		
Living with parents:	“Do you live with your parents? 1=Yes, 0=No”.	WVS 1981-2003
Respect parents	“Regardless of what the qualities and faults of one's parents are, one must always love and respect them (=1); or one does not have the duty to respect and love parents who have not earned it (=0)”	WVS 1981-2003
Make parents proud	“The main goals in life is to make one's own parent proud?” Yes=1, No=0	WVS 1981-2003
Parents' responsibility	“Is it the parents' duty to do their best for their children even at the expense of their own well being, or parents have a life on their own.”	WVS 1981-2003
Obey parents	“Is obedience an important quality for children”, Yes=1, No=0	WVS 1981-2003
Inegalitarian nuclear family	Liberal relationship between parents and Children + Inegalitarian Inheritance rules between siblings	Todd (1990)

Egalitarian nuclear family	Liberal relationship between parents and Children + Egalitarian Inheritance rules between siblings	Todd (1990)
Todd: communitarian family	Authoritarian relationship between Parents and Children + Inegalitarian Inheritance rules between siblings	Todd (1990)
Todd: extended family	Authoritarian relationship between Parents and Children + Egalitarian Inheritance rules between siblings	Todd (1990)
Age left home	Average age at which the young adult left home	SHARE, 2006
Less than 5 Km close to parents	Fraction of adults older than 24, who live 5 Km or closer to their family	SHARE, 2006
How often talk to parents	Frequency of contacts parents have with their children, from 1 (never) to 7 (daily)	SHARE, 2006

Table A2
Variables' Definition and Sources: US immigrant Analysis

Variables	Definition	Source
Immigrant regressions, LHS variables		
Mobility	A dummy equal to 1 if the individual moved from/in a different state, or abroad in the last five years	CPS, 1994-2012
Unemployed	A dummy equal to 1 if the person is unemployed	CPS, 1994-2012
Log wages	Total wage income divided by the number of hours worked in a year and corrected for inflation	CPS, 1994-2012
Job security	"Would you please look at this card and tell me which one thing on this list you would most prefer in a job? No danger of being fired", on a scale from 1 to 5, recoded from the last important (1) to the most important (5)	GSS, 1972-2012
Save jobs	"Here are some things the government might do for the economy: supporting declining industries to protect jobs", on a scale from 1 to 5, with 1 strongly disagree and 5 strongly agree	GSS, 1972-2012
Set wages	"Here are some things the government might do for the economy: regulate wages", on a scale from 1 to 5, with 1 strongly disagree and 5 strongly agree	GSS, 1972-2012
Immigrant regressions, RHS variables		
Share adults in parental home	Cross country aggregation taken from the WVS (see Table A1)	WVS, 1981-2003
Respect parents	Cross country aggregation taken from the WVS (see Table A1)	WVS, 1981-2003
Obedience	Cross country aggregation taken from the WVS (see Table A1)	WVS, 1981-2003
Parents proud	Cross country aggregation taken from the WVS (see Table A1)	WVS, 1981-2003
Parents responsibility	Cross country aggregation taken from the WVS (see Table A1)	WVS, 1981-2003
Family important	Cross country aggregation taken from the WVS (see Table A1)	WVS, 1981-2003

Table A3
Descriptive Statistics
Panel A. World Value Survey and ISSP

VARIABLES	WVS 1981-2003		ISSP (2006)	
	Mean	Std	Mean	Std
Age	45.66	17.07	48.69	16.08
Education	14.85	5.29	12.20	4.42
Male	.50	.50	.49	.50
Low income	.25	.42	.24	.42
Mid income	.50	.49	.49	.49
High Income	.25	.43	.27	.44
Employed	.53	.49	.63	.48
Unemployed	.05	.21	.04	.19
Inactive	.42	.49	.33	.47
Catholic	.60	.48	.51	.49
Protestant	.38	.48	.31	.46
Orthodox	.01	.04	.00	.05
Muslim	.01	.04	.01	.08
Buddhist	.00	.04	.00	.02
No religion			.17	.38
Left	.28	.44	.34	.48
Center	.44	.49	.38	.48
Right	.28	.44	.28	.43
Nuclear Family	.13	.33	.18	.39
Egalitarian	.27	.44	.20	.38
Stem	.43	.49	.50	.50
Incomplete Stem	.05	.22	.06	.25
Communitarian	.12	.31	.06	.21

Panel B. Cross country regressions

	Mean	Std
Firing costs	0.479	0.371
Demand for job security	0.678	0.150
Min. wage regulation	0.028	0.073
Demand for wage security	0.594	0.175
Share Living in parent. home	.259	.104
Legal origin: French	.475	.504
Legal origin: German	.237	.429
Legal origin: Scandinavian	.085	.281

Panel C. General Social Survey and Current Population Survey

	GSS 1977- 2012		CPS 1994- 2012	
	Mean	Std	Mean	Std
Age	44.38	17.14	33.75	12.36
Female	0.54	0.50	0.48	0.50
Years of education	12.57	3.08		
<=12 years of schooling			0.45	0.50
Some college			0.23	0.42
Income	9.43	2.96	57205	49040
Married	0.59	0.49	0.46	0.50
Single	0.18	0.38	0.43	0.50
Children	1.99	1.83	0.83	1.14
Unemployed	0.03	0.17	0.08	0.28
Employed	0.62	0.48		
Inactive	0.35			
Mobility			0.04	0.20
Logwage			2.28	0.76
Experience			14.09	12.12
Job security	2.39	1.21		
Save jobs	3.49	1.10		
Set wages	2.62	1.17		
Living with parents	0.17	0.12	0.31	0.11
Obedience	0.37	0.16	0.44	0.14
Make parents proud	3.01	0.44	3.22	0.29
Family important	3.86	0.09	3.91	0.08

Table A4
Pair-wise correlations between objective and subjective measures of family ties

	Share of adult pop. in parental home	Parents' Responsibility	Respect parents	Obedience	Family important	Parents proud
Share of adult pop. in parent. home	1					
Parents' respons.	0.68 (0.00)	1				
Respect parents	0.17 (0.13)	0.27 (0.02)	1			
Obedience	0.34 (0.00)	0.43 (0.36)	0.66 (0.00)	1		
Family import.	0.26 (0.02)	0.36 (0.00)	0.49 (0.00)	0.38 (0.00)	1	
Parents proud	0.57 (0.00)	0.77 (0.00)	0.46 (0.00)	0.66 (0.00)	0.51 (0.00)	1

P-values in parenthesis

Table A5
Todd's Classification of Family Types

Horizontal/Vertical	Liberal	Authoritarian
Egalitarian	<i>Egalitarian nuclear</i>	<i>Communitarian</i>
Non egalitarian	<i>Absolute nuclear</i>	<i>Extended</i>

Table A6
Country of origin of second generation immigrants, CPS regressions

Country of origin	Log wage	Mobility	Unemployed	Country of origin	Log wage	Mobility	Unemployed
Algeria	5	7	2	Malaysia	20	45	21
Argentina	219	318	222	Mexico	20,965	32,308	20,071
Armenia	58	95	38	Moldova	2	0	0
Australia	78	105	68	Morocco	23	51	26
Azerbaijan	2	2	2	New Zealand	20	35	18
Bangladesh	21	72	30	Nigeria	183	337	191
Belarus	7	10	5	Norway	374	307	182
Brazil	89	151	100	Other USSR/Russia	813	531	297
Bulgaria	7	10	4	Pakistan	128	271	137
Canada	4,774	4,446	3,248	Peru	338	544	357
Chile	169	242	165	Philippines	3,190	4,240	2,856
China	1,446	2,124	1,286	Poland	1,675	1,460	976
Colombia	702	1,115	734	Puerto Rico	7,162	9,995	6,833
Croatia	47	51	38	Romania	127	171	100
Cyprus	6	12	6	Saudi Arabia	23	31	21
Czech Republic	80	70	46	Serbia	12	24	13
Dominican Republic	1,124	2,285	1,195	Singapore	16	26	17
Egypt	133	245	155	Slovakia	277	239	149
El Salvador	1,277	2,341	1,301	South Africa	53	68	53
Ethiopia	16	35	16	South Korea	266	510	266
Finland	73	61	51	Spain	436	480	336
Georgia	4	5	4	Sweden	338	257	150
Germany	3,269	3,329	2,433	Switzerland	171	165	107
Ghana	39	86	44	Taiwan	247	501	253
Guatemala	429	844	466	Tanzania	6	6	6
Hong Kong	151	285	144	Thailand	172	292	182
Hungary	586	604	435	Trinidad and Tobago	237	393	243
India	861	1,705	921	Turkey	108	137	93
Indonesia	92	129	89	Uganda	41	45	35
Iran	271	501	270	Ukraine	253	311	207
Iraq	87	172	107	Uruguay	60	85	64
Italy	4,967	4,631	3,361	Venezuela	93	131	89
Japan	702	719	468	Vietnam	576	1,301	611
Jordan	63	122	67	Yugoslavia	395	404	291
Latvia	117	117	84	Zimbabwe	8	8	8
Lithuania	183	171	118				
Total number of obs.	21,972	27,049	17,606				

Table A7
Reported ancestry of migrants in the GSS regressions

Ancestry	Job security	Save jobs	Set wages
Austria	92	12	11
Belgium	23	5	3
Canada	286	56	48
China	52	10	8
Czeck Republic	196	45	32
Denmark	118	27	19
England	2,645	541	393
Finland	89	13	9
France	323	73	54
Germany	2,652	544	401
Greece	61	17	11
Hungary	107	14	8
India	50	13	8
Ireland	1,766	387	251
Italy	826	174	123
Japan	49	10	5
Lithuania	48	9	8
Mexico	508	164	71
Netherlands	267	53	40
Norway	296	62	49
Philippines	47	9	4
Poland	468	81	56
Portugal	40	9	6
Puerto Rico	127	35	19
Romania	25	7	6
Russia	222	41	33
Saudi Arabia	27	5	3
Spain	162	48	33
Sweden	273	66	50
Switzerland	80	18	12
Africa	1,315	286	163
Total numb. Obs.	13270	2834	1937

Table A8
Family Ties and Log Hourly Wages
Second gen. immigrants, CPS 1994-2012, controlling for real per capita GDP in the country of origin

	(1)	(2)	(3)	(4)	(5)	(6)
	Log wage	Log wage	Log wage	Log wage	Log wage	Log wage
Share of adult pop. in parent. home	-0.208** (0.101)					
Respect parents		-0.031 (0.068)				
Obedience			-0.179** (0.080)			
Parents proud				-0.073** (0.035)		
Parents responsibility					-0.093* (0.054)	
Family important						-0.214*** (0.079)
Real per capita GDP country of origin	-0.000 (0.000)	0.000** (0.000)	-0.000 (0.000)	0.000 (0.000)	0.000* (0.000)	0.000** (0.000)
Observations	51902	57986	53024	52870	58034	58161
R-squared	0.27	0.28	0.27	0.27	0.28	0.28

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Regressions include controls for gender, education, quadratic in experience, marital status, number of children, dummies for race, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A9
Family Ties and Mobility
Second Gen. Immigrants, CPS 1994-2012, controlling for real per capita GDP in the country of origin

	(1)	(2)	(3)	(4)	(5)	(6)
	Mobility	Mobility	Mobility	Mobility	Mobility	Mobility
Share adult pop. in parent. home	-0.095*** (0.030)					
Respect parents		-0.040 (0.033)				
Obedience			-0.053*** (0.017)			
Parents proud				-0.024** (0.010)		
Parents responsibility					-0.028 (0.021)	
Family important						-0.055*** (0.018)
Real per capita GDP country of origin	0.000 (0.000)	0.000*** (0.000)	0.000** (0.000)	0.000 (0.000)	0.000*** (0.000)	0.000*** (0.000)
Observations	72365	79093	73799	73510	79062	79243

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Mobility is defined as a dummy equal to 1 is the individual moved from/in a different state, or abroad in the last five years. Regressions control for a quadratic in age, education, marital status, gender, children, a dummy if the person is unemployed, real personal income, dummies for race, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A10
Family Ties and Unemployment
Second Gen. Immigrants, CPS 1994-2012, controlling for real per capita GDP in the country of origin

	(1)	(2)	(3)	(4)	(5)	(6)
	Unempl.	Unempl.	Unempl.	Unempl.	Unempl.	Unempl.
Share adult pop. in parent. home	0.066*** (0.021)					
Respect parents		0.026 (0.018)				
Obedience			0.044*** (0.016)			
Make parents proud				0.025*** (0.009)		
Parents responsibility					0.033** (0.014)	
Family important						0.052*** (0.014)
Real per capita GDP country of origin	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000** (0.000)
Observations	44220	48772	45180	45017	48765	48865

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Unemployed is a dummy equal to 1 if the person is unemployed. Regressions control for a quadratic in age, education, marital status, a gender dummy, race dummies, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A11
Family Values and Demand for Labor Regulation, controlling for real per capita GDP in the country of origin, Average Effect Size Coefficients – GSS 1977-2012

	(1)	(2)	(3)	(4)	(5)	(6)
	AES	AES	AES	AES	AES	AES
Share adult pop. in parent. home	0.508*** (0.163)					
Respect parents		0.284** (0.122)				
Obedience			0.031 (0.086)			
Parents proud				0.050 (0.072)		
Parents responsibility					0.125 (0.100)	
Family important						0.080 (0.122)
Real per capita GDP country origin	-0.000 (0.000)	-0.000 (0.000)	-0.000** (0.000)	-0.000 (0.000)	-0.000* (0.000)	-0.000*** (0.000)
Observations	4059	4017	4059	3340	4050	4059

Robust standard errors are clustered at the ancestry level. *** significant at 1%, ** significant at 5%, * significant at 10%. AES averages the normalized treatment effects obtained from a seemingly unrelated regression in which each dependent variable is one of the desire for regulation measure. All regressions control for a quadratic in age, education, income, marital and employment status, number of children, gender dummies and region fixed effects. Family ties variables are measured in the country of origin from the WVS. The number of observations is the average number of observations in the regressions for the three attitude variables toward regulation.

Table A12
Family Ties and Log Hourly Wages
Second Generation Immigrants, CPS 1994-2012
Controlling for human capital in the country of origin

	(1)	(2)	(3)	(4)	(5)	(6)
	Log wage	Log wage	Log wage	Log wage	Log wage	Log wage
Share adult pop. in parent. home	-0.254** (0.109)					
Respect parents		-0.099 (0.060)				
Obedience			-0.168* (0.084)			
Make parents proud				-0.071** (0.033)		
Parents responsibility					-0.112** (0.055)	
Family important						-0.216*** (0.072)
Human capital country of origin	-0.004 (0.007)	0.006 (0.004)	0.001 (0.005)	0.002 (0.005)	0.006 (0.004)	0.007* (0.004)
Observations	51049	57133	52171	52017	57181	57308
R-squared	0.27	0.27	0.27	0.27	0.27	0.28

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Regressions include controls for gender, education, quadratic in experience, marital status, number of children, dummies for race, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A13
Family Ties and Mobility
Second Gen. Immigrants, CPS 1994-2012, controlling for human capital in the country of origin

	(1)	(2)	(3)	(4)	(5)	(6)
	Mobility	Mobility	Mobility	Mobility	Mobility	Mobility
Share adult pop. in parent. home	-0.058** (0.027)					
Respect parents		-0.043* (0.023)				
Obedience			-0.042** (0.017)			
Parents proud				-0.019*** (0.007)		
Parents responsibility					-0.031* (0.016)	
Family important						-0.054*** (0.010)
Human capital in the country of origin	0.005*** (0.002)	0.006*** (0.001)	0.005*** (0.001)	0.005*** (0.001)	0.007*** (0.001)	0.007*** (0.001)
Observations	71215	77943	72649	72360	77912	78093

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Mobility is defined as a dummy equal to 1 is the individual moved from/in a different state, or abroad in the last five years. Regressions control for a quadratic in age, education, marital status, gender, children, a dummy if the person is unemployed, real personal income, dummies for race, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A14
Family Ties and Unemployment
Second Gen. Immigrants, CPS 1994-2012, controlling for human capital in the country of origin

	(1)	(2)	(3)	(4)	(5)	(6)
	Unempl.	Unempl.	Unempl.	Unempl.	Unempl.	Unempl.
Share adult pop. in parent. home	0.064*** (0.020)					
Respect parents		0.030** (0.013)				
Obedience			0.041** (0.017)			
Parents proud				0.021*** (0.008)		
Parents responsibility					0.034*** (0.012)	
Family important						0.054*** (0.013)
Human capital in the country of origin	0.000 (0.001)	-0.002* (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.002* (0.001)	-0.002** (0.001)
Observations	43506	48058	44466	44303	48051	48151

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Unemployed is a dummy equal to 1 if the person is unemployed. Regressions control for a quadratic in age, education, marital status, a gender dummy, race dummies, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A15
Family Values and Demand for Labor Regulation, controlling for parents' education
Average Effect Size Coefficients – GSS 1977-2012

	(1)	(2)	(3)	(4)	(5)	(6)
	AES	AES	AES	AES	AES	AES
Share adult pop. in parent. home	0.435*** (0.096)					
Respect parents		0.340*** (0.082)				
Obedience			0.211** (0.085)			
Parents proud				0.104*** (0.029)		
Parents responsibility					0.298*** (0.110)	
Family important						0.313** (0.129)
Observations	4144	4111	4144	3625	4137	4144

Robust standard errors are clustered at the ancestry level. *** significant at 1%, ** significant at 5%, * significant at 10%. AES averages the normalized treatment effects obtained from a seemingly unrelated regression in which each dependent variable is one of the desire for regulation measure. All regressions control for a quadratic in age, education, education of both parents, income, marital and employment status, number of children, gender dummies and region fixed effects. Family ties variables are measured in the country of origin from the WVS. The number of observations is the average number of observations in the regressions for the three attitude variables toward regulation.

Table A16
Family Ties and Log Hourly Wages
Second Generation Immigrants, CPS 1994-2012
Controlling for ethnic human capital of first generation immigrants

	(1)	(2)	(3)	(4)	(5)	(6)
	Log wage	Log wage	Log wage	Log wage	Log wage	Log wage
Share of adult pop. in parental home	-0.104*					
	(0.061)					
Respect parents		-0.062				
		(0.056)				
Obedience			-0.144**			
			(0.060)			
Parents proud				-0.073***		
				(0.026)		
Parents responsibility					-0.115**	
					(0.044)	
Family important						-0.179***
						(0.064)
Ethnic human capital	0.028**	0.036***	0.031***	0.033***	0.039***	0.035***
	(0.010)	(0.007)	(0.008)	(0.006)	(0.006)	(0.007)
Observations	51618	63991	52740	52586	64039	64166
R-squared	0.28	0.28	0.28	0.28	0.28	0.28

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Regressions include controls for gender, education, quadratic in experience, marital status, number of children, dummies for race, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A17
Family Ties and Mobility
Second Generation Immigrants, CPS 1994-2012
Controlling for ethnic human capital of first generation immigrants

	(1)	(2)	(3)	(4)	(5)	(6)
	Mobility	Mobility	Mobility	Mobility	Mobility	Mobility
Share adult pop. in parent. home	-0.118***					
	(0.024)					
Respect parents		-0.094***				
		(0.028)				
Obedience			-0.078***			
			(0.015)			
Parents proud				-0.037***		
				(0.006)		
Parents responsibility					-0.063***	
					(0.018)	
Family important						-0.079***
						(0.026)
Ethnic human capital	-0.001	0.005**	0.004*	0.006**	0.008***	0.006**
	(0.004)	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)
Observations	72160	88649	73594	73305	88618	88799

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Mobility is defined as a dummy equal to 1 if the individual moved from/in a different state, or abroad in the last five years. Regressions control for a quadratic in age, education, marital status, gender, children, a dummy if the person is unemployed, real personal income, dummies for race, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A18
Family Ties and Unemployment
Second Gen. Immigrants, CPS 1994-2012
Controlling for ethnic human capital of first generation immigrants

	(1)	(2)	(3)	(4)	(5)	(6)
	Unempl.	Unempl.	Unempl.	Unempl.	Unempl.	Unempl.
Share adult pop. in parent. home	0.051*** (0.015)					
Respect parents		0.043*** (0.012)				
Obedience			0.046*** (0.010)			
Make parents proud				0.023*** (0.005)		
Parents responsibility					0.044*** (0.011)	
Family important						0.061*** (0.010)
Ethnic human capital	-0.003 (0.002)	-0.004*** (0.001)	-0.005*** (0.001)	-0.006*** (0.001)	-0.005*** (0.001)	-0.004*** (0.002)
Observations	44123	54678	45083	44920	54671	54771

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Unemployed is a dummy equal to 1 if the person is unemployed. Regressions control for a quadratic in age, education, marital status, a gender dummy, race dummies, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A19
Family Values and Demand for Labor Regulation, controlling for ethnic human capital of first generation immigrants, Average Effect Size Coefficients – GSS 1977-2012

	(1)	(2)	(3)	(4)	(5)	(6)
	AES	AES	AES	AES	AES	AES
Share adult pop. in parent. home	0.580*** (0.133)					
Respect parents		0.389*** (0.117)				
Obedience			0.336** (0.135)			
Parents proud				0.159*** (0.042)		
Parents responsibility					0.397** (0.172)	
Family important						0.460** (0.208)
Ethnic human capital	-0.023 (0.019)	-0.013 (0.034)	-0.008 (0.026)	-0.038* (0.023)	-0.013 (0.034)	-0.003 (0.029)
Observations	5344	5301	5344	4591	5334	5344

Robust standard errors are clustered at the ancestry level. *** significant at 1%, ** significant at 5%, * significant at 10%. AES averages the normalized treatment effects obtained from a seemingly unrelated regression in which each dependent variable is one of the desire for regulation measure. All regressions control for a quadratic in age, education, income, marital and employment status, number of children, gender dummies and region fixed effects. Family ties variables are measured in the country of origin from the WVS. The number of observations is the average number of observations in the regressions for the three attitude variables toward regulation.

Table A20
Family Ties and Log Hourly Wages
Second Generation Immigrants, CPS 1994-2012, controlling for trust as a cultural variable

	(1)	(2)	(3)	(4)	(5)	(6)
	Log wage	Log wage	Log wage	Log wage	Log wage	Log wage
Share adult pop. in parent. home	-0.114 (0.072)					
Respect parents		-0.123 (0.080)				
Obedience			-0.164** (0.072)			
Make parents proud				-0.073*** (0.025)		
Parents responsibility					-0.097* (0.051)	
Family important						-0.243** (0.096)
Trust	0.133* (0.078)	0.100 (0.076)	0.061 (0.072)	0.040 (0.077)	0.101 (0.066)	0.067 (0.065)
Observations	60962	77983	62291	62137	78031	78158
R-squared	0.27	0.27	0.27	0.27	0.27	0.27

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Regressions include controls for gender, education, quadratic in experience, marital status, number of children, dummies for race, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A21
Family Ties and Mobility
Second Generation Immigrants, CPS 1994-2012, controlling for trust as a cultural variable

	(1)	(2)	(3)	(4)	(5)	(6)
	Mobility	Mobility	Mobility	Mobility	Mobility	Mobility
Share adult pop. in parent. home	-0.108*** (0.015)					
Respect parents		-0.072*** (0.024)				
Obedience			-0.061*** (0.015)			
Parents proud				-0.025*** (0.009)		
Parents responsibility					-0.028 (0.020)	
Family important						-0.055 (0.035)
Trust	0.030* (0.017)	0.017 (0.022)	0.019 (0.020)	0.017 (0.026)	0.038 (0.026)	0.033 (0.028)
Observations	86482	109871	88176	87887	109840	110021

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Mobility is defined as a dummy equal to 1 is the individual moved from/in a different state, or abroad in the last five years. Regressions control for a quadratic in age, education, marital status, gender, children, a dummy if the person is unemployed, real personal income, dummies for race, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A22
Family Ties and Unemployment
Second Generation Immigrants, CPS 1994-2012, controlling for trust as a cultural variable

	(1)	(2)	(3)	(4)	(5)	(6)
	Unempl.	Unempl.	Unempl.	Unempl.	Unempl.	Unempl.
Share adult pop. in parent. home	0.026 (0.018)					
Respect parents		0.053*** (0.019)				
Obedience			0.050*** (0.014)			
Parents proud				0.024*** (0.006)		
Parents responsibility					0.049*** (0.013)	
Family important						0.080*** (0.021)
Trust	-0.039** (0.017)	-0.020 (0.022)	-0.012 (0.016)	-0.005 (0.018)	-0.006 (0.018)	-0.009 (0.017)
Observations	52982	67665	54117	53954	67658	67758

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Unemployed is a dummy equal to 1 if the person is unemployed. Regressions control for a quadratic in age, education, marital status, a gender dummy, race dummies, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A23
Family Values and Demand for Labor Regulation, controlling for trust as a cultural variable
Average Effect Size Coefficients – GSS 1977-2012

	(1)	(2)	(3)	(4)	(5)	(6)
	AES	AES	AES	AES	AES	AES
Share adult pop. in parent. home	0.515*** (0.101)					
Respect parents		0.410*** (0.085)				
Obedience			0.235*** (0.091)			
Parents proud				0.132*** (0.033)		
Parents responsibility					0.368*** (0.144)	
Family important						0.434** (0.184)
Trust	0.092*** (0.022)	0.089*** (0.021)	0.101*** (0.021)	0.079*** (0.019)	0.097*** (0.022)	0.100*** (0.021)
Observations	3785	3758	3785	3334	3779	3785

Robust standard errors are clustered at the ancestry level. *** significant at 1%, ** significant at 5%, * significant at 10%. AES averages the normalized treatment effects obtained from a seemingly unrelated regression in which each dependent variable is one of the desire for regulation measure. All regressions control for a quadratic in age, education, income, marital and employment status, number of children, gender dummies and region fixed effects. Family ties variables are measured in the country of origin from the WVS. The number of observations is the average number of observations in the regressions for the three attitude variables toward regulation.

Table A24
Family Ties and Log Hourly Wages
Second Generation Immigrants, CPS 1994-2012, controlling for various country of origin characteristics

	(1)	(2)	(3)	(4)	(5)	(6)
	Log wage	Log wage	Log wage	Log wage	Log wage	Log wage
Share adult pop. in parent. home	-0.018 (0.100)					
Respect parents		-0.058 (0.078)				
Obedience			-0.160** (0.067)			
Make parents proud				-0.083** (0.033)		
Parents responsibility					-0.129** (0.051)	
Family important						-0.194** (0.091)
GDP per capita	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Human capital	0.033*** (0.009)	0.035*** (0.007)	0.032*** (0.008)	0.035*** (0.007)	0.037*** (0.007)	0.033*** (0.007)
Trust	0.094 (0.088)	0.073 (0.081)	0.042 (0.067)	0.000 (0.071)	-0.005 (0.075)	-0.037 (0.070)
Observations	50944	57028	52066	51912	57076	57203
R-squared	0.28	0.28	0.28	0.28	0.28	0.28

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Regressions include controls for gender, education, quadratic in experience, marital status, number of children, dummies for race, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS. Country of origin controls include GDP per capita, human capital and trust.

Table A25
Family Ties and Mobility
Second Generation Immigrants, CPS 1994-2012, controlling for various country of origin characteristics

	(1)	(2)	(3)	(4)	(5)	(6)
	Mobility	Mobility	Mobility	Mobility	Mobility	Mobility
Share adult pop. in parent. home	-0.103** (0.040)					
Respect parents		-0.035 (0.035)				
Obedience			-0.054*** (0.019)			
Parents proud				-0.032** (0.013)		
Parents responsibility					-0.035 (0.024)	
Family important						-0.071*** (0.022)
GDP per capital	0.000 (0.000)	0.000*** (0.000)	0.000* (0.000)	0.000 (0.000)	0.000*** (0.000)	0.000*** (0.000)
Human capital	-0.000 (0.003)	0.005** (0.002)	0.004* (0.002)	0.005** (0.002)	0.006** (0.002)	0.005* (0.003)
Trust	0.020 (0.019)	-0.006 (0.024)	-0.007 (0.017)	-0.024 (0.021)	-0.014 (0.023)	-0.031 (0.023)
Observations	70883	77611	72317	72028	77580	77761

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Mobility is defined as a dummy equal to 1 is the individual moved from/in a different state, or abroad in the last five years. Regressions control for a quadratic in age, education, marital status, gender, children, a dummy if the person is unemployed, real personal income, dummies for race, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS. Country of origin controls include GDP per capita, human capital and trust.

Table A26
Family Ties and Unemployment
Second Generation Immigrants, CPS 1994-2012, controlling for various country of origin characteristics

	(1)	(2)	(3)	(4)	(5)	(6)
	Unempl.	Unempl.	Unempl.	Unempl.	Unempl.	Unempl.
Share adult pop. in parent. home	0.043* (0.026)					
Respect parents		0.006 (0.019)				
Obedience			0.038*** (0.012)			
Parents proud				0.030*** (0.009)		
Parents responsibility					0.040*** (0.015)	
Family important						0.052*** (0.018)
GDP per capita	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Human capital	-0.003 (0.002)	-0.005*** (0.001)	-0.005*** (0.002)	-0.006*** (0.001)	-0.005*** (0.001)	-0.004** (0.001)
Trust	-0.026 (0.021)	-0.013 (0.021)	-0.011 (0.017)	0.004 (0.019)	0.008 (0.019)	0.014 (0.018)
Observations	43406	47958	44366	44203	47951	48051

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Unemployed is a dummy equal to 1 if the person is unemployed. Regressions control for a quadratic in age, education, marital status, a gender dummy, race dummies, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS. Country of origin controls include GDP per capita, human capital and trust.

Table A27

Family Values and Demand for Labor Regulation, controlling for various country of origin characteristics
Average Effect Size Coefficients – GSS 1977-2012

	(1) AES	(2) AES	(3) AES	(4) AES	(5) AES	(6) AES
Share adult pop. in parent. home	0.372** (0.179)					
Respect parents		0.227*** (0.085)				
Obedience			0.109 (0.079)			
Parents proud				0.123* (0.068)		
Parents responsibility					0.179* (0.107)	
Family important						0.149 (0.168)
GDP per capital	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Human capital	-0.035 (0.028)	-0.032 (0.033)	-0.040 (0.033)	-0.022 (0.035)	-0.055 (0.038)	-0.039 (0.034)
Trust	0.0127*** (0.028)	0.122*** (0.027)	0.130*** (0.028)	0.106*** (0.030)	0.127*** (0.029)	0.129*** (0.028)

Robust standard errors are clustered at the ancestry level. *** significant at 1%, ** significant at 5%, * significant at 10%. AES averages the normalized treatment effects obtained from a seemingly unrelated regression in which each dependent variable is one of the desire for regulation measure. All regressions control for a quadratic in age, education, income, marital and employment status, number of children, gender dummies and region fixed effects. Family ties variables are measured in the country of origin from the WVS. The number of observations is the average number of observations in the regressions for the three attitude variables toward regulation. Country of origin controls include GDP per capita, human capital and trust.

Table A28
Family Ties and Mobility
Second Generation Immigrants, Census 1940, 1960 and 1970

CENSUS 1940						
	(1)	(2)	(3)	(4)	(5)	(6)
	Mobility	Mobility	Mobility	Mobility	Mobility	Mobility
Share adult pop. in parent. home	-0.215 (0.046)***					
Respect parents		-0.102 (0.023)***				
Obedience			-0.057 (0.027)**			
Make parents proud				-0.056 (0.013)***		
Parents responsibility					-0.049 (0.037)	
Family important						-0.061 (0.036)
Observations	28769	38479	29820	29820	36172	36425
CENSUS 1960						
	(1)	(2)	(3)	(4)	(5)	(6)
	Mobility	Mobility	Mobility	Mobility	Mobility	Mobility
Share adult pop. in parent. home	-0.212 (0.026)***					
Respect parents		-0.105 (0.021)***				
Obedience			-0.083 (0.028)***			
Make parents proud				-0.043 (0.012)***		
Parents responsibility					-0.043 (0.031)	
Family important						-0.066 (0.042)
Observations	119293	146774	122212	122212	141176	142398
CENSUS 1970						
	(1)	(2)	(3)	(4)	(5)	(6)
	Mobility	Mobility	Mobility	Mobility	Mobility	Mobility
Share adult pop. in parent. home	-0.197 (0.022)***					
Respect parents		-0.083 (0.022)***				
Obedience			-0.079 (0.024)***			

Make parents proud				-0.034		
				(0.011)***		
Parents responsibility					-0.037	
					(0.030)	
Family important						-0.068
						(0.038)*
Observations	99260	120719	101495	101495	116384	117471

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Each regression controls for a quadratic in age, education, marital status, gender, a dummy for being unemployed, personal income and state fixed effects.

Table A29
Family Ties and Unemployment
Second Generation Immigrants, Census 1940, 1960 and 1970

CENSUS 1940						
	(1) Unempl.	(2) Unempl.	(3) Unempl.	(4) Unempl.	(5) Unempl.	(6) Unempl.
Share adult pop. in parent. home	0.217 (0.051)***					
Respect parents		0.095 (0.026)***				
Obedience			0.076 (0.039)*			
Make parents proud				0.043 (0.015)***		
Parents responsibility					0.115 (0.029)***	
Family important						0.133 (0.034)***
Observations	18088	24215	18679	18679	22736	22887
CENSUS 1960						
	(1) Unempl.	(2) Unempl.	(3) Unempl.	(4) Unempl.	(5) Unempl.	(6) Unempl.
Share adult pop. in parent. home	0.055 (0.016)***					
Respect parents		0.033 (0.010)***				
Obedience			0.045 (0.013)***			
Make parents proud				0.015 (0.006)**		
Parents responsibility					0.027 (0.010)***	
Family important						0.042 (0.013)***
Observations	78431	96485	80268	80268	92832	93680
CENSUS 1970						
	(1) Unempl.	(2) Unempl.	(3) Unempl.	(4) Unempl.	(5) Unempl.	(6) Unempl.
Share adult pop. in parent. home	0.016 (0.015)					
Respect parents		0.016 (0.007)**				
Obedience			0.025 (0.013)**			

Make parents proud				0.008 (0.005)*		
Parents responsibility					0.015 (0.009)*	
Family Important						0.014 (0.012)
Observations	67067	81816	68551	68551	78915	79682

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Each regression controls for a quadratic in age, education, marital status, gender and state fixed effects.

Table A30
Family Ties and Log Hourly Wages
Second Generation Immigrants, Census 1940, 1960 and 1970

CENSUS 1940						
	(1)	(2)	(3)	(4)	(5)	(6)
	Log wage	Log wage	Log wage	Log wage	Log wage	Log wage
Share adult pop. in parent. home	-0.617 (0.237)**					
Respect parents		-0.185 (0.094)*				
Obedience			-0.236 (0.105)**			
Make parents proud				-0.120 (0.047)**		
Parents responsibility					-0.057 (0.094)	
Family important						-0.054 (0.147)
Observations	11718	15833	12106	12106	14833	14934
R-squared	0.20	0.21	0.21	0.21	0.20	0.20
CENSUS 1960						
	(1)	(2)	(3)	(4)	(5)	(6)
	Log wage	Log wage	Log wage	Log wage	Log wage	Log wage
Share adult pop. in parental home	-0.336 (0.140)**					
Respect parents		-0.075 (0.070)				
Obedience			-0.154 (0.096)			
Make parents proud				-0.050 (0.037)		
Parents' responsibility					-0.087 (0.062)	
Family important						-0.148 (0.109)
Observations	61028	75346	62409	62409	72408	73044
R-squared	0.19	0.18	0.18	0.18	0.18	0.18
CENSUS 1970						
	(1)	(2)	(3)	(4)	(5)	(6)
	Log wage	Log wage	Log wage	Log wage	Log wage	Log wage
Share adult pop. in parental home	-0.284 (0.134)**					
Respect parents		-0.098 (0.082)				

Obedience			-0.163 (0.092)*			
Make parents proud				-0.064 (0.035)*		
Parents' responsibility					-0.210 (0.080)**	
Family important						-0.261 (0.131)*
Observations	56291	68766	57494	57494	66303	66931
R-squared	0.21	0.21	0.21	0.21	0.21	0.21

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Each regression controls for education, a quadratic in experience, marital status, gender and state fixed effects.

Table A31
Family Ties and Log Hourly Wages
Second Generation Immigrants, CPS 1994-2012
Sample restricted to second generation immigrants with parents from the same country of origin

	(1)	(2)	(3)	(4)	(5)	(6)
	Log wage	Log wage	Log wage	Log wage	Log wage	Log wage
Share adult pop. in parent. home	-0.178*					
	(0.100)					
Respect parents		-0.308***				
		(0.110)				
Obedience			-0.239***			
			(0.079)			
Make parents proud				-0.103***		
				(0.025)		
Parents responsibility					-0.169***	
					(0.064)	
Family important						-0.288***
						(0.108)
Observations	35167	43222	35447	35398	43226	43248
R-squared	0.28	0.28	0.28	0.28	0.28	0.28

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Regressions include controls for gender, education, quadratic in experience, marital status, number of children, dummies for race, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A32
Family Ties and Mobility
Second Generation Immigrants, CPS 1994-2012
Sample restricted to second generation immigrants with parents from the same country of origin

	(1)	(2)	(3)	(4)	(5)	(6)
	Mobility	Mobility	Mobility	Mobility	Mobility	Mobility
Share adult pop. in parent. home	-0.128*** (0.032)					
Respect parents		-0.080** (0.039)				
Obedience			-0.070*** (0.023)			
Parents proud				-0.026* (0.013)		
Parents responsibility					-0.035* (0.021)	
Family important						-0.059 (0.042)
Observations	54334	66506	54726	54614	66466	66528

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Mobility is defined as a dummy equal to 1 if the individual moved from/in a different state, or abroad in the last five years. Regressions control for a quadratic in age, education, marital status, gender, children, a dummy if the person is unemployed, real personal income, dummies for race, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A33
Family Ties and Unemployment
Second Generation Immigrants, CPS 1994-2012
Sample restricted to second generation immigrants with parents from the same country of origin

	(1)	(2)	(3)	(4)	(5)	(6)
	Unempl.	Unempl.	Unempl.	Unempl.	Unempl.	Unempl.
Share adult pop. in parent. home	0.029 (0.035)					
Respect parents		0.103*** (0.019)				
Obedience			0.066*** (0.018)			
Make parents proud				0.033*** (0.007)		
Parents responsibility					0.067*** (0.013)	
Family important						0.104*** (0.024)
Observations	32755	40295	33008	32952	40286	40310

Robust standard errors are clustered at the country of origin level. *** significant at 1%, ** significant at 5%, * significant at 10%. Unemployed is a dummy equal to 1 if the person is unemployed. Regressions control for a quadratic in age, education, marital status, a gender dummy, race dummies, state and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Table A34
Correlation between the GSS measure of family values and the WVS measure, GSS 1972-2012

	(1)	(2)	(3)	(4)	(5)	(6)
	Frequency of contacts with relatives	Frequency of contacts with relatives	Frequency of contacts with relatives	Frequency of contacts with relatives	Frequency of contacts with relatives	Frequency of contacts with relatives
Share adult home in parent. home	0.589*** (0.149)					
Respect parents		0.388*** (0.130)				
Obedience			0.207 (0.124)			
Parents proud				0.131*** (0.042)		
Parents responsibility					0.380** (0.141)	
Family important						0.427** (0.175)
Observations	16641	16503	16642	14091	16609	16641
R-squared	0.04	0.04	0.04	0.05	0.04	0.04

Robust standard errors are clustered at the ancestry level. *** significant at 1%, ** significant at 5%, * significant at 10%. Regressions control for a quadratic in age, education, income, marital and employment status, number of children, a gender dummy, region and year fixed effects. Family ties variables are measured in the country of origin from the WVS.

Figure A2
Labor market regulation and additional measures of family ties

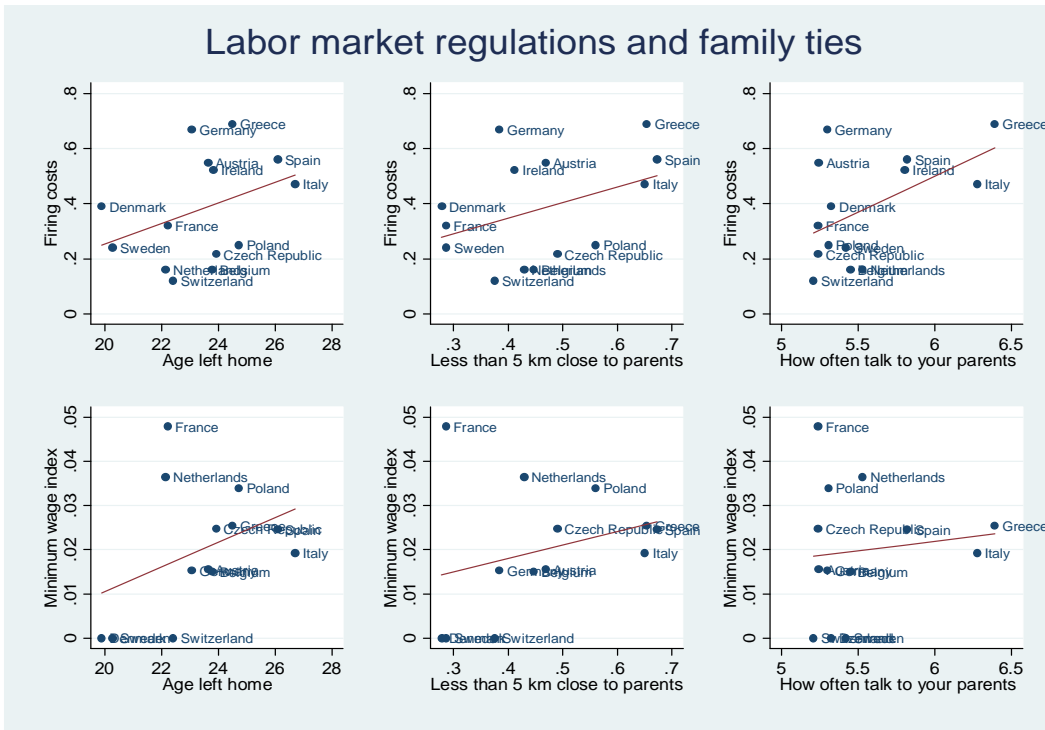


Figure A3
Desire for labor market regulation and additional measures of family ties

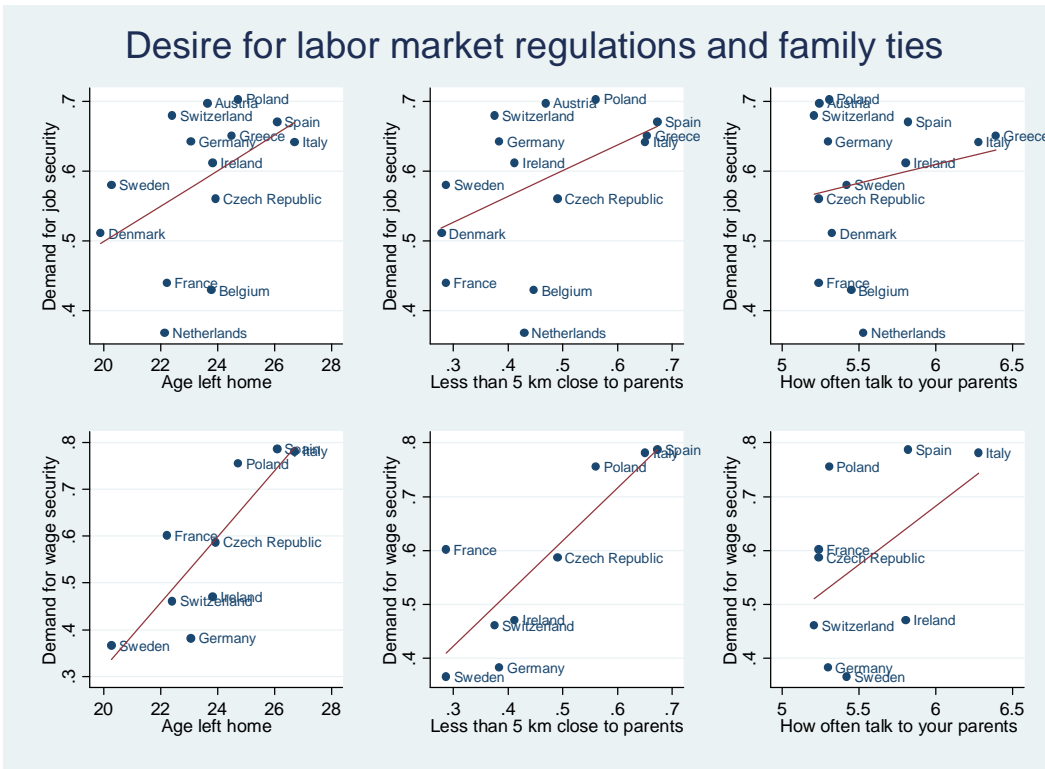
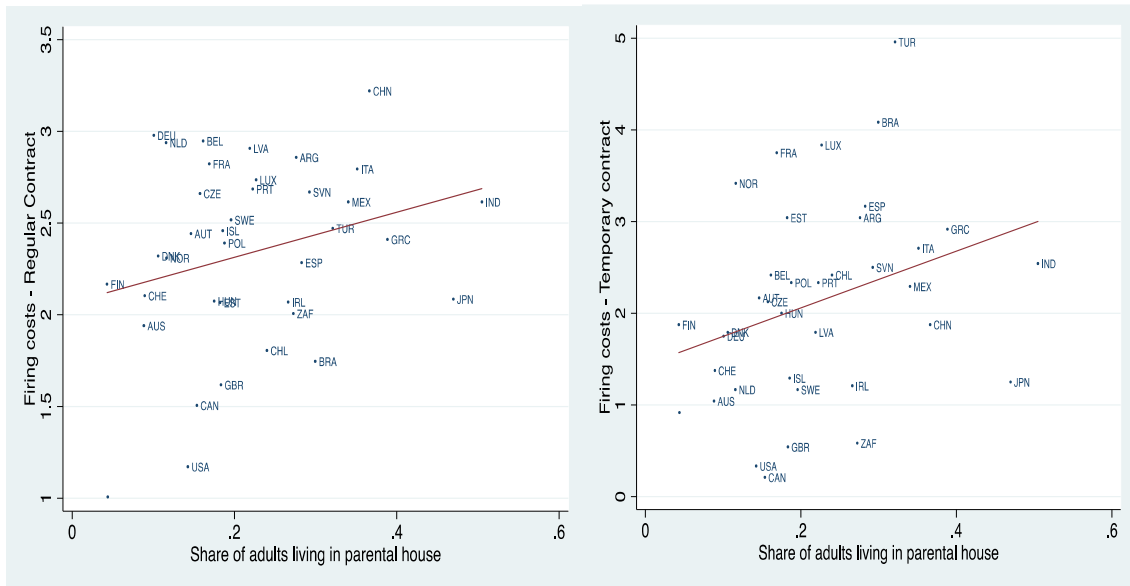
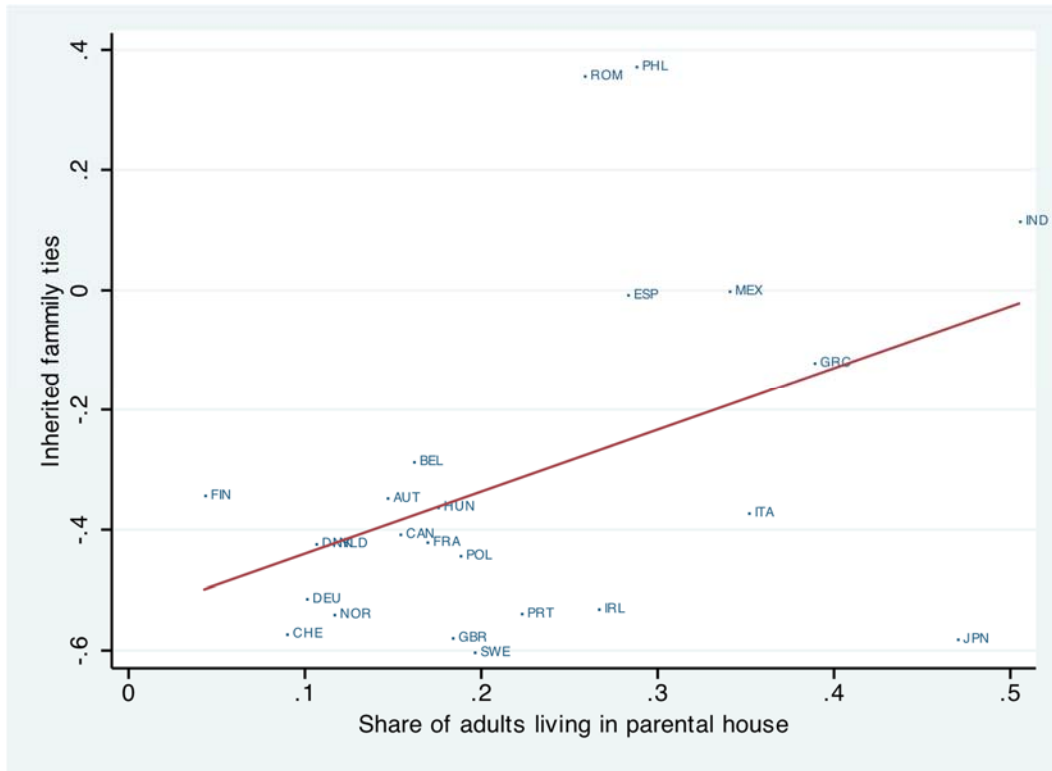


Figure A4
Labor Market Regulation and Family Ties: Alternative Indicators of Firing Costs



Correlation between family ties and employment protection. Employment Protection Index from OECD: 2013

Figure A5
Correlation between inherited family ties and family ties in the home country



Source: Share of adults living in parental house: WVS. Inherited family ties: GSS. Inherited family ties are the conditional average frequency of contacts with relatives by country of origin of US immigrants. Reference country of origin: Mexico

Figure A6
Family Types in Europe (Todd classification)

