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since Reunification**

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The Evolution of Germans' Values since Reunification

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Abstract

Exploiting the “natural experiment” of German reunification, we study whether having experienced socialism has an enduring effect on people’s basic values. Using data from the German Socio-Economic Panel, we show that individuals that lived in the German Democratic Republic (GDR) assign different importance to six out of nine life goals. Our evidence suggests two reactions, adaption to policies/conditions in the GDR as well as switching to the opposite values. The strength of the reactions varies with East Germans’ appreciation of reunification. Intergenerational transmission seems to contribute to the preservation of socialist influence across generations; it does not differ between East and West Germany. We show that self-reported values are behaviorally relevant. Differences in values provide a possible explanation for persistent differences in behavior.

Keywords: Endogenous preferences, socialism, intergenerational transmission

JEL Codes: D12, P26, J13

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1 Introduction

The credo that preferences are stable over time has a long tradition in economics. “One does not argue over tastes for the same reason that one does not argue over the Rocky Mountains - both are there, will be there next year, too, and are the same to all men”, stated Becker and Stigler (1977). Preferences are considered to be changing only if the restrictions change. Thus preferences in socialism may differ from preferences in a market economy. Persistence of those differences after a shift of systems, i.e., people with different backgrounds behaving differently under the same restrictions, however, cannot be explained by the traditional approach.

A notion that has been put forward in recent years is that preferences are endogenous to people’s experience with a political regime. This approach acknowledges that learning, peer pressure, and other social interactions durably shape preferences (e.g., Bowles 1998). The separation and reunification of Germany provides an excellent opportunity to study whether people with different backgrounds show systematically different preferences when living in the same political environment. For 40 years, East Germans were socialized in a socialist planned economy, while West Germans lived in a market-oriented environment. With the fall of the Berlin wall in 1989 and reunification of Germany in 1990, inhabitants from both parts of the country have been reunited and exposed to the same (or similar) restrictions. Previous empirical studies exploiting this “natural experiment” find that socialism¹ had a durable effect on East Germans’ preferences (Alesina and Fuchs-Schündeln 2007; Feld and Torgler 2007; Rainer and Siedler 2009; Bauernschuster and Rainer 2012; Bauernschuster et al. 2012; Heineck and Süßmuth 2013).²

An analysis whether the effect extends to basic values (life goals) is lacking. Basic values are “conceptions of the desirable that guide the way social actors (...) select actions, evaluate people and events, and explain their actions and evaluations” (Schwartz 1999, p. 24-25). They form “the very heart of culture” (Schwartz and Bardi 1997) and are used to characterize societies. An important distinction is whether collective goals are placed ahead of personal goals (collectivistic culture), or vice versa (individualistic culture). The two concepts are expressed differently in the different political systems. Collectivism has been used as a synonym of socialism while individualism has been linked with market capitalism (Hofstede 2001). Previous literature provides evidence that East Germans indeed exhibit preferences

¹Despite imprecision, we will use the term socialism for the political and economic regime of the German Democratic Republic throughout the text.

²We follow Bowles (2006) definition of preferences as “reasons for behavior” which includes tastes, habits, emotions, visceral reactions, the framing of the decision, socially enforced norms and one’s affective relationship with others.

rather in line with collectivism, e.g., a higher reliance on the state (Alesina and Fuchs-Schündeln 2007; Bauernschuster et al. 2012). On the other hand, a lower level of social capital (trust in institutions, other people) is observed (Rainer and Siedler 2009; Heineck and Süssmuth 2013). Based on a cross-country study, Schwartz and Bardi (1997) show that regimes can influence values. Inhabitants of former communist countries in Eastern Europe assign lower importance to values related to ambition and the pursuit of positive experiences and higher importance to values supporting the status quo and group solidarity than Western Europeans.

We exploit the “natural experiment” of German reunification to analyze whether socialist policies influenced people’s basic values. Assuming that East and West Germans were indistinguishable until the exogenously imposed separation in 1949 and no self-selection took place according to preferences, West Germans constitute a meaningful control group for East Germans. The study is based on the German Socio-Economic Panel (SOEP). In 1992, 1995, 2004 and 2008 respondents were asked: “Various things can be important for various people. Are the following things currently...very important, important, less important, not at all important... for you?” The question captures a variety of areas of life including individual achievements, ownership, family life, and social participation. We analyze whether those values differ between East and West Germans. Previous studies are based on two periods of longitudinal data or cross-sectional data. Our data contain observations on the same individuals that nearly cover the time period since reunification which allows us to analyze the evolution of values based on a balanced panel.

We not only study whether individuals that lived under the regime report different values but also whether the differences are conserved across generations. Previous literature shows that also cohorts that lived in the GDR only in their youth report different preferences. It remains an open question whether intergenerational transmission preserves socialist influence across generations. Our data includes responses of children too young to have been directly affected by the regime. We study whether they report similarly different values as older generations. Merging data on children and parents allows us to analyze whether vertical transmission is the same in East and West Germany. An affirmative answer would support the idea that intergenerational transmission conserves the influence of socialism.

Our analysis shows that having lived in the GDR has an effect on six out of nine requested values. Individuals that experienced socialism assign higher importance to personal goals (the ability to afford something, be self-fulfilled, be successful in one’s career). Individual achievements are disapproved in socialism suggesting that people switched to the opposite life goals with respect to those domains. In

contrast, East Germans assign higher importance to having children and owning a house which is in line with policies pursued in the GDR. Being politically or socially involved is less important for East Germans. This effect resembles the alienation from other people and institutions found by previous studies. The probability that an individual assigns high importance to these six domains differs by 4-18 percentage points (ppts) between East and West Germans. No substantial and/or statistically significant difference is found with respect to the importance of being there for others, having a partner, and traveling. People thus reacted in different ways. A general shift to collective goals cannot be observed. On the contrary, a tendency to emphasize personal goals is suggested. Our analysis shows that East Germans that are more optimistic about reunification have a higher tendency to turn away from life goals that are in line with policies pursued in the GDR.

The first subsequent generation (children younger than six that never entered school or a socialist mass organization of the GDR) differs in a similar way from their West German control group as older individuals. Our analysis supports the conjecture that this is partly due to intergenerational transmission. Parents' and their child(ren)'s values are positively related. Vertical transmission is of the same magnitude in East and West Germany. However, the intergenerational link is low for most values. It tends to be stronger for more disputed values. Economic theory suggests that parents' incentives to educate their children to their trait decreases with the likelihood that their children adopt their trait in other social interactions (e.g., Bisin and Verdier 2010). Other channels of transmission, e.g., school teachers, also seem to be important for children's value formation (Saint-Paul 2010).

Our analysis shows that people's self-reported life goals are reflected in behavior (house ownership, occupation, social participation). The relationship between values and behavior does not differ between East and West Germany. Differences in values provide a possible explanation for persistent differences in behavior observed in the two parts of the country. The lower importance East Germans assign to house ownership is in line with an observed lower number of newly built dwellings per capita. The lower importance assigned to being politically or socially active provides a possible explanation for the lower fraction of volunteers in East Germany.

Values have been found to also be relevant at the macro-level. While their interaction with economic development has long been acknowledged by social scientists (e.g., Ball 2001), recent studies aim to establish causality. Gorodnichenko and Roland (2010, 2011) show theoretically and empirically that although in a collectivist culture coordination capacities are increased, individualist cultures exhibit higher levels of productivity due to a higher incentive to innovate. However, we can only

speculate on how the life goals analyzed in our study affect economic development.

The paper is organized as follows. In section 2, the “natural experiment” of German reunification is described. An overview of related literature is given in section 3. The fourth section reports the approach and results of the empirical analysis. Section 5 provides a discussion of the results, section 6 concludes.

2 The “natural experiment” of Germany

Empirical literature shows that the influence of political institutions on individuals’ preferences can persist over centuries.³ A recent opportunity to study the effect is the experience with socialism in Europe. Living in a socialist country implied life-long and ubiquitous exposure to its regimes’s political ideology. Several cross-country studies show that inhabitants of former socialist countries indeed exhibit different preferences than those living in a non-socialist environment (e.g., Shiller et al. 1992; Blanchflower and Freeman 1997; Schwartz and Bardi 1997).

The “natural experiment” of Germany provides an excellent opportunity to study the effect of institutions. The separation of the country in 1945 split a population previously living under the same political conditions. Political leaders of the West German occupation zones turned towards democracy and worked towards the creation of a social market economy. In the Soviet occupation zone, the course of a development towards socialism was set. In 1949, the Federal Republic of Germany (FRG) and the German Democratic Republic (GDR) were officially founded.

In the GDR, the setup of socialism accelerated, implying a forceful implementation of nationalization and collectivism. The erection of the Berlin wall in 1961 made it virtually impossible to escape. With that event a period of relatively moderate restrictions ended. Indoctrination with socialist ideas, close observation and intrusion into private life became a daily routine. A comprehensive system of control and repression brought deviants under control. In the same period of time, an active democracy and flourishing economy developed in West Germany. Observing those differences, GDR inhabitants became increasingly dissatisfied. Internal revolts lead to the fall of the Berlin wall in 1989. Germany was reunited in 1990. Socialist institutions like the mass organizations were abolished, West German political and economic institutions extended to the East, school curricula changed, and “West media” were (officially) made available (e.g., Richter 2009; Mühlberg 2002).

Assuming that East and West Germans were indistinguishable until the exoge-

³For instance, a relationship between social capital and the city state experience in Italy in the 11th to 13th century (Putnam 1993; Guiso and Zingales 2008), democracy in European regions (Tabellini 2010) or slave trade (Nunn and Watchekon 2011) has been established.

nously imposed separation in 1949 and no self-selection took place according to preferences, West Germans constitute a meaningful control group for East Germans. Alesina and Fuchs-Schündeln (2007) provide historical data showing that the two regions were in fact comparable until 1945 with respect to average per capita income, the percentage of the population working in industry, agriculture, or commerce, and election outcomes. It is more difficult to assess to what extent self-selection took place. The restructuring of politics, the economy, and society induced about 3 million to leave East for West Germany until 1961. After the erection of the wall, population flows slowed down. Between 1962 and 1988, per year on average 20.000 East Germans migrated to the West. In that time, indoctrination accelerated.

Systematic and reliable evidence on the motives of migration is lacking. Some agreement exists on the main reasons. In particular family reunions, the lack of economic opportunities and the imposed political restrictions seem to have motivated migrants (e.g., Alesina and Fuchs-Schündeln 2007; Geissler 2008). Bauernschuster et al. (2012) provide statistics showing that those that fled the Soviet zone prior to 1961 were better educated than West Germans, more often held white collar jobs, or were civil servants. They also provide suggestive evidence that East Germans migrating prior to 1961 were a selective sample of more self-reliant individuals.

3 Previous literature

Previous literature based on the natural experiment of Germany shows that East Germans' preferences are indeed affected by socialism. Three studies provide evidence for differences in line with ideas propagated by the GDR regime. Using the 1997 and 2002 waves of the SOEP, Alesina and Fuchs-Schündeln (2007) show that East Germans' desire for the state providing social services, insurance and redistribution is 14.5-17ppts higher than the one of West Germans. Based on several cross-sections of the German General Social Survey (ALLBUS), Bauernschuster et al. (2012) find a lack of individualistic mentality among East Germans. State-reliance is favored over self-reliance, e.g., income differences as an incentive to work hard are 10ppts less likely to be accepted. Attitudes regarding the role of women in the family and the compatibility of work and motherhood are studied by Bauernschuster and Rainer (2012). Being from East Germany decreases the likelihood of favoring traditional intra-household labor allocation by 22ppts.

Evidence for adaptation to life circumstances is provided by Rainer and Siedler (2009) who use several cross-sections from ALLBUS to show that permanent scrutiny and control by the government have a persistently destructive impact on trust in

other people, legal and political institutions. Using SOEP data from the early 2000s, Heineck and Süßmuth (2013) confirm that East Germans exhibit a lower level of social trust. The authors also find that East Germans less often believe that other people are fair or helpful and are more risk loving. Based on several waves from the World/European Value Surveys, Torgler (2003) and Feld and Torgler (2007) provide evidence for higher tax morale of East Germans.

An important question is how the difference between East and West Germans' preferences evolves over time. Alesina and Fuchs-Schündeln (2007) find that the difference in the desire for the state providing services is lower in 2002 than in 1997. Rainer and Siedler (2009) find convergence of trust in institutions. Risk attitudes also seem to converge (Heineck and Süßmuth 2013). Social trust and fairness beliefs, however, converge at most slowly (Rainer and Siedler 2009; Heineck and Süßmuth 2013). Bauernschuster and Rainer (2012) find divergence of sex-role attitudes. A clear pattern of the evolution of differences is not suggested.

An interesting finding of previous studies is that also the preferences of the youngest age cohort, in all studies those born after 1975, differ. Since the coercive influence on people's values ceased to exist with reunification this generation was exposed to indoctrination for a shorter period. Rainer and Siedler (2009) and Heineck and Süßmuth (2013) claim that the different preferences of young cohorts are due to intergenerational transmission. The conjecture is in line with the economic model of cultural transmission (Bisin and Verdier 2010). Behavior is assumed to be learned from parents (vertical transmission), from teachers and other members of the parents' generation (oblique transmission), or from members of ones' age group (horizontal transmission). Vertical transmission takes place if parents have "imperfect empathy"; they strategically educate their children to their own values in particular if it is unlikely that the child adopts their trait via other channels (cultural substitution). Alternatively, it is assumed that parents are subject to "perfect empathy." They transmit their trait only if they expect their preferences to be as valuable in the child's environment as in the one in which they were raised.

None of the previous studies performs an analysis of intergenerational transmission.⁴ Recent empirical literature suggests that vertical transmission of preferences is rather low (e.g., Cipriani et al. 2013; Leuermann and Necker 2013).⁵ Phalet and Schönpflug (2001) find that collectivist values are transmitted across generations while individualist values are not. Trommsdorff et al. (2004) and Albert et al. (2009) find transmission of individualist and collectivist values. In line with the

⁴Heineck and Süßmuth (2013) study the issue theoretically.

⁵An overview of several empirical studies is provided by Bisin and Verdier (2010).

idea of cultural substitution, the link is found to be higher for values endorsed by a lower fraction of the population. Weak correlation between all domains of parents' and children's universal values is found by Grønhøj and Thøgersen (2009). Using the same set of questions employed in this study, Headey et al. (2012) find a rather low intergenerational link with respect to altruistic, family, and material values.

Studies of the influence of experienced political indoctrination on intergenerational transmission are rare. Engelhardt et al. (2002) find that intergenerational transmission of divorce is lower in East than in West Germany. The importance of the political system for intergenerational transmission of the decision to become self-employed is studied by Fritsch and Rusakova (2012). The authors find a partially stronger intergenerational link for West Germans than for East Germans and conclude that the socialist regime damaged the link between parents and children. These findings suggest "perfect empathy" on behalf of parents which contrasts with the conjecture of previous studies on East Germans' preferences.

4 Empirical analysis

4.1 Data and empirical approach

The analysis is based on the German Socio-Economic Panel (SOEP). It is an annual study which started in 1984 and covers both parts of Germany since 1990. The SOEP contains comprehensive information on individuals' current personal and economic situation and their socio-demographic background. In 1992, 1995, 2004 and 2008 participants from East and West Germany were asked about their life goals. The importance of a variety of areas of life were inquired including individual achievements, ownership, family life, and social participation. The full wording of the question and all requested items are shown in table 1.⁶

Using this battery of question, Headey (2008) and Headey et al. (2010) perform a principal component factor analysis to study whether patterns between the domains can be identified. The results suggest that the domains can be assigned to three sets of goals. Being able to afford something, being successful, and being self-fulfilled are grouped as "success or zero-sum goals." Having a happy relationship and having children form "family goals." Being there for others and being politically/socially involved are considered "altruistic/pro-social goals." Traveling and owning a house do not unambiguously fit into one of these categories, they are taken as independent goals. We analyze all goals separately and keep these relationships in mind.

⁶The items follow the classification of goals developed by Kluckhohn and Strodtbeck (1961). We disregard the item "spending time with friends" which was only requested in 1992/1995.

Table 1: Importance of things in life in East and West Germany

Various things can be important for various people. Are the following things currently...very important, important, less important, not at all important... for you?	N	All		West Germany in 1989			East Germany in 1989		
		Fraction	Std. Dev.	N	Fraction	Std. Dev.	N	Fraction	Std. Dev.
		very imp./imp.			very imp./imp.			very imp./imp.	
Be able to afford to buy something for yourself (AFFORD)	15978	0.836	0.370	9997	0.821	0.384	5981	0.862	0.345
Be successful in ones' career (SUCCESS)	15225	0.714	0.452	9588	0.677	0.468	5637	0.777	0.417
Be self-fulfilled (FULFILL)	15880	0.681	0.466	9933	0.640	0.480	5947	0.750	0.433
Own a house (OWN HOUSE)	15877	0.559	0.497	9946	0.609	0.488	5931	0.475	0.499
Be politically and/or socially involved (P/S ACTIVE)	15905	0.186	0.389	9947	0.202	0.401	5958	0.159	0.366
See the world and/or travel extensively (TRAVEL)	15952	0.427	0.495	9976	0.423	0.494	5976	0.433	0.496
Be there for others (BE THERE)	15961	0.911	0.285	9987	0.914	0.280	5974	0.906	0.292
Have a happy marriage/relationship (PARTNER)	15844	0.935	0.246	9911	0.934	0.248	5933	0.936	0.244
Have children (CHILDREN)	16028	0.853	0.354	10033	0.838	0.369	5995	0.878	0.327

N = individuals which are included in all four survey waves. N differs across values due to missing responses.

For the analysis, we convert the scale of four response possibilities (very important, important, less important, not at all important) into binary variables which take the value of one if the respondent answered “very important” or “important” and zero otherwise. This is a common approach which has the advantage of simplifying the interpretation of the results without much loss of information.

A major advantage of our data is the long time span over which values of the same individuals are observed. The first observations have been collected two years after reunification, the last ones 16 years later. Using a balanced sample rules out the possibility that the evolution of differences between East and West Germans is due to changes in sample composition. The effects can actually be traced back to individuals' evolution of values. The sample includes all respondents that lived either in East or West Germany in 1989.⁷ For each item, we include all individuals for which four observations are available. The required information is available for almost 4000 individuals, i.e., almost 16.000 observations. The number of observations is slightly lower for some domains due to missing responses. We exploit the panel structure of our data by clustering errors at the individuals' level. We thus take into account that the observations on one individual may be correlated in an unknown way.

⁷Only 65 individuals that lived in East or West Germany in 1989 do not have German nationality. We drop these observations to avoid mixing the effect of a different origin.

We follow the identification strategy outlined in section 2 and assume that inhabitants of East and West Germany exhibited the same values until 1945 and that no self-selection according to an individual’s set of values took place during separation. It is of course possible that single values were important for migration, e.g., a high importance of family goals may have increased the desire for a family reunion. However, it is unlikely that the full set of values is systematically related to migration. As outlined in section 2, migration motives were diverse.

Table 1 reports descriptive statistics of values. Some domains such as having a partner or being there for others are important for almost everyone. Other goals are much more disputed. About half of the respondents think that owning a house or traveling is important. Less than 20% think that being politically or socially active is important. The table also shows average responses for East and West Germans. The mean responses are statistically different from each other with the exception of the importance of traveling and having a happy relationship.

4.2 The effect of socialism on values

In the regressions, the dependent variable y_{it} is the importance individual i assigns to a domain in time t . Using probit estimation, we analyze the following model

$$P(y_{it} = 1 | GDR\ 1989_i, X_{it}) = \phi(\beta_0 + \beta_1 GDR\ 1989_i + \beta_2 X_{it}) \quad (1)$$

The most important regressor is a binary variable indicating whether the individual lived in the GDR in 1989. We also control for age (² and ³), gender, the location where the individual grew up (small city, medium city, large city, rural area), mother’s and father’s school education, and the real per capita gross domestic product of the federal state in which the individual resides. The latter variable is included as a proxy for the economic environment and opportunities. Year dummies capture time-specific effects. Descriptive statistics can be found in table A.1.

Average marginal effects calculated from the regressions are shown in table 2. The probability that someone assigns high priority to self-fulfillment is increased by 9.8ppts if the respondent lived in the GDR. The importance of being successful in one’s career is 6.5ppts higher, the effect is 4ppts regarding the ability to afford something (all effects significant at 1%-level).⁸ Socialism fosters mediocrity as a

⁸The number of observations is lower with respect to “being successful” due to a higher rate of missing information. Response behavior seems to be related to labor market involvement, 60% of those that provide no response are non-working, 36% work part-time. We check whether including missing responses changes our result using a nominal variable that takes on three values: respondent assigns no/low importance, assigns high importance, provides no answer. Marginal effects from a multinomial probit show that East Germans are 7.4ppts less likely to assign no/low impor-

work ideal weakening people’s motivation for success, achievement and independence (Schwartz and Bardi 1997; Blanchflower and Freeman 1997). The GDR regime aimed at the equalization of social imbalances for the sake of group solidarity, i.e., an egalitarian society without private ownership and the equalization of wages. The socialist planned economy centered on the production of major consumer durables weakening the incentives to earn money and spend it (Mühlberg 2002). Our results contrast with the results of Schwartz and Bardi (1997) who find that values related to the pursuit of own ideas and goals were less important for Eastern Europeans in the early 1990s. Our findings may be interpreted as a counter reaction (or catching-up) of East Germans with respect to personal (“success”) goals.⁹

The aim to achieve an egalitarian society without private ownership was supported by a state allocation system for dwellings. The system created scarcity and undermined private ownership of housing. Former GDR inhabitants seem to have adapted their values to these policies. The probability that they assign high importance to house ownership is 18.1ppts lower (significant at 1%-level).

A higher importance of collective (“pro-social”) goals is not indicated. Being politically or socially involved is 4.1ppts less likely to be important for East Germans (significant at 1%-level). While the system aimed at the creation of “a new man” more social than the capitalist man, this was to be achieved with a top down approach. Voluntary organizations were brought under centralized leadership and policies enforced by a system of control (Paldam and Svendsen 2000). Socialist paternalism fostered passivity and loss of interest in the political process (Schwartz and Bardi 1997). As shown by Rainer and Siedler (2009); Heineck and Süßmuth (2013), the GDR regime had a destructive impact on social capital. However, the importance of being there for others does not differ in a statistically significant way.

East Germans assign 4.5ppts higher importance to having children (significant at 1%-level). This effect also suggests adaptation of values to policies pursued in the GDR. The desire to increase fertility rates was central in family policies (Engelhardt et al. 2002). No difference is found with respect to the importance of having a partner. Albeit with varying approaches and aims, family policies in both parts of Germany supported marriages (Engelhardt et al. 2002). The importance of traveling also does not differ between East and West Germany. Traveling beyond the Iron

tance, 4.6ppts more likely to assign high importance, and 2.8ppts more likely to provide no answer (all effects significant at 1%-level). Taking into account individuals with missing information thus yields a slightly lower effect. Results available upon request.

⁹We create a “success goals-index” based on these three values as proposed by Headey (2008) and transform it into a binary variable with value one if an individual’s index is above the median value, zero otherwise. Being from the GDR increases the likelihood of having an above median-index value by 10ppts (significant at the 1%-level). Results available upon request.

Table 2: Baseline regressions

	AFFORD	SUCCESS	FULFILL	OWN HOUSE	PS ACTIVE	TRAVEL	BE THERE	PARTNER	CHILDREN
	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se
GDR prior to 1989	0.040*** (0.013)	0.065*** (0.016)	0.098*** (0.017)	-0.183*** (0.020)	-0.040*** (0.014)	0.007 (0.019)	-0.013 (0.010)	0.008 (0.009)	0.044*** (0.014)
Male	0.025*** (0.008)	0.112*** (0.010)	0.026*** (0.010)	0.060*** (0.012)	0.042*** (0.009)	-0.003 (0.011)	-0.060*** (0.006)	0.015*** (0.005)	-0.057*** (0.009)
1992	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)
1995	-0.012* (0.007)	0.000 (0.008)	0.019** (0.008)	0.052*** (0.008)	-0.021*** (0.007)	-0.057*** (0.008)	0.021*** (0.005)	-0.002 (0.004)	-0.010** (0.005)
2004	0.013* (0.008)	-0.003 (0.010)	0.003 (0.010)	0.045*** (0.010)	0.024*** (0.009)	-0.107*** (0.011)	0.015** (0.006)	-0.017*** (0.005)	-0.047*** (0.007)
2008	-0.008 (0.010)	-0.009 (0.012)	-0.028** (0.012)	0.020* (0.012)	-0.036*** (0.009)	-0.148*** (0.012)	0.009 (0.007)	-0.025*** (0.007)	-0.044*** (0.009)
Age	-0.023*** (0.005)	0.046*** (0.006)	-0.006 (0.007)	0.004 (0.007)	0.000 (0.006)	-0.084*** (0.007)	-0.008* (0.004)	0.011*** (0.003)	0.037*** (0.005)
Age ²	0.000*** (0.000)	-0.001*** (0.000)	-0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.002*** (0.000)	0.000* (0.000)	-0.000*** (0.000)	-0.001*** (0.000)
Age ³	-0.000*** (0.000)	0.000*** (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000*** (0.000)	-0.000** (0.000)	0.000 (0.000)	0.000*** (0.000)
Location childhood large	0.004 (0.011)	-0.021 (0.013)	0.011 (0.013)	-0.270*** (0.017)	0.025** (0.012)	0.116*** (0.015)	0.010 (0.008)	-0.013* (0.008)	-0.044*** (0.012)
Location childhood medium	0.009 (0.012)	-0.020 (0.014)	0.018 (0.015)	-0.234*** (0.018)	0.006 (0.013)	0.085*** (0.017)	0.012 (0.009)	-0.003 (0.008)	-0.026** (0.013)
Location childhood small	-0.003 (0.011)	0.010 (0.013)	0.019 (0.014)	-0.121*** (0.016)	0.008 (0.012)	0.080*** (0.015)	-0.004 (0.008)	-0.001 (0.007)	-0.027** (0.011)
Location childhood rural	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)
Father completed high school	-0.062*** (0.018)	0.034* (0.017)	0.005 (0.019)	-0.014 (0.022)	0.085*** (0.020)	0.065*** (0.023)	-0.007 (0.013)	-0.035*** (0.014)	-0.039** (0.019)
Mother completed high school	-0.037 (0.026)	-0.060** (0.031)	-0.033 (0.031)	0.005 (0.037)	0.104*** (0.033)	0.046 (0.036)	0.042** (0.014)	0.023 (0.013)	0.028 (0.024)
Real GDP p. 1000	0.060 (0.105)	-0.210 (0.132)	0.017 (0.136)	-0.434*** (0.157)	-0.019 (0.114)	-0.011 (0.145)	-0.013 (0.075)	0.090 (0.080)	-0.031 (0.113)
Chi 2	253.20	1137.05	873.88	570.46	230.07	516.23	148.27	257.91	213.50
Pseudo R2	0.03	0.13	0.07	0.06	0.02	0.03	0.03	0.05	0.03
N	15736	13596	15384	15392	15480	15648	15672	15304	15072

Probit estimates, shown are average marginal effects. Dependent variables: binary coded responses to value questions. Hypotheses tests based on standard errors clustered at the individual level. Significance levels : * : 10% ** : 5% *** : 1%.

Curtain was severely restricted. However, at the same time the regime fostered traveling that supported its own interests (Heydemann 2002).

Interesting results on the other control variables are the following. Gender has a significant effect on almost all values. Being there for others and having children is more important for women, the other domains are more important for men. Some but not all life goals vary across the life cycle. Being able to afford something, traveling and having children most clearly vary with age. Growing up in a larger location of childhood increases the importance individuals assign to traveling and decreases the importance of house ownership.

We check whether our results are different when potential outcome variables are included in the set of controls. We include variables measuring family status, whether the respondent has children, education in years, employment status, and the household income. About 20% of all East Germans migrated to West Germany after 1991 (Destatis 2010). To analyze whether the new environment has an effect

on the adjustment of values, we include a dummy that is one if a former GDR inhabitant lives in West Germany in the year of observation.

Table 3 shows that the results are largely unchanged when these variables are included. While the magnitude of the effect is slightly different (1-4ppts), the pattern of differences is largely unchanged. The difference regarding the importance of being successful is not anymore significant. Former GDR inhabitants that migrated are not different from those that stayed. Previous studies find also at most limited evidence that individuals that moved to the West after reunification show different preferences (Alesina and Fuchs-Schündeln 2007; Bauernschuster and Rainer 2012).

We study whether the results change when full-scale responses to the question how important the different things are in an individual's life are employed as dependent variables. Regressions are estimated using ordered probit. The results point to the same findings, as shown in table 3. Average marginal effects on the GDR 1989-dummy are largely positive for the first two outcomes (very important/important) and negative for the second two outcomes (less important/not at all important) for values that are more important for East Germans, and vice versa. The differences are statistically significant as in previous regressions.

We also check whether the results hold when we take into account individual heterogeneity. We estimate linear probability models accounting for random effects (see also Heineck and Süßmuth (2013)). The random effects-specification seems to be justified, Lagrange Multiplier tests suggest for all regressions the rejection of the null that $Var(u) = 0$. The effect of having lived in the GDR is unchanged when

Table 3: Robustness checks of baseline regressions I

Including endogenous regressors										
	AFFORD	SUCCESS	FULFILL	OWN HOUSE	PS ACTIVE	TRAVEL	BE THERE	PARTNER	CHILDREN	
	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	
GDR prior to 1989	0.049*** (0.014)	0.029 (0.018)	0.083*** (0.019)	-0.138*** (0.022)	-0.041*** (0.015)	0.008 (0.021)	-0.018* (0.011)	0.000 (0.008)	0.056*** (0.012)	
East migrated to West	0.052	0.048	0.044	-0.063	-0.038	0.005	0.002	0.022	-0.051	
Controls as in table 2 ?	YES	YES	YES	YES	YES	YES	YES	YES	YES	
Add. controls (see note)?	YES	YES	YES	YES	YES	YES	YES	YES	YES	
Chi 2	373.31	1614.32	906.71	993.53	449.26	763.64	196.64	971.71	1284.29	
Pseudo R2	0.04	0.19	0.07	0.11	0.05	0.05	0.03	0.35	0.20	
N	15503	13412	15167	15170	15264	15426	15441	15090	14867	
Using ordinal variable as dependent variable										
	AFFORD	SUCCESS	FULFILL	OWN HOUSE	PS ACTIVE	TRAVEL	BE THERE	PARTNER	CHILDREN	
	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	
Outcome: Not at all important										
GDR prior to 1989	-0.002*** (0.001)	-0.028*** (0.006)	-0.018*** (0.003)	0.092*** (0.011)	0.021 (0.014)	-0.014* (0.008)	0.002** (0.001)	0.001 (0.003)	-0.012*** (0.005)	
Outcome: Less important										
GDR prior to 1989	-0.029*** (0.009)	-0.027*** (0.007)	-0.057*** (0.011)	0.058*** (0.006)	-0.004 (0.003)	-0.016* (0.009)	0.017*** (0.006)	0.001 (0.003)	-0.015*** (0.006)	
Outcome: Important										
GDR prior to 1989	-0.000 (0.001)	0.003*** (0.001)	0.023*** (0.004)	-0.037*** (0.005)	-0.014 (0.009)	0.018* (0.010)	0.015*** (0.005)	0.004 (0.011)	-0.022** (0.009)	
Outcome: Very important										
GDR prior to 1989	0.032*** (0.010)	0.052*** (0.012)	0.052*** (0.010)	-0.112*** (0.013)	-0.003 (0.002)	0.012* (0.006)	-0.033*** (0.012)	-0.007 (0.017)	0.049*** (0.019)	
Controls as in table 2 ?	YES	YES	YES	YES	YES	YES	YES	YES	YES	
Chi 2	389.87	1429.47	1146.65	644.22	441.27	726.52	311.76	430.51	326.66	
Pseudo R2	0.02	0.08	0.05	0.03	0.01	0.02	0.02	0.02	0.02	
N	15736	13596	15384	15392	15480	15648	15672	15304	15072	
Linear probability model-random effects										
	AFFORD	SUCCESS	FULFILL	OWN HOUSE	PS ACTIVE	TRAVEL	BE THERE	PARTNER	CHILDREN	
	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	
GDR prior to 1989	0.038*** (0.013)	0.063*** (0.016)	0.111*** (0.016)	-0.171*** (0.019)	-0.038*** (0.014)	0.001 (0.018)	-0.010 (0.009)	0.014 (0.009)	0.033*** (0.014)	
Controls as in table 2 ?	YES	YES	YES	YES	YES	YES	YES	YES	YES	
Chi 2	241.14	1411.32	1071.66	721.97	212.05	628.36	150.38	168.44	187.94	
Overall R2	0.02	0.15	0.08	0.08	0.02	0.04	0.01	0.03	0.03	
N	15736	13596	15384	15392	15480	15648	15672	15304	15072	

Upper and bottom panel: Probit estimates (binary dependent variables). Middle panel: Ordered probit estimates (ordinal dependent variables). Shown are average marginal effects, hypotheses tests based on standard errors clustered at the individual level. Additional controls in upper panel are dummies for family status, whether the respondent has children, education in years, the employment status (full-/part-time, marginally employed, unemployed, not employed for other reasons, retired, in training), and the household income. Significance levels : * : 10% ** : 5% *** : 1%.

Table 4: Robustness checks of baseline regressions II

Taking into account sample selection: incl. inverse probability weights									
	AFFORD	SUCCESS	FULFILL	OWN HOUSE	PS ACTIVE	TRAVEL	BE THERE	PARTNER	CHILDREN
	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se
GDR prior to 1989	0.047*** (0.014)	0.053*** (0.017)	0.099*** (0.017)	-0.150*** (0.020)	-0.044*** (0.014)	0.011 (0.019)	0.011 (0.011)	0.018* (0.010)	0.041** (0.018)
Controls as in table 2?	YES	YES	YES	YES	YES	YES	YES	YES	YES
Chi 2	17.61	93.49	80.41	42.38	14.93	37.89	10.13	11.12	14.80
Pseudo R2	0.03	0.15	0.09	0.07	0.02	0.04	0.03	0.03	0.03
N	15617	13492	15270	15274	15364	15530	15553	15189	14955
Distinguishing East Germans by federal state of residence in 1990									
	AFFORD	SUCCESS	FULFILL	OWN HOUSE	PS ACTIVE	TRAVEL	BE THERE	PARTNER	CHILDREN
	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se
East Berlin	0.002 (0.029)	0.043 (0.034)	0.074** (0.035)	-0.306*** (0.041)	-0.008 (0.032)	0.015 (0.040)	0.008 (0.020)	0.019 (0.015)	0.055** (0.025)
Mecklenburg-Vorpommern	0.079*** (0.020)	0.088*** (0.028)	0.123*** (0.028)	-0.180*** (0.037)	-0.025 (0.026)	-0.008 (0.034)	0.011 (0.018)	0.009 (0.016)	0.037 (0.026)
Brandenburg	0.046** (0.019)	0.076*** (0.025)	0.116*** (0.025)	-0.221*** (0.033)	-0.017 (0.023)	-0.004 (0.029)	-0.055*** (0.020)	0.015 (0.014)	0.043*** (0.021)
Sachsen-Anhalt	0.050*** (0.018)	0.069*** (0.024)	0.092*** (0.024)	-0.133*** (0.031)	-0.053** (0.021)	-0.033 (0.028)	-0.003 (0.014)	0.011 (0.014)	0.043*** (0.020)
Thüringen	0.055*** (0.017)	0.084*** (0.022)	0.105*** (0.024)	-0.033 (0.030)	-0.049** (0.020)	0.034 (0.029)	-0.012 (0.016)	-0.003 (0.015)	0.038* (0.020)
Sachsen	0.042*** (0.016)	0.065*** (0.020)	0.116*** (0.020)	-0.197*** (0.026)	-0.067*** (0.016)	0.019 (0.024)	-0.020 (0.013)	0.015 (0.011)	0.045*** (0.017)
Controls as in table 2?	YES	YES	YES	YES	YES	YES	YES	YES	YES
Chi 2	251.04	1128.85	848.40	601.67	243.98	492.61	159.98	249.03	212.30
Pseudo R2	0.03	0.13	0.07	0.07	0.02	0.03	0.03	0.05	0.04
N	15252	13152	14904	14912	14996	15164	15188	14828	14592

Probit estimates, shown are average marginal effects. Dependent variables: binary coded responses to value questions. Hypotheses tests based on standard errors clustered at the individual level. Upper panel: regressions weighted with inverse probability weights calculated as described in footnote 11. Significance levels : * : 10% ** : 5% *** : 1%.

this method is used, as shown in the bottom panel of table 3.

A concern that may arise due to our use of a balanced sample is that people that drop out differ systematically from those that stay (attrition bias). Our analysis of randomness of attrition suggests that some variables of interest indeed significantly predict attrition.¹⁰ To correct for attrition due to observables, we follow the approach proposed by Fitzgerald et al. (1998) and estimate regressions including inverse probability weights. The procedure gives more weight to households who have similar initial characteristics as households that subsequently drop out.¹¹ Results from weighted regressions, reported in table 4, show that the effect is largely unchanged when selection on observables is taken into account.

Another question is whether the difference to West Germans is the same in all East German states. If differences would only be found for inhabitants of one or two states, the effect might be caused by another factor than the socialist experience. We replace the GDR 1989-dummy by separate dummies for all East German states including East Berlin. The dummies refer to the state of residence in 1990 which is the earliest available information. Table 4 shows that the effect is roughly the same in all federal states. Small differences are found for East Berlin.

4.3 Taking into account the perception of reunification

Our analysis as well as previous studies show that East Germans seem to have adapted some preferences to policies or conditions in the GDR. Other preferences, however, indicate that they also switched to values in the opposite direction. A compelling question is why East Germans' reaction differs across domains. A possible explanation is the attainability or complexity of issues. For instance, labor market success may be more easily achievable than house ownership.

Unfortunately, information on the perceived attainability of different domains is not available. The SOEP, however, provides information on GDR inhabitants' perception of reunification. Firstly, the questionnaire of 1990 (the first time East Germans were surveyed) asked two subsequent questions regarding respondents' life

¹⁰Following Fitzgerald et al. (1998) and Baulch and Quisumbing (2011), we create an attrition dummy for each outcome variable (one if the value is available in 1992 but not in all other years, zero if value is available for four years). We estimate an attrition probit for each value which includes as explanatory variables all controls included in the baseline regression, a variable characterizing the interview process in 1992, the value reported in 1992, and an interaction of the value with the GDR 1989-dummy. Coefficients are reported in table A.2.

¹¹The procedure involves estimating two retention (opposed to attrition) probits. The first probit includes the same controls as described in footnote 10. The values from 1992 and the type of interview in 1992 are chosen as auxiliary variables, i.e., variables that affect attrition propensities. Auxiliary variables are dropped in the second probit. The ratio of predicted probabilities from these regressions is used to weight the observations.

satisfaction. The first question requested happiness at the time of survey (1990), while the second question asked respondents to assess how happy they were five years ago (i.e., 1985). This pair of questions allows us to create a variable measuring satisfaction with life in reunified Germany compared to life in the GDR. The GDR-dummy is split in two variables based on that variable. The first variable captures East Germans that are currently more satisfied than they were five years ago. The second dummy captures East Germans that are less or equally satisfied. Secondly, the questionnaire asked GDR respondents about their confidence in the future. We split the GDR-dummy in a set of four dummies indicating whether the GDR respondent reported high, rather high, rather no, or no confidence in the future in 1990. These variables allow us to study whether the effect varies with the general optimism regarding the new situation.

The upper panel of table 5 shows the results distinguishing East Germans by their relative assessment of life prior to and after reunification. The difference to West Germans with respect to the three personal (“success”) goals tends to be higher among East Germans that are more happy in reunified Germany. The probability that more happy East Germans assign high importance to traveling is increased by 3.8ppts (significant at 10%-level) whereas no difference to West Germans is found for East Germans equally or less happy. The decrease in the importance East Germans assign to having a house is lower among those that are more happy. The probability to assign high importance to political or social activities is 6.4ppts lower among GDR respondents that are more happy after reunification (significant at 1% level) and 3ppts among East Germans equally or less happy (significant at 10% level).

The bottom panel of table 5 shows that a similar pattern emerges if East Germans are distinguished by their confidence in the future in 1990. A highly significant increase in the importance of personal goals is observed among those that have high or rather high confidence. The effect is lower and/or less significant among those that are rather not or not at all confident. The less confidence former GDR inhabitants have in the future, the larger is the difference to West Germans with respect to the importance of owning a house. The more confident they are, the less likely it is that they assign importance to social participation. While no such effect is found in baseline regressions, being there for others is less important for East Germans that are rather not or not at all confident. To rule out the possibility that the differences are due to different personalities, we include all respondent’s confidence in the future in the year of observation as a control (available for 1992, 1995, 2008). The results are largely unchanged (available upon request).

The results suggest that respondents that are more optimistic about reunifica-

Table 5: Taking into account the perception of reunification

Happiness in 1990 compared to five years ago										
	AFFORD	SUCCESS	FULFILL	OWN HOUSE	PS ACTIVE	TRAVEL	BE THERE	PARTNER	CHILDREN	
	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	
GDR prior to 1989 +										
...More happy in 1990	0.055*** (0.015)	0.069*** (0.020)	0.109*** (0.020)	-0.162*** (0.025)	-0.064*** (0.016)	0.038* (0.023)	-0.018 (0.013)	0.016 (0.010)	0.048*** (0.016)	
...Equally or less happy in 1990	0.032*** (0.014)	0.063*** (0.018)	0.098*** (0.018)	-0.198*** (0.022)	-0.030* (0.016)	-0.009 (0.020)	-0.016 (0.011)	0.009 (0.010)	0.045*** (0.015)	
Controls as in table 2?	YES	YES	YES	YES	YES	YES	YES	YES	YES	
Chi 2	244.80	1116.45	831.90	553.51	231.37	492.46	152.80	254.81	184.75	
Pseudo R2	0.03	0.13	0.06	0.06	0.02	0.03	0.03	0.05	0.03	
N	15360	13256	15012	15024	15104	15272	15300	14940	14720	
Confidence in the future in 1990										
	AFFORD	SUCCESS	FULFILL	OWN HOUSE	PS ACTIVE	TRAVEL	BE THERE	PARTNER	CHILDREN	
	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	
GDR prior to 1989 +										
...Highly confident in 1990	0.060*** (0.018)	0.106*** (0.023)	0.118*** (0.023)	-0.138*** (0.031)	-0.058*** (0.020)	0.061** (0.029)	0.000 (0.015)	0.030** (0.011)	0.040* (0.021)	
...Rather confident in 1990	0.055*** (0.014)	0.071*** (0.019)	0.108*** (0.019)	-0.175*** (0.024)	-0.047*** (0.016)	0.010 (0.022)	0.006 (0.011)	0.015 (0.010)	0.046*** (0.016)	
...Rather not confident in 1990	0.019 (0.017)	0.039* (0.021)	0.086*** (0.021)	-0.203*** (0.025)	-0.044** (0.018)	-0.011 (0.024)	-0.048*** (0.015)	0.002 (0.012)	0.056*** (0.016)	
...Not at all confident in 1990	0.022 (0.029)	0.084** (0.034)	0.117*** (0.031)	-0.258*** (0.043)	0.021 (0.037)	-0.029 (0.039)	-0.047** (0.025)	0.002 (0.020)	0.020 (0.033)	
Controls as in table 2?	YES	YES	YES	YES	YES	YES	YES	YES	YES	
Chi 2	259.92	1123.58	836.18	552.71	230.30	491.72	173.16	256.39	189.61	
Pseudo R2	0.03	0.13	0.06	0.06	0.02	0.03	0.03	0.05	0.03	
N	15336	13240	14992	15000	15080	15248	15276	14920	14700	

Probit estimates, shown are average marginal effects. Dependent variables: binary coded responses to value questions. Hypotheses tests based on standard errors clustered at the individual level. GDR 1989 split in different variables by GDR respondents' perception of reunification. Significance levels : * : 10% ** : 5% *** : 1%.

tion have a higher tendency to turn away from life goals that are in line with policies pursued in the GDR. They are more in favor of ownership and report lower importance to participate in social or political policies. They are also more likely to adopt values contrasting with life in the GDR (personal goals, traveling).

4.4 The evolution of differences over time

The use of a balanced sample provides an excellent opportunity to study how the differences of East Germans' values evolve over time. For this purpose, we include interactions of the GDR1989-dummy with year dummies in the model. As pointed out by Ai and Norton (2003), Greene (2008) and Berry et al. (2010), the marginal effect of a change in the interaction term is not informative. Berry et al. (2010) propose to analyze whether the unrestricted model (with interaction terms) fits the data significantly better than the restricted model (without interaction terms) using a likelihood-ratio test. Berry et al. (2010) as well as Greene (2008) propose to report marginal effects of one of the interacted variables at different values of the other to assess the effect. We follow both suggestions.

Table 6 shows the results from that exercise. An analysis of the coefficients and the LR-tests provides limited support for the hypothesis that the effect of having lived in the GDR differs across years for some values. The coefficients on the interactions between year dummies and the GDR1989-dummy are partly significant. The likelihood ratio test indicates that the model including interaction terms fits the data on the importance of being successful (at 1%-level), owning a house (at 5%-level), and having children (at 10%-level) statistically significantly better.

Marginal effects suggest that the higher importance East Germans assign to being successful in one's career decreases over the years. While the likelihood that an East German assigns high priority to a successful career is 12.3ppts higher compared to a West German in 1992, the difference is only 3.8ppts in 2008. We study the importance of the labor market situation for this effect by repeating this analysis based on the model including endogenous controls, i.e., controlling for the employment status. We find a very similar evolution. The evolution is also similar when we include the unemployment rate in the federal state in the regression. We analyze whether the evolution differs between West Germans, East Germans that are more happy, and East Germans that are equally or less happy in reunified Germany. Only East Germans that report to be less happy in 1990 than they were five years ago assign lower importance to being successful in later years.¹² A possible explanation

¹²For this purpose, we run separate regressions of the importance to be successful on year dummies and other controls for each of those groups. Results not reported, available upon request.

is that poor labor markets confirm their initial negative perception of reunification.

The difference to West Germans regarding the importance of house ownership decreases from 22ppts in 1992 to 15.2ppts in 1995. A possible explanation is the construction boom taking place in East Germany in the mid-1990s (Destatis 2010). However, in 2004 and 2008 the difference to West Germans is of almost the same magnitude as the one in 1992. The higher importance East Germans assign to having children is largely similar across years. Political or social participation is not differently important for East and West Germans in 1992 but in later years. Similarly, trust in other people does not converge over time (Rainer and Siedler 2009; Heineck and Süßmuth 2013). The importance of traveling, being there for others, and having a happy relationship is the same in both parts of the countries in all years. Thus convergence of values other than being successful is not indicated.

Overall, based on observations of the same individuals over almost 20 years we largely find stability of East-West differences across years.¹³ Our analysis yet suggests that the differences to some extent evolve differently across preferences. This is in line with the different patterns of convergence found by previous studies.

4.5 The effect in different generations

Previous literature shows that differences in preferences exist in all age cohorts. We also study the differences across cohorts. In particular, we analyze whether the first generation socialized in reunified Germany reports different values. We extend the balanced sample to all observations for which the information required for our analysis is available. This gives us an unbalanced sample of almost 50.000 individuals.¹⁴ The information of residence in 1989 is (naturally) missing for individuals born after reunification. We instead use parents' location in 1989.¹⁵

We split the sample in five different cohorts. The first cohort consists of individuals born before 1946, i.e., before separation. The second cohort comprises individuals born between 1946 and 1960, the third one those born between 1961 and 1975. These two cohorts were socialized in separated Germany. The fourth

¹³We also calculated second differences of predicted probabilities to obtain interactive effects using the simulation-based tool CLARIFY (King et al. 2000; Tomz et al. 2003). The results point to the same conclusions, the following interactive effects are significant: “being successful”: GDR 1989*2004, GDR 1989*2008; “owning a house” GDR 1989*1995. We focus on results from regressions which do not require simulation. Results available upon request.

¹⁴In contrast to the balanced sample, this includes individuals that for some reason dropped out between 1992 and 2008, living in a SOEP household that entered the SOEP when they became 17, that moved into a SOEP household or those participating in a refreshment sample. The unbalanced sample differs with respect to some characteristics, e.g., fewer individuals that lived in the GDR in 1989 (32%) and more observations from 2004 and 2008 (63%).

¹⁵Estimation of baseline regressions using all available observations largely confirms previous results. Available upon request.

Table 6: Regressions with year interactions

Coefficients	AFFORD b/se	SUCCESS b/se	FULFILL b/se	OWN HOUSE b/se	PS ACTIVE b/se	TRAVEL b/se	BE THERE b/se	PARTNER b/se	CHILDREN b/se
GDR prior to 1989	0.276*** (0.084)	0.454*** (0.088)	0.281*** (0.075)	-0.587*** (0.074)	-0.035 (0.080)	0.073 (0.068)	-0.077 (0.086)	0.015 (0.122)	0.347*** (0.095)
1995	-0.016 (0.035)	0.023 (0.034)	0.031 (0.031)	0.073*** (0.026)	-0.040 (0.034)	-0.144*** (0.028)	0.183*** (0.046)	-0.010 (0.047)	-0.016 (0.032)
2004	0.100*** (0.039)	0.067* (0.040)	0.027 (0.035)	0.102*** (0.031)	0.141*** (0.037)	-0.241*** (0.032)	0.098** (0.049)	-0.187*** (0.057)	-0.154*** (0.039)
2008	0.002 (0.042)	0.056 (0.044)	-0.093*** (0.038)	0.026 (0.035)	-0.105*** (0.041)	-0.368*** (0.036)	0.022 (0.050)	-0.243*** (0.061)	-0.181*** (0.044)
GDR 1989*1995	-0.100 (0.062)	-0.081 (0.065)	0.079 (0.057)	0.177*** (0.044)	-0.118** (0.058)	-0.009 (0.046)	-0.121* (0.071)	-0.015 (0.082)	-0.115** (0.059)
GDR 1989*2004	-0.133* (0.069)	-0.274*** (0.071)	-0.050 (0.059)	0.061 (0.050)	-0.164*** (0.062)	-0.102* (0.053)	-0.009 (0.075)	0.083 (0.089)	-0.217*** (0.065)
GDR 1989*2008	-0.115 (0.070)	-0.321*** (0.071)	0.048 (0.061)	0.090* (0.051)	-0.116* (0.063)	-0.062 (0.054)	0.086 (0.074)	0.080 (0.088)	-0.108 (0.067)
Controls as in table 2?	YES (0.070)	YES (0.071)	YES (0.061)	YES (0.051)	YES (0.063)	YES (0.054)	YES (0.074)	YES (0.088)	YES (0.067)
Chi 2	253.67	1156.11	875.65	589.56	240.26	517.59	155.55	259.65	217.18
Pseudo R2	0.03	0.13	0.07	0.06	0.02	0.03	0.03	0.05	0.04
N	15736	13596	15384	15392	15480	15648	15672	15304	15072
Likelihood ratio test unrestricted (with interactions) vs. Restricted model (without interactions)									
LR chi2(3)	3.60	23.56	4.56	8.62	5.79	3.71	6.08	1.59	7.39
Prob > chi2	0.286	0.000	0.207	0.035	0.122	0.3078	0.107	0.662	0.060
Marginal effects									
GDR 1989 at 1992=1	me/se 0.064*** (0.018)	me/se 0.132*** (0.023)	me/se 0.096*** (0.024)	me/se -0.231*** (0.027)	me/se -0.009 (0.021)	me/se 0.029 (0.027)	me/se -0.013 (0.015)	me/se 0.001 (0.012)	me/se 0.061*** (0.015)
GDR 1989 at 1995=1	0.044** (0.017)	0.110*** (0.019)	0.118*** (0.020)	-0.160*** (0.022)	-0.038** (0.024)	0.029 (0.022)	-0.029** (0.011)	-0.000 (0.010)	0.044*** (0.014)
GDR 1989 at 2004=1	0.032** (0.014)	0.056*** (0.019)	0.079*** (0.020)	-0.206*** (0.021)	-0.057*** (0.022)	-0.013 (0.017)	-0.013 (0.011)	0.012 (0.012)	0.031* (0.017)
GDR 1989 at 2008=1	0.039*** (0.015)	0.042** (0.019)	0.117*** (0.020)	-0.196*** (0.021)	-0.035** (0.022)	0.004 (0.015)	0.001 (0.011)	0.012 (0.021)	0.055*** (0.017)

Probit estimates, dependent variables: binary coded responses to value questions, hypotheses tests of based on standard errors clustered at the individual level. Likelihood ratio test compares the model shown in the upper panel of this table with the model shown in table 2. Marginal effect calculated with one year-dummy set to one, the other year dummies set to zero, all other variables held at their mean. Significance levels : * : 10% ** : 5% *** : 1%.

cohort comprises individuals that were born between 1976 and 1984. They were partly socialized in separated and partly in reunified Germany. The youngest cohort consists of individuals that were younger than six at reunification. We assume that they were not exposed to socialist indoctrination. Children for the first time became members of a socialist mass organization, the Young Pioneers, that was intended to educate schoolchildren to socialist ideology, at the age of six. Children younger than six in 1989 also never entered a school of the GDR.

We add a set of dummies indicating the cohort to which an individual belongs in the model. The youngest cohort, which is of particular interest for our study, is chosen as the reference category. We interact the cohort dummies with the GDR1989-dummy to test for differences in the effect of having lived in the GDR between cohorts. The coefficients on the interaction terms, shown in table 7, are partly significant. The likelihood-ratio tests indicate that the model including interactions fits the data significantly better for all values except for being there for others.

The lower panel of table 7 shows marginal effects of having lived in the GDR for the different cohorts. The effects are largely similar across generations. Some differences are found, however. The counter reaction (or catching-up effect) seems to be stronger among older generations. Being able to afford something and being self-fulfilled tends to be more important for East Germans born prior to 1960, as indicated by a larger difference to the West German cohort. Owning a house is less important in particular for the two oldest and the youngest cohorts. The cohort born after 1984 in the Eastern part of Germany assigns lower priority to having a partner and children than West Germans of the same age. No such or even the opposite effect is found for older cohorts. Except for these differences, however, children directly unaffected by rigorous socialist education report similarly different life goals as older generations who experienced the GDR. The differences to West Germans are similar in particular regarding the two youngest East German cohorts.

The cohorts differ in two respects. First, the older cohorts lived under socialist influence for longer periods. Second, the oldest and the youngest cohort did not live under socialist influence in their childhood. We check the importance of those effects by replacing the GDR 1989-dummy by a set of dummies capturing how long the respondent lived under socialism (1-10, 11-20, 21-30, 31-40 years) and a dummy capturing whether the respondent lived in the GDR in his childhood (was born between 1946 and 1984). We calculate marginal effects of having spend one's childhood and different length' of life in the GDR as well as of having lived the maximum time but not one's childhood in the GDR. The results (shown in table A.4) strongly resemble the ones' shown in table 7. The effects do not clearly vary

Table 7: Regressions with cohort interactions

	AFFORD	SUCCESS	FULFILL	OWN HOUSE	PS ACTIVE	TRAVEL	BE THERE	PARTNER	CHILDREN
	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se
Coefficients									
GDR prior to 1989	0.076 (0.086)	0.218** (0.101)	0.144 (0.088)	-0.457*** (0.063)	-0.205*** (0.071)	-0.179*** (0.062)	0.025 (0.091)	-0.223*** (0.081)	-0.134** (0.063)
Born < 1946	0.046 (0.104)	0.109 (0.105)	-0.019 (0.097)	0.397*** (0.093)	0.326*** (0.099)	0.303*** (0.089)	0.091 (0.120)	0.434*** (0.133)	0.423*** (0.108)
Born 1946 – 1960	-0.021 (0.088)	0.036 (0.090)	0.019 (0.083)	0.168** (0.074)	0.351*** (0.080)	0.178** (0.072)	0.022 (0.098)	0.248** (0.108)	0.128 (0.084)
Born 1961 – 1975	0.038 (0.073)	-0.261*** (0.076)	-0.049 (0.070)	0.013 (0.059)	0.175*** (0.066)	0.085 (0.059)	0.104 (0.081)	0.143* (0.085)	0.051 (0.065)
Born 1976 – 1984	0.060 (0.063)	-0.234*** (0.065)	-0.016 (0.061)	-0.092* (0.048)	0.139*** (0.052)	0.145*** (0.049)	0.016 (0.070)	0.032 (0.067)	-0.046 (0.050)
GDR 1989*Born < 1946	0.035 (0.090)	-0.276*** (0.104)	0.097 (0.091)	-0.283*** (0.069)	0.120 (0.076)	0.271*** (0.067)	-0.049 (0.097)	0.176** (0.087)	0.057 (0.071)
GDR 1989*Born 1946 – 1960	0.103 (0.092)	0.104 (0.107)	0.119 (0.092)	-0.002 (0.069)	-0.017 (0.077)	0.101 (0.068)	-0.052 (0.098)	0.228** (0.095)	0.482*** (0.074)
GDR 1989*Born 1961 – 1975	-0.029 (0.093)	0.069 (0.108)	-0.014 (0.093)	0.242*** (0.069)	0.010 (0.078)	0.153** (0.068)	-0.080 (0.100)	0.193** (0.094)	0.280*** (0.072)
GDR 1989*Born 1976 – 1984	-0.040 (0.104)	-0.007 (0.119)	0.027 (0.104)	0.148* (0.077)	-0.035 (0.086)	0.058 (0.077)	-0.069 (0.111)	0.211** (0.102)	0.072 (0.077)
Controls as in table 2?	YES (0.044)	YES (0.119)	YES (0.104)	YES (0.077)	YES (0.086)	YES (0.077)	YES (0.111)	YES (0.102)	YES (0.077)
Chi 2	1044.44	5417.29	3863.71	2030.46	1409.44	1430.33	675.83	1008.34	1888.49
Pseudo R2	0.03	0.16	0.09	0.05	0.03	0.03	0.03	0.06	0.06
N	49951	47551	49668	49676	49695	49891	49927	49505	49268
Likelihood ratio test unrestricted (with interactions) vs. Restricted model (without interactions)									
LR chi2(4)	11.70	135.08	15.11	269.85	19.01	47.70	0.99	7.84	140.59
Prob > chi2	0.019	0.000	0.005	0.000	0.000	0.000	0.911	0.098	0.000
Marginal effects									
	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se
GDR 1989 if born < 1946	0.025*** (0.008)	-0.017* (0.009)	0.079*** (0.010)	-0.285*** (0.011)	-0.026** (0.013)	0.037*** (0.013)	-0.004 (0.004)	-0.004 (0.009)	-0.017* (0.009)
GDR 1989 if born 1946 – 1960	0.042*** (0.009)	0.085*** (0.010)	0.079*** (0.011)	-0.181*** (0.011)	-0.064*** (0.014)	-0.030** (0.013)	-0.004 (0.008)	0.001 (0.010)	0.083*** (0.010)
GDR 1989 if born 1961 – 1975	0.011 (0.010)	0.096*** (0.012)	0.042*** (0.013)	-0.085*** (0.010)	-0.050*** (0.012)	-0.009 (0.013)	-0.008 (0.007)	-0.004 (0.012)	0.041*** (0.012)
GDR 1989 if born 1976 – 1984	0.008 (0.014)	0.071*** (0.022)	0.054*** (0.020)	-0.122*** (0.013)	-0.058*** (0.019)	-0.045** (0.018)	-0.007 (0.012)	-0.002 (0.016)	-0.020 (0.016)
GDR 1989 if born > 1984	0.018 (0.021)	0.062** (0.028)	0.045* (0.029)	-0.180*** (0.015)	-0.043*** (0.023)	-0.064*** (0.022)	0.004 (0.017)	-0.044** (0.021)	-0.043** (0.021)

Probit estimates, dependent variables: binary coded responses to value questions. Likelihood ratio test compares the model shown in the upper panel of this table with the model shown in table 2. Marginal effect calculated with all cohort dummies unless one set to zero, all other variables held at means. Hypotheses tests of standard errors clustered at the individual level. Significance levels : * : 10% ** : 5% *** : 1%.

with length of time or having lived one’s childhood in the GDR. Differences in the effect seem to be due to having spend specific life periods in the GDR.

4.6 Intergenerational transmission of values

Previous studies conjecture that differences in younger generations’ preferences are due to intergenerational transmission. If parents in both parts of the country transmit own values in a similar way, preservation of socialist influence would be facilitated. The SOEP provides information on different generations of a household allowing us to investigate this issue. We focus again on children younger than 6 at reunification assuming that they were not exposed to indoctrination. Parents’ information is merged to that of their child(ren) which leaves us with about 1550 children-parent pairs, 500 of which are observed twice. Due to children’s age restriction, the employed data are only from the 2004 and 2008 waves.

First, we estimate the model shown in equation (1) additionally including the importance mothers and fathers assign to the domain (measured binary).¹⁶ The regressions contain controls for mother’s and father’s age, whether the parents are married, their household income, and whether the mother and/or father are unemployed. By including parental controls, we aim to rule out the possibility that similar values are due to similarity in other characteristics. In a second step, we add interactions of both parents’ values with the GDR1989-dummy to study whether parents’ values are differently related to their child’s values in East and West Germany.

Table 8 shows marginal effects calculated from regressions without interactions. Mother’s and father’s value are positively related to the value of their child, most of the effects are significant. The relationship between both parents’ and children’s values is strongest with respect to the importance of owning a house, being politically or socially involved, and traveling. The likelihood that a child assigns high priority to those items is 10.3, 9.3, and 11.6ppts higher if both parents’ values increase by one standard deviation. This effect is 5.1ppts regarding the importance of having children, and 2-4ppts regarding the other domains.

To some extent, the low(er) relationship between parents and children with respect to “success goals”, “family goals”, and being there for others should be due to lacking variance of either the dependent or the two main variables of interest, i.e., due to statistical reasons (e.g., Hoge et al. 1982). More than 90% of children assign high priority to being able to afford something, being successful, being self-fulfilled or being there for others. At least 90% of mothers and fathers find being there for

¹⁶Regressions only include the parents’ value in the same domain. These effects are unchanged when the full set of values is included.

Table 8: Intergenerational transmission of values

Baseline transmission regressions										
	AFFORD	SUCCESS	FULFILL	OWN HOUSE	PS ACTIVE	TRAVEL	BE THERE	PARTNER	CHILDREN	
	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	
GRD prior to 1989	0.008 (0.020)	0.023 (0.015)	0.014 (0.017)	-0.058* (0.034)	0.007 (0.027)	0.021 (0.033)	0.025 (0.016)	-0.038* (0.021)	-0.047 (0.034)	
Father value	0.031 (0.020)	0.032* (0.018)	0.053*** (0.015)	0.084*** (0.030)	0.106*** (0.023)	0.130*** (0.025)	0.093*** (0.026)	0.094 (0.067)	0.188*** (0.050)	
Mother value	0.071*** (0.021)	0.031** (0.013)	0.028** (0.014)	0.135*** (0.029)	0.107*** (0.024)	0.107*** (0.025)	0.067* (0.037)	0.061 (0.061)	0.063 (0.075)	
Controls as in table 2?	YES	YES	YES	YES	YES	YES	YES	YES	YES	
Parental controls?	YES	YES	YES	YES	YES	YES	YES	YES	YES	
Chi 2	44.55	41.73	61.88	140.24	162.84	144.81	109.63	82.95	114.33	
Pseudo R2	0.03	0.05	0.06	0.05	0.08	0.06	0.09	0.06	0.04	
N	2003	1943	1989	1987	1981	2001	2004	1980	1954	
Transmission regressions including district average of value										
	AFFORD	SUCCESS	FULFILL	OWN HOUSE	PS ACTIVE	TRAVEL	BE THERE	PARTNER	CHILDREN	
	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	
GRD prior to 1989	0.009 (0.020)	0.021 (0.015)	0.009 (0.018)	-0.031 (0.038)	0.003 (0.027)	0.013 (0.035)	0.035 (0.017)	-0.042* (0.022)	-0.049 (0.036)	
Father value	0.026 (0.018)	0.030** (0.015)	0.040*** (0.013)	0.068** (0.030)	0.093*** (0.021)	0.117*** (0.026)	0.053*** (0.016)	0.065 (0.047)	0.164*** (0.052)	
Mother value	0.057*** (0.017)	0.028** (0.012)	0.021* (0.013)	0.114*** (0.029)	0.099*** (0.021)	0.096*** (0.025)	0.037 (0.024)	0.054 (0.045)	0.032 (0.075)	
District average	0.191** (0.094)	-0.002 (0.058)	0.131** (0.064)	0.347*** (0.082)	0.131 (0.103)	0.315*** (0.100)	0.494*** (0.102)	0.076 (0.161)	0.489*** (0.158)	
Controls as in table 2?	YES	YES	YES	YES	YES	YES	YES	YES	YES	
Parental controls?	YES	YES	YES	YES	YES	YES	YES	YES	YES	
Chi 2	49.82	37.38	60.48	144.75	159.65	139.12	103.68	74.95	104.16	
Pseudo R2	0.04	0.05	0.06	0.06	0.08	0.06	0.10	0.06	0.04	
N	1981	1924	1969	1966	1959	1980	1982	1958	1933	

Probit estimates, shown are average marginal effects. Dependent variables: binary coded responses to value questions. Hypotheses tests based on standard errors clustered at the individual level. For reasons of data protection (information on districts), the results in lower panel have been generated using the tool SOEP-Remote. Significance levels: * : 10% ** : 5% *** : 1%.

others, having a happy relationship and having children important (see table A.3). To analyze the role of the statistical effect, the restriction that children were younger than 6 years old in 1989 is relaxed. Due to the broader age range, the variance of children's, mothers' and fathers' values is slightly higher with respect to being successful, self-fulfilled and being there for others.¹⁷ The intergenerational links based on regressions using the extended sample are largely unchanged, some effects are slightly higher and statistically significant at higher levels (shown in table A.5).

The findings suggest that differences in the intergenerational link across values are due to differences in transmission rather than lacking variance of the variables. The three values for which the strongest relationship between parents and children is found are more disputed in the population than other values. As outlined in section 2, theory predicts that parents' incentive to transmit a trait is higher, the less likely it is that their child adopts the trait via other channels of transmission. A higher intergenerational link regarding more disputed values is also reported by Trommsdorff et al. (2004) and Albert et al. (2009).

The analysis of intergenerational transmission in East and West Germany is reported in table 9. Coefficients and likelihood-ratio tests that indicate that transmission only differs between East and West Germany with respect to having a partner and children. It has to be taken into account, however, that parents' responses vary little with regard to these domains. With respect to the other values, the effects of East and West German parents are similar. The likelihood that a West German child finds owning a house important is 16.5ppts higher if both parents' values increase by one standard deviation (using the one of East and West German parents' values, respectively). The effect is 10.9ppts for an East German child-parents-pair. The intergenerational links are 6ppts (West) and 9.2ppts (East) with respect to social participation, and 9.6ppts (West) and 13.6ppts (East) with respect to traveling. While the importance of career-success is positively related between West German parents and children (joint effect: 3.5ppts), no such effect is found among East Germans. The results suggest the intergenerational link does not substantially and systematically differ between East and West.

Our results are based on the assumption that the relationship is due to vertical transmission. However, other channels of transmission may also influence children's values. The link between parents' and children's values would be spurious if similarity in values is due to residence in the same region. We check whether the link

¹⁷Average age of children (mothers/fathers) in this sample is 25 (51/54). The standard deviation of the three values of children and parents is about 0.02 to 0.06 higher. Variation of other values among children is unchanged. The variance of parents' importance of P/S ACTIVE (CHILDREN) is 0.01-0.02 lower (higher), otherwise the summary statistics are unchanged.

in synthetic families is similar to the one observed within real families by randomly re-matching parents to children (as suggested by Dohmen et al. (2012)). To each child, we re-match parents that lived in the same part of Germany in 1989 and have the same education (training, studied, other) as real parents to take into account differences in life goals that may exist between families with different backgrounds. The matching procedure is repeated 500 times. For each draw, we re-estimate the model shown in table 8 and calculate marginal effects on the parents' values. The means of these marginal effects are shown in table 10. The relationship between synthetic parents and children is on average zero.

Another approach to take into account omitted variables at the regional level is to include regional averages of values. We use all available observations except for the child's ones to calculate for each year an average value for the district in which the child resides. The average is equal to the fraction of individuals which assign importance to a domain (excluding the child). The bottom panel of table 8 shows results from regressions which include the district average of the respective value. The relationship between children and their parents is largely unaffected. The district average is positively related to children's values except for the importance of being successful, social participation, and having a partner. The links established above do not seem to be caused by omitted variables at the regional level.

We assume that children younger than six at reunification were not directly exposed to the rigorous socialist indoctrination that was going on in school or socialist organizations of the GDR. However, one might argue that children attended kindergartens from the age of three onwards and thus came in touch with first elements of socialism. Kindergartens were subordinated to the Ministry of National Education and had the task to transmit a first picture of life in society. In contrast, cribs to which children younger than three could be sent were not a part of the socialist education machine but of the health system. They were meant to take care of children so that their mothers could work. To exclude the possibility that exposure to first elements of socialist education in kindergartens influenced children's values directly, we restrict the sample to children younger than three. The intergenerational relationships are largely similar to the ones' obtained if children between three and five are also included (results shown in table A.5). Our result of similar intergenerational transmission of values in East and West hence also applies when children even less likely to be directly affected by socialist indoctrination are considered.

Another concern may be omitted variables at the family level. The results are unchanged when we additionally include parents' and children's years of education, their employment status, income, and health status. Reverse causality may be

Table 9: Intergenerational transmission of values in East versus West Germany

	AFFORD		SUCCESS		FULFILL		OWN HOUSE		PS ACTIVE		TRAVEL		BE THERE		PARTNER		CHILDREN	
	b/se		b/se		b/se		b/se		b/se		b/se		b/se		b/se		b/se	
Coefficients																		
GDR prior to 1989	-0.032 (0.247)	0.750** (0.351)	-0.046 (0.207)	-0.147 (0.131)	0.001 (0.114)	-0.012 (0.105)	0.580 (0.476)	0.355 (0.640)	0.142 (0.451)									
Father Value	0.144 (0.119)	0.361** (0.142)	0.368*** (0.109)	0.220** (0.095)	0.358*** (0.087)	0.369*** (0.082)	0.610*** (0.152)	0.791*** (0.286)	0.831*** (0.193)									
GDR 1989*Father Value	0.116 (0.237)	-0.467 (0.316)	-0.078 (0.205)	0.004 (0.160)	0.033 (0.170)	-0.039 (0.144)	-0.222 (0.270)	-1.162** (0.549)	-0.716*** (0.275)									
Mother Value	0.370*** (0.115)	0.287** (0.115)	0.110 (0.110)	0.353*** (0.090)	0.353*** (0.089)	0.211*** (0.082)	0.442* (0.233)	0.019 (0.358)	0.016 (0.255)									
GDR 1989*Mother Value	-0.021 (0.212)	-0.174 (0.263)	0.302 (0.207)	-0.015 (0.156)	0.060 (0.174)	0.219 (0.138)	-0.202 (0.455)	0.586 (0.530)	0.418 (0.423)									
Controls as in table 2?	YES	YES	YES	YES	YES	YES	YES	YES	YES									
Parental controls?	YES	YES	YES	YES	YES	YES	YES	YES	YES									
Chi 2	43.83	47.08	66.57	143.21	167.87	157.68	103.52	89.15	123.14									
Pseudo R2	0.03	0.05	0.06	0.05	0.08	0.06	0.10	0.07	0.05									
N	2003	1943	1989	1987	1981	2001	2004	1980	1954									
Likelihood ratio test unrestricted (with interactions) vs. Restricted model (without interactions)																		
LR chi2	0.24	3.19	2.11	0.01	0.21	2.61	1.05	5.06	7.1									
Prob > chi2	0.886	0.203	0.349	0.995	0.899	0.271	0.590	0.080	0.029									
Marginal effects																		
Father value if FRG 1989	me/se 0.026 (0.024)	me/se 0.052** (0.025)	me/se 0.058*** (0.019)	me/se 0.088** (0.039)	me/se 0.106** (0.027)	me/se 0.143*** (0.033)	me/se 0.112*** (0.038)	me/se 0.190** (0.092)	me/se 0.320*** (0.063)									
Father value if GDR 1989	0.046 (0.038)	-0.008 (0.018)	0.038* (0.022)	0.087* (0.052)	0.118** (0.050)	0.127** (0.046)	0.048 (0.033)	-0.059 (0.059)	0.046 (0.085)									
Mother value if FRG 1989	0.073*** (0.028)	0.038** (0.016)	0.016 (0.016)	0.141** (0.037)	0.105*** (0.028)	0.083*** (0.033)	0.077 (0.050)	0.003 (0.056)	0.006 (0.102)									
Mother value if GDR 1989	0.064* (0.033)	0.010 (0.020)	0.056** (0.027)	0.133*** (0.050)	0.126** (0.051)	0.164*** (0.042)	0.028 (0.047)	0.162 (0.120)	0.171 (0.119)									

Probit estimates, dependent variables: binary responses to value questions, hypotheses tests based on standard error clustered at individual level. Likelihood ratio test compares the model shown in the upper panel of this table with the model shown in table 8. Marginal effect calculated as derivative with respect to mother's/father's value, varying the value of GDR 1989, all other variables held at mean. Significance levels : * : 10% ** : 5% *** : 1%.

Table 10: Intergenerational transmission using randomly drawn parents

Value of parent	Random draws	Mean marginal effect of parent	Std. Dev	Min	Max
AFFORD Father	500	0.000	0.018	-0.066	0.055
AFFORD Mother	500	0.000	0.018	-0.047	0.048
SUCCESS Father	500	0.000	0.014	-0.042	0.043
SUCCESS Mother	500	0.001	0.012	-0.036	0.042
FULFILL Father	500	-0.001	0.013	-0.032	0.041
FULFILL Mother	500	0.001	0.013	-0.033	0.043
OWN HOUSE Father	500	-0.001	0.024	-0.069	0.073
OWN HOUSE Mother	500	-0.002	0.025	-0.083	0.072
P/S ACTIVE Father	500	0.001	0.021	-0.065	0.077
P/S ACTIVE Mother	500	0.001	0.021	-0.057	0.079
TRAVEL Father	500	-0.001	0.022	-0.057	0.056
TRAVEL Mother	500	0.000	0.022	-0.063	0.063
BE THERE Father	500	0.001	0.018	-0.045	0.071
BE THERE Mother	500	0.001	0.029	-0.056	0.103
PARTNER Father	500	0.004	0.046	-0.083	0.146
PARTNER Mother	500	0.002	0.046	-0.082	0.155
CHILDREN Father	500	-0.002	0.050	-0.168	0.150
CHILDREN Mother	500	-0.004	0.076	-0.233	0.279

Mean marginal effect of randomly drawn parent's value. Average of marginal effect based on 500 regressions as shown in table 8.

less of an issue when lags of parental values are included. The intergenerational links are similar when lags from the previous period are included instead of current parental values (reported in table A.5). However, these exercises cannot rule out the possibility that omitted variables at the family may bias the results.¹⁸

4.7 Behavioral consequences

A concern with self-reported preferences is that we do not know whether people actually mean what they say (e.g., Bertrand and Mullainathan 2001). To prove validity of stated-preference measures, studying their explanatory power for behavior has become a standard approach (e.g., Guiso and Paiella 2004; Dohmen et al. 2011). We test the behavioral relevance of values by analyzing their relationship to five outcomes: owning a house, being self-employed, working more hours than preferred, participation in politics, and volunteering. We check whether values stated in 1992 are reflected in outcomes 16 years later, i.e., the last period of observation. We control for house-ownership, self-employment, employment status, involvement in political or social activities in 1992. While this approach does not prove a causal link, it reduces the impact of endogeneity.

¹⁸Another approach to address these concerns would be an instrumental variable strategy. However, finding valid instruments is a challenge. Experiments with the instruments employed by Dohmen et al. (2012) or other variables that potentially satisfy IV-assumptions (e.g., parents' health) show that the results are very volatile. We refrain from reporting these results which, from our point of view, do not seem to provide reliable evidence.

The dependent variables are binary indicating whether in 2008 the respondent's household owns a house, his actual working time is three or more hours higher than the working time he would prefer, he is self-employed, participates in political initiatives, and performs volunteer work at least once a month. The behavior are regressed on values reported in 1992, the respective behavior in 1992, and socio-demographic controls from 2008 (gender, age, education, location of youth, household income (income not included in regressions on occupation variables), family status, whether children live in the household, real GDP per capita in the federal state). Given the differences in values between East and West Germans described above, we estimate separate regressions for East and West.

Average marginal effects from the regressions are reported in table 11. West Germans that assign high importance to owning a house in 1992 are 11.1ppts more likely to actually own a house in 2008. The effect is very similar for East Germans (13.9ppts). The likelihood that someone is self-employed in 2008 is 3ppts (West) or 5ppts (East) higher if someone finds owning a house important in 1992. While the likelihood of self-employment is 3-4ppts higher if someone finds social or political participation important in 1992, the importance of success-goals has no effect. This seems at odds with the study by Bauernschuster et al. (2012) who show that individualistic mentality matters for entrepreneurship. However, the relationship established here is also plausible. People that want to change society may do so by becoming an entrepreneur.¹⁹ Success goals are positively related to working more hours than one prefers in particular among East Germans. The relationship is 12.4ppts with respect to ability to afford something, 15.6ppts regarding career-success, 8.3ppts regarding self-fulfillment. Among West Germans only the importance of being successful matters (significant at the 10%-level).

The likelihood of participation in a political activity in 2008 is 5.2ppts (West) and 7.6ppts (East) higher if a respondent assigns high priority to being politically or socially active in 1992. The probability that a respondent reports that he volunteers is increased by 4.9ppts (West) and 8.2ppts (East) if he assigns high priority to being politically or socially active in 1992. The probability of these behavior also tend to be more higher if someone assigns a high importance to being there for others. A high importance of being able to afford something is negatively related to political and social involvement among East Germans. Overall, the results are plausible.

¹⁹Brown and Ulijn (2004) discuss that low rather than high individualism may stimulate entrepreneurship: "an individualistic society is more adapted to deal with people who want to do it their own way. In a less individualistic society, organizations and institutions do not yield these opportunities and, as a result, people with entrepreneurial needs are more inclined to start for themselves, as they cannot satisfy their needs within the existing structures."

Table 11: Behavioral consequences of values

	Owns a house ¹		Is self-employed ²		Works too much ³		Involved in politics ⁴		Volunteers ⁵	
	WEST	EAST	WEST	EAST	WEST	EAST	WEST	EAST	WEST	EAST
	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se
AFFORD important in 1992	-0.009 (0.020)	-0.025 (0.034)	-0.001 (0.021)	-0.028 (0.027)	0.019 (0.041)	0.124** (0.056)	-0.005 (0.018)	-0.055*** (0.021)	-0.028 (0.024)	-0.075** (0.031)
SUCCESS important in 1992	-0.021 (0.017)	-0.004 (0.032)	-0.009 (0.022)	-0.044 (0.044)	0.071* (0.040)	0.156** (0.070)	0.016 (0.017)	0.029 (0.025)	0.006 (0.022)	0.033 (0.035)
FULFILL important in 1992	-0.004 (0.017)	0.007 (0.025)	0.011 (0.019)	0.014 (0.027)	0.024 (0.036)	0.083* (0.049)	-0.001 (0.015)	-0.013 (0.019)	-0.016 (0.021)	-0.000 (0.027)
OWN HOUSE important in 1992	0.111*** (0.016)	0.139*** (0.022)	0.030** (0.015)	0.052*** (0.018)	0.020 (0.029)	0.015 (0.037)	0.030** (0.014)	0.016 (0.015)	0.042** (0.019)	0.037* (0.021)
PS ACTIVE important in 1992	0.030 (0.020)	0.008 (0.027)	0.030* (0.017)	0.045** (0.021)	0.003 (0.036)	0.031 (0.047)	0.052*** (0.016)	0.076*** (0.018)	0.049** (0.023)	0.082*** (0.025)
TRAVEL important in 1992	-0.039*** (0.015)	0.017 (0.020)	-0.011 (0.015)	-0.010 (0.018)	0.036 (0.028)	0.023 (0.035)	0.010 (0.013)	-0.001 (0.014)	-0.013 (0.018)	-0.001 (0.020)
BE THERE important in 1992	0.026 (0.026)	-0.031 (0.031)	-0.006 (0.024)	0.002 (0.030)	-0.061 (0.048)	0.024 (0.063)	0.004 (0.023)	0.063** (0.031)	0.078** (0.039)	0.116*** (0.043)
PARTNER important in 1992	0.008 (0.041)	0.056 (0.055)	-0.027 (0.037)	-0.033 (0.044)	0.073 (0.082)	-0.124 (0.082)	-0.017 (0.039)	0.006 (0.034)	-0.061 (0.048)	0.043 (0.050)
CHILDREN important in 1992	-0.045** (0.022)	-0.042 (0.036)	0.005 (0.019)	-0.018 (0.033)	-0.005 (0.038)	0.008 (0.067)	0.017 (0.020)	0.018 (0.029)	0.035 (0.026)	-0.011 (0.038)
Age	-0.009 (0.036)	0.120*** (0.038)	0.097* (0.057)	0.008 (0.049)	0.001 (0.118)	0.274** (0.134)	0.033 (0.035)	-0.001 (0.026)	-0.098** (0.045)	-0.005 (0.040)
Age ²	0.000 (0.001)	-0.002*** (0.001)	-0.002* (0.001)	-0.000 (0.003)	0.000 (0.002)	-0.005* (0.003)	-0.000 (0.001)	0.000 (0.000)	0.002** (0.001)	0.000 (0.001)
Age ³	-0.000 (0.000)	0.000*** (0.000)	0.000* (0.000)	0.000 (0.000)	-0.000 (0.000)	0.000* (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000** (0.000)	-0.000 (0.000)
male	-0.000 (0.015)	0.001 (0.020)	0.028* (0.014)	0.023 (0.018)	0.087*** (0.032)	0.051 (0.036)	0.039*** (0.014)	0.047*** (0.014)	0.019 (0.018)	0.035* (0.020)
Real GDP p. 1000	-0.007 (0.182)	-1.272*** (0.436)	-0.023 (0.186)	0.089 (0.285)	0.567 (0.346)	0.150 (0.534)	0.293* (0.157)	-0.384 (0.316)	0.491** (0.218)	-1.834*** (0.535)
Years of education	0.006* (0.004)	0.001 (0.005)	0.013*** (0.003)	0.007** (0.003)	0.027*** (0.005)	0.029*** (0.007)	0.004 (0.003)	0.005 (0.003)	0.015*** (0.004)	0.017*** (0.004)
Family status: married	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)	(ref.)
Family status: single	-0.106*** (0.035)	-0.125*** (0.043)	-0.041 (0.032)	-0.043 (0.024)	0.096* (0.053)	0.072 (0.061)	-0.030 (0.029)	0.008 (0.030)	-0.060 (0.037)	-0.014 (0.040)
Family status: separated/divorced	-0.148*** (0.029)	-0.107*** (0.038)	-0.004 (0.020)	-0.010 (0.026)	-0.061 (0.039)	-0.034 (0.055)	-0.013 (0.023)	0.022 (0.028)	-0.019 (0.030)	0.074** (0.039)
Family status: widowed	-0.011 (0.026)	-0.016 (0.039)	0.031 (0.057)	-0.058 (0.030)	0.196* (0.103)	-0.020 (0.115)	-0.064** (0.022)	0.002 (0.029)	-0.016 (0.034)	0.088** (0.044)
Children in HH?	0.052** (0.025)	0.013 (0.036)	0.020 (0.018)	-0.029 (0.025)	-0.056 (0.035)	-0.106** (0.051)	0.015 (0.021)	0.028 (0.027)	0.050* (0.027)	0.040 (0.037)
log HH income	0.158*** (0.016)	0.213*** (0.027)	(0.018)	(0.025)	(0.035)	(0.051)	0.047*** (0.014)	0.007 (0.017)	0.031* (0.018)	0.055** (0.026)
Outcome in 1992	0.314*** (0.014)	0.359*** (0.024)	0.243*** (0.020)	0.242*** (0.033)	YES ^a (0.018)	YES ^a (0.020)	0.155*** (0.015)	0.076*** (0.020)	0.255*** (0.017)	0.161*** (0.021)
Controls location childhood?	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Chi 2	774.34	460.68	206.61	102.40	100.90	58.61	234.38	114.31	368.89	182.18
Pseudo R2	0.38	0.34	0.23	0.15	0.06	0.05	0.13	0.12	0.13	0.13
N	2533	1562	1464	989	1265	816	2508	1535	2513	1545

Probit estimates, shown are average marginal effects. 1) Dependent variable is 1 if someone owns a house. 2) Dependent variable is 1 if someone is self-employed; excluded are individuals non-working due to retirement, maternity leave, being in training, military/community service, an unknown reason. 3) Dependent variable is 1 if someone works 3 or more hours than preferred; uses all available information. 4) Dependent variable is 1 if someone performs volunteer work at least once a month. 5) Dependent variable is 1 if someone performs volunteer work at least once a month. a) Set of dummies for the employment status in 1992. Outcome in 1992 is value of dependent variable in 1992. Hypothesis tests based on robust SE. Significance levels : * : 10% ** : 5% *** : 1%.

Respondents that assign high importance to a domain in 1992 are more likely to show the related behavior in 2008. The relationships are largely similar in East and West. They tend to be slightly higher among East Germans.

One explanation for the link between values in 1992 and behavior in 2008 is that values reflect children’s parental background. Children may form their values based on their parents’ behavior or the financial situation in which they grow up. The link may reflect the relationship between behavior and the parental background rather than with values. We study the importance of these effects by including parents’ behavior (variable equal to one if mother or father own a house, is self-employed, involved in politics, volunteer) and parental household income in the regressions. We perform this analysis using the values, own and parents’ behavior from 2004 as regressors. The number of observations drops severely when we run this regression with data from 1992. We disregard the variable measuring the gap between actual and preferred working hours which cannot necessarily be observed by children.

The relationships between stated values and outcomes are largely unaffected by including parental variables, as shown in table 12. Our result confirm the finding that socialism damaged the intergenerational link with respect to self-employment (Fritsch and Rusakova 2012). Parents’ and children’s self-employment, as well as house ownership, are unrelated in East Germany. In contrast, political and social participation is only related across generations in East Germany. Differences in intergenerational transmission of behavior are thus indicated. However, our main concern is the relationship between stated values and behavior. Our results suggest that the links between values and behavior do not reflect parental background.

5 Discussion

Our study shows that socialism persistently shaped basic values. Individuals of East and West Germany report different life goals in several domains. The difference in the probability that someone assigns high priority to different things in life is below 10ppts for almost all values. An exception is the importance of house ownership which differs by 18ppts. Having lived in the GDR seems to have a weaker effect on basic values on average compared to preferences investigated in other studies (see section 3). Preferences investigated in other studies were - presumably - more directly shaped by socialist indoctrination. The more universal character of life goals makes it difficult to link them unambiguously to a specific policy. It is typically assumed that collective goals are placed ahead of personal goals in socialism. However, a general shift to collective goals cannot be observed. On the contrary, a tendency

Table 12: Behavioral consequences of values - taking into account parents' behavior

	Owns a house ¹		Is self-employed ²		Involved in politics ⁴		Volunteers ⁵	
	WEST me/se	EAST me/se	WEST me/se	EAST me/se	WEST me/se	EAST me/se	WEST me/se	EAST me/se
AFFORD important in 2004	-0.016 (0.031)	0.001 (0.040)	0.020 (0.020)	0.047** (0.022)	-0.016 (0.030)	0.015 (0.037)	-0.007 (0.047)	-0.057 (0.046)
SUCCESS important in 2004	-0.046 (0.031)	-0.025 (0.041)	-0.024 (0.019)	0.018 (0.018)	0.031 (0.033)	-0.019 (0.030)	0.124** (0.049)	-0.108** (0.052)
FULFILL important in 2004	-0.040 (0.033)	0.053 (0.042)	0.001 (0.015)	-0.042** (0.022)	-0.020 (0.027)	-0.005 (0.030)	-0.086** (0.043)	0.054 (0.051)
OWN HOUSE important in 2004	0.078*** (0.020)	0.108*** (0.027)	0.005 (0.013)	0.013 (0.012)	0.025 (0.021)	0.016 (0.020)	0.013 (0.031)	0.060* (0.032)
PS ACTIVE important in 2004	-0.021 (0.023)	0.011 (0.033)	0.003 (0.014)	0.032** (0.016)	0.071*** (0.020)	0.080*** (0.021)	0.076** (0.032)	0.090** (0.036)
TRAVEL important in 2004	-0.065*** (0.020)	-0.002 (0.026)	-0.018 (0.013)	-0.010 (0.014)	0.004 (0.020)	-0.051** (0.021)	0.002 (0.030)	0.039 (0.031)
BE THERE important in 2004	0.012 (0.035)	-0.053 (0.042)	-0.036** (0.016)	0.050** (0.024)	0.082* (0.043)	0.015 (0.039)	0.070 (0.057)	0.208** (0.089)
PARTNER important in 2004	-0.004 (0.034)	-0.038 (0.035)	0.021 (0.027)	0.018 (0.024)	0.008 (0.046)	-0.013 (0.030)	-0.038 (0.057)	0.038 (0.057)
CHILDREN important in 2004	-0.029 (0.024)	-0.008 (0.030)	0.001 (0.016)	-0.016 (0.015)	0.015 (0.025)	-0.028 (0.022)	0.070** (0.035)	-0.016 (0.038)
Age	0.049 (0.054)	-0.001 (0.046)	0.051* (0.030)	-0.105 (0.077)	-0.085 (0.056)	-0.078 (0.128)	-0.271*** (0.085)	0.089 (0.102)
Age ²	-0.002 (0.002)	0.000 (0.001)	-0.001* (0.001)	0.003 (0.002)	0.002 (0.002)	0.003 (0.004)	0.007*** (0.002)	-0.003 (0.003)
Age ³	0.000 (0.000)	0.000 (0.000)	0.000* (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000*** (0.000)	0.000 (0.000)
Aale	0.025 (0.021)	-0.026 (0.026)	-0.002 (0.010)	-0.004 (0.015)	-0.004 (0.019)	-0.005 (0.020)	0.085*** (0.030)	0.055* (0.032)
Real GDP p. 1000	-0.315 (0.243)	-1.066*** (0.283)	0.124 (0.137)	-0.345 (0.243)	-0.013 (0.262)	-0.157 (0.195)	0.703* (0.360)	-0.818** (0.319)
Years of education	-0.006 (0.004)	-0.014** (0.007)	0.002 (0.002)	0.001 (0.004)	-0.002 (0.004)	0.002 (0.005)	0.009 (0.006)	0.013* (0.007)
Family status: married	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Family status: single	0.040 (0.033)	-0.025 (0.042)	-0.010 (0.017)	-0.076*** (0.043)	-0.018 (0.030)	0.000 (0.033)	0.012 (0.044)	-0.082 (0.056)
Family status: separated/divorced	-0.018 (0.067)	0.010 (0.102)	-0.015 (0.033)		-0.016 (0.042)		-0.003 (0.071)	0.001 (0.105)
Children in HH?	0.061** (0.029)	-0.000 (0.032)	0.005 (0.013)	-0.006 (0.013)		-0.002 (0.027)	0.026 (0.040)	-0.055 (0.046)
log HH Income	0.241*** (0.019)	0.320*** (0.029)			0.012 (0.013)	0.015 (0.016)	0.016 (0.020)	-0.035 (0.026)
Outcome in 2004	0.305*** (0.022)	0.306*** (0.028)	0.186*** (0.027)	0.194*** (0.049)	0.174*** (0.023)	0.095*** (0.023)	0.327*** (0.023)	0.285*** (0.028)
Parents' outcome in 2004	0.064** (0.031)	0.038 (0.038)	0.037*** (0.015)	0.018 (0.016)	0.009 (0.020)	0.056*** (0.019)	0.048 (0.030)	0.105*** (0.030)
Parents' log HH income in 2004	-0.062** (0.024)	-0.078* (0.040)	0.017 (0.012)	0.041** (0.022)	-0.009 (0.025)	0.016 (0.020)	0.007 (0.029)	0.022 (0.034)
Controls location childhood?	YES (0.024)	YES (0.040)	YES (0.012)	YES (0.022)	YES (0.025)	YES (0.020)	YES (0.029)	YES (0.034)
Chi 2	296.56	224.79	203.48	97.03	110.34	72.01	208.23	125.85
Pseudo R2	0.50	0.55	0.46	0.53	0.19	0.28	0.19	0.29
N	1160	607	824	465	881	489	915	527

Probit estimates, shown are average marginal effects. Description of dependent variables 1), 2), 4), 5): see note to table 11. Hypothesis tests based on robust SE. Significance levels : * : 10% ** : 5% *** : 1%.

to emphasize personal goals is indicated.

Whether preferences converge or diverge over the years is an important topic. Based on observations of the same individuals over almost 20 years, we largely find stability of East-West differences across years. Our results suggest that the evolution of preferences may be related to the persistence of or changes in restrictions. The lower difference with respect to owning a house in 1995 may be explained by the construction boom going on at that time. The decreasing importance of career-success may be due to the poor labor market situation. The persistently higher importance of having children can be related to the continuing existence of institutions favoring the decision to have a child. Attendance rates of children younger than three are still much higher in East Germany (Destatis 2012). Rainer and Siedler (2009) provide a similar interpretation for their findings. The authors argue that people quickly learned about the quality of institutions and thus adjusted their trust in institutions. They explain that economic hardship prevented East Germans to adjust social trust. This explanation may also apply to our finding that political and social participation is persistently less important for East Germans.

Our analysis shows that values are similarly related across generations in East and West Germany. Nonetheless, the intergenerational link is weak for most values. The finding that the cohort directly unaffected by socialist indoctrination reports similarly different values as older cohorts thus may not only be due to vertical transmission. Other channels of transmission, e.g., school teachers, also seem to be important for children's value formation (Saint-Paul 2010).

We show that people's stated life goals are related to their behavior. Differences in values may to some extent explain differing behavior still observed in the two parts of Germany. Despite the construction boom in the early 1990s, the per capita number of newly built dwellings in East Germany was below the one in West Germany between 1991 and 2009 (65 vs. 78 newly built dwellings per 1000 in East/West (Destatis 2010)). While only 40% of former GDR inhabitants in our sample own a house, 58% of West Germans do. These differences may of course be related to income differences. Our analysis shows that a one standard deviation-increase in household income increases the probability of house ownership by about 10ppts. The relationship between high importance of and actual house ownership is of similar magnitude. It is difficult to give these results a causal interpretation. They may be taken as an indication that differences in values contribute in a similar extent to actual house ownership as differences in income. The lower importance assigned by former GDR inhabitants to being politically or socially active also seems to be reflected in their behavior. The fraction of volunteers is slightly (about 5ppts) but

persistently lower in East Germany (Corsten and Grümer 2010).

6 Conclusion

Having lived in socialism persistently shaped people's preferences. Our analysis adds to previous literature by showing that this also applies to basic values. The results suggest that, on the one hand, East Germans adapted preferences to policies or life conditions in the GDR. However, we also observe the opposite reaction. In contrast to what one might have expected, a tendency to emphasize personal goals rather than collective goals is indicated. Based on observations of the same individuals, we find low convergence of East and West Germans' values. The differences narrow clearly between 1992 and 2008 only with respect to the importance of career success. This pattern may be interpreted as disappointment with poor labor markets. Our results suggest that restrictions in reunified Germany matter for the (evolution of) differences. An important finding is that the effect largely extends to individuals that never directly came in touch with rigorous socialist indoctrination. The relationship between parents' and children's values is found to be similar in East and West Germany. However, the link is rather low. While intergenerational transmission provides one explanation that also the first subsequent generation shows different values, other channels of transmission also seem to be important.

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A Appendix

Table A.1: Descriptive statistics of control variables

Variable	All			West Germans			East Germans		
	N	Mean	S.D.	N	Mean	S.D.	N	Mean	S.D.
GDR prior to 1989	16028	0.374	0.484	10033	0	0	5995	1	0
Male	16028	0.248	0.432	10033	0.247	0.432	5995	0.250	0.433
1992	16028	0.249	0.432	10033	0.248	0.432	5995	0.250	0.433
1995	16028	0.251	0.434	10033	0.252	0.434	5995	0.250	0.433
2004	16028	0.252	0.434	10033	0.253	0.435	5995	0.250	0.433
2008	16028	0.465	0.499	10033	0.463	0.499	5995	0.468	0.499
Age	16028	50.275	14.840	10033	51.021	14.700	5995	49.026	14.990
Location childhood large	16028	0.217	0.412	10033	0.233	0.423	5995	0.189	0.392
Location childhood medium	16028	0.155	0.362	10033	0.149	0.356	5995	0.166	0.372
Location childhood small	16028	0.215	0.411	10033	0.212	0.409	5995	0.220	0.414
Location childhood rural	16028	0.413	0.492	10033	0.406	0.491	5995	0.425	0.494
Father high school	16028	0.084	0.277	10033	0.089	0.285	5995	0.074	0.262
Mother high school	16028	0.029	0.169	10033	0.027	0.162	5995	0.033	0.179
Real GDP per capita in 1000	16028	0.255	0.062	10033	0.292	0.037	5995	0.192	0.041

N = individuals which are included in all four survey waves.

Table A.2: Attrition probits to analyze sample selection

DEPENDENT VARIABLE:	FOR EACH VALUE: ATTRITION=1, RETENTION=0									
	AFFORD	SUCCESS	FULFILL	OWN HOUSE	PS ACTIVE	TRAVEL	BE THERE	PARTNER	CHILDREN	ALL
GDR 1989	b/se 0.217** (0.101)	b/se 0.330*** (0.093)	b/se 0.232*** (0.083)	b/se 0.178*** (0.067)	b/se 0.203*** (0.063)	b/se 0.161** (0.069)	b/se -0.016 (0.113)	b/se 0.044 (0.146)	b/se 0.309*** (0.097)	b/se 0.080 (0.196)
AFFORD	0.010 (0.053)									-0.009 (0.056)
GDR 1989*AFFORD	-0.025 (0.093)									-0.032 (0.049)
SUCCESS		0.026 (0.047)								-0.032 (0.098)
GDR 1989*SUCCESS		-0.057 (0.084)								-0.006 (0.089)
FULFILL			0.004 (0.043)							-0.034 (0.080)
GDR 1989*FULFILL			-0.008 (0.074)							0.050 (0.042)
OWN HOUSE				0.025 (0.040)						0.122* (0.065)
GDR 1989*OWN HOUSE				0.135** (0.062)						-0.067 (0.053)
PS ACTIVE					-0.053 (0.050)					-0.041 (0.086)
GDR 1989*PS ACTIVE					-0.059 (0.083)					0.014 (0.041)
TRAVEL						0.019 (0.039)				0.075 (0.064)
GDR 1989*TRAVEL						0.052 (0.061)				-0.149** (0.066)
BE THERE							-0.171*** (0.064)			0.213** (0.107)
GDR 1989*BE THERE							0.238** (0.104)			-0.002 (0.096)
PARTNER								-0.154* (0.090)		0.063 (0.149)
GDR 1989*PARTNER								0.140 (0.139)		-0.085 (0.054)
CHILDREN									-0.162*** (0.050)	-0.129 (0.094)
GDR 1989*CHILDREN									0.088 (0.088)	YES
Add. controls (see note)?	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Chi 2	222.28	190.70	200.93	213.33	209.44	223.64	227.24	208.96	209.19	218.75
Pseudo R2	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
N	7239	7075	7196	7206	7207	7239	7236	7203	7175	6936

Probit estimates, reported are coefficients. Dependent variables: attrition dummy which is one if value is known for 1992 but not all subsequent years, zero otherwise. Excluded are individuals that are known to have died. Additional controls: all variables included in baseline regression, set of dummies for type of interview (CAPI, telephone, paper, interviewer present). Hypothesis tests based on robust SE. Significance levels : * : 10% ** : 5% *** : 1%.

Table A.3: Descriptive statistics intergenerational transmission regressions

Variable	N	All		West Germans			East Germans		
		Mean	S.D.	N	Mean	S.D.	N	Mean	S.D.
AFFORD	2014	0.901	0.299	1339	0.892	0.311	675	0.919	0.274
SUCCESS	1991	0.939	0.239	1327	0.931	0.254	664	0.956	0.205
FULFILL	2012	0.920	0.271	1339	0.912	0.284	673	0.936	0.245
OWN HOUSE	2002	0.480	0.500	1331	0.522	0.500	671	0.395	0.489
POLITICS	2001	0.214	0.410	1330	0.235	0.424	671	0.173	0.378
TRAVEL	2012	0.565	0.496	1339	0.591	0.492	673	0.514	0.500
BE THERE	2014	0.924	0.266	1340	0.920	0.271	674	0.930	0.255
PARTNER	1985	0.891	0.311	1318	0.906	0.292	667	0.862	0.345
CHILDREN	1970	0.585	0.493	1301	0.595	0.491	669	0.565	0.496
Father AFFORD	2015	0.842	0.365	1340	0.823	0.382	675	0.880	0.325
Father SUCCESS	2000	0.864	0.343	1334	0.862	0.345	666	0.866	0.341
Father FULFILL	2007	0.707	0.455	1334	0.698	0.459	673	0.725	0.447
Father OWN HOUSE	2014	0.693	0.461	1339	0.745	0.436	675	0.590	0.492
Father PS ACTIVE	2007	0.269	0.444	1334	0.312	0.463	673	0.184	0.388
Father TRAVEL	2015	0.381	0.486	1341	0.426	0.495	674	0.291	0.454
Father BE THERE	2015	0.905	0.294	1340	0.907	0.291	675	0.901	0.299
Father PARTNER	2017	0.979	0.143	1342	0.978	0.145	675	0.981	0.138
Father CHILDREN	2011	0.948	0.223	1339	0.960	0.197	672	0.924	0.265
Mother AFFORD	2011	0.827	0.378	1338	0.824	0.381	673	0.832	0.374
Mother SUCCESS	1985	0.741	0.438	1316	0.691	0.462	669	0.837	0.370
Mother FULFILL	2005	0.705	0.456	1331	0.669	0.471	674	0.777	0.416
Mother OWN HOUSE	2007	0.660	0.474	1334	0.706	0.456	673	0.569	0.496
Mother PS ACTIVE	2006	0.238	0.426	1334	0.277	0.447	672	0.161	0.368
Mother TRAVEL	2011	0.399	0.490	1338	0.424	0.494	673	0.349	0.477
Mother BE THERE	2013	0.966	0.181	1339	0.963	0.190	674	0.973	0.161
Mother PARTNER	2015	0.982	0.132	1340	0.983	0.130	675	0.981	0.138
Mother CHILDREN	2007	0.978	0.148	1335	0.980	0.141	672	0.973	0.162
Male	2020	0.520	0.500	1345	0.526	0.500	675	0.510	0.500
2004	2020	0.431	0.495	1345	0.428	0.495	675	0.437	0.496
Age	2020	19.704	2.014	1345	19.693	2.016	675	19.727	2.013
Age ²	2020	392.321	82.044	1345	391.873	82.083	675	393.215	82.019
Loc. childhood large	2020	0.194	0.396	1345	0.189	0.392	675	0.204	0.404
Loc. childhood medium	2020	0.201	0.401	1345	0.213	0.409	675	0.178	0.383
Loc. childhood small	2020	0.259	0.438	1345	0.257	0.437	675	0.262	0.440
Loc. childhood rural	2020	0.346	0.476	1345	0.341	0.474	675	0.356	0.479
Father high school	2020	0.245	0.430	1345	0.270	0.444	675	0.194	0.396
Mother high school	2020	0.279	0.448	1345	0.336	0.473	675	0.164	0.371
Real GDP p.c. in 1000	2020	0.274	0.056	1345	0.301	0.043	675	0.220	0.037
Parents married	2020	0.912	0.284	1345	0.933	0.250	675	0.870	0.337
Father unemployed	2020	0.057	0.232	1345	0.033	0.180	675	0.104	0.305
Mother unemployed	2020	0.066	0.248	1345	0.026	0.159	675	0.145	0.353
Father age	2020	49.850	5.946	1345	50.883	5.971	675	47.790	5.333
Mother age	2020	47.288	5.102	1345	48.193	5.078	675	45.486	4.654
Parents' log HH income	2020	10.749	0.500	1345	10.860	0.497	675	10.528	0.428

Table A.4: Regressions distinguishing number of years and childhood in GDR

	AFFORD	SUCCESS	FULFILL	OWN HOUSE	PS ACTIVE	TRAVEL	BE THERE	PARTNER	CHILDREN
	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se
Time of life in GDR:									
Childhood+ ≤ 10 years	0.013 (0.013)	0.096*** (0.016)	0.047*** (0.018)	-0.130*** (0.018)	-0.069*** (0.012)	-0.071*** (0.017)	-0.013 (0.010)	-0.012 (0.008)	-0.004 (0.013)
Childhood+11-20 years	0.012 (0.011)	0.041*** (0.015)	0.048*** (0.015)	-0.094*** (0.015)	-0.062*** (0.011)	0.019 (0.015)	-0.000 (0.008)	-0.005 (0.007)	0.008 (0.011)
Childhood+21-30 years	0.024** (0.009)	0.072*** (0.012)	0.052*** (0.012)	-0.094*** (0.014)	-0.059*** (0.010)	-0.052*** (0.014)	-0.005 (0.007)	0.000 (0.007)	0.058*** (0.010)
Childhood+31-40 years	0.031*** (0.008)	0.098*** (0.010)	0.090*** (0.011)	-0.201*** (0.014)	-0.041*** (0.010)	-0.016 (0.013)	-0.011 (0.007)	0.002 (0.007)	0.059*** (0.009)
31-40 years	0.028*** (0.008)	-0.010 (0.011)	0.076*** (0.010)	-0.266*** (0.013)	-0.030*** (0.010)	0.037*** (0.012)	-0.002 (0.006)	-0.005 (0.006)	0.004 (0.010)
Chi 2	1023.45	5260.50	3808.05	2011.00	1374.04	1407.49	662.51	979.75	1833.59
Pseudo R2	0.03	0.16	0.09	0.05	0.03	0.03	0.03	0.06	0.06
N	49889	47491	49606	49614	49633	49829	49865	49444	49206

Probit estimates, dependent variables: binary responses to value questions. Marginal effect calculated varying the values of the set of dummies measuring "time spend in GDR" and "childhood in GDR", all other variables held at means. Hypotheses tests of standard errors clustered at the individual level. Significance levels : * : 10% ** : 5% *** : 1%.

Table A.5: Robustness of intergenerational transmission of values

	AFFORD	SUCCESS	FULFILL	OWN HOUSE	PS ACTIVE	TRAVEL	BE THERE	PARTNER	CHILDREN
	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se	me/se
All children									
GDR prior to 1989	-0.003 (0.011)	0.016 (0.011)	0.013 (0.012)	-0.056*** (0.018)	-0.024 (0.015)	0.005 (0.018)	0.021** (0.010)	-0.000 (0.011)	-0.034* (0.018)
Father Value	0.054*** (0.012)	0.043*** (0.010)	0.054*** (0.009)	0.099*** (0.017)	0.110*** (0.013)	0.104*** (0.014)	0.092*** (0.014)	0.045 (0.036)	0.083*** (0.027)
Mother Value	0.071*** (0.012)	0.032*** (0.009)	0.068*** (0.009)	0.158*** (0.017)	0.083*** (0.014)	0.129*** (0.014)	0.063*** (0.019)	0.157*** (0.045)	0.116*** (0.037)
Other controls	YES	YES	YES	YES	YES	YES	YES	YES	YES
Chi 2	188.69	232.53	370.99	519.00	419.66	495.92	227.34	225.37	380.50
Pseudo R2	0.04	0.06	0.08	0.06	0.06	0.06	0.05	0.06	0.05
N	6715	6277	6632	6661	6636	6711	6714	6655	6568
All children: including lag of parental values									
GDR prior to 1989	0.011 (0.018)	0.025 (0.018)	0.011 (0.019)	-0.075*** (0.027)	-0.013 (0.020)	0.003 (0.027)	0.008 (0.014)	-0.006 (0.015)	0.008 (0.025)
Lag of father value	0.076*** (0.021)	0.046*** (0.018)	0.042*** (0.016)	0.077*** (0.028)	0.116*** (0.020)	0.054** (0.022)	0.079*** (0.020)	-0.041 (0.042)	0.037 (0.040)
Lag of mother value	0.023 (0.019)	0.050*** (0.015)	0.067*** (0.016)	0.100*** (0.027)	0.047** (0.020)	0.123*** (0.022)	0.040 (0.026)	0.225*** (0.080)	0.121** (0.054)
Chi 2	73.47	127.36	158.20	213.55	138.44	175.17	77.80	115.93	153.66
Pseudo R2	0.03	0.07	0.07	0.06	0.05	0.05	0.05	0.08	0.05
N	2769	2612	2733	2756	2746	2771	2776	2763	2733
Children < 3: model including interactions									
Father value if FRG 1989	0.053 (0.037)	0.025 (0.029)	0.049*** (0.026)	0.037 (0.053)	0.117*** (0.043)	0.164*** (0.046)	0.092*** (0.047)	-	0.252*** (0.101)
Father value if GDR 1989	0.028 (0.049)	-0.005 (0.019)	0.054 (0.034)	0.014 (0.079)	0.108 (0.066)	0.088 (0.073)	0.029 (0.042)	-	0.248*** (0.135)
Mother value if FRG 1989	0.052 (0.037)	0.031 (0.022)	0.006 (0.021)	0.172*** (0.052)	0.100*** (0.043)	0.047 (0.047)	0.088 (0.063)	-	0.092 (0.167)
Mother value if GDR 1989	0.052 (0.042)	0.013 (0.025)	0.069*** (0.036)	0.168*** (0.078)	0.078 (0.068)	0.192*** (0.066)	0.093 (0.144)	-	0.183 (0.164)
Chi 2	22.77	37.55	32.28	78.42	73.65	82.83	61.24	-	53.96
Pseudo R2	0.03	0.09	0.08	0.06	0.07	0.07	0.16	-	0.05
N	965	938	964	959	957	965	966	-	942

Probit estimations, dependent variables: binary responses to value questions. In upper and middle panel: average marginal effects; lower panel: marginal effects at different values. All regressions include controls as shown in table 2. Bottom panel: PARTNER not reported as parents' values are practically invariant. Hypotheses tests based on SE clustered at the individual level. Significance levels: * : 10% ** : 5% *** : 1%.

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