

Social Risks, Family Values and Demand for Welfare

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Abstract

Family values and family ties have been shown to be associated to important economic decisions both in labour and credit markets. Different types of social risks are also pooled within the family. This paper investigates the links between social risks, family values and the demand for welfare assistance using data from the 2005 French "Generation and Gender Survey" (GGS). We measure demand for welfare, as opposed to help within family, with respect to both financial support and provision of care services. We define the relevance of family relationship using individuals' self assessed measures of family values (such as duties and responsibilities of parents and children and reciprocal financial support) and construct various indicators of family values. We find a positive association between both traditional values within the couple and intergenerational family links with the pooling of social risks and services provided within the household. We show that there is substantial heterogeneity across different groups with respect to the demand for welfare assistance. We investigate causality using long term cultural determinants of selected population as instruments for family values. Results show that demand for welfare is mainly affected by the intergenerational dimension of family values, while the effect of values within couple is no longer statistically significant.

Keywords: Family, Social risks, Welfare assistance
JEL-codes: J12, J13, I31, I38

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1. Introduction

Family values and family ties are important institutions which, among others, affect various economic decisions. Human capital investment, as well as many other labour market and credit market choices - such as type of job, wages and career opportunities, home ownership and financial wealth - are taken within the family and strongly depend on family values. Although in the last few decades, in most industrialised countries, many things have changed in relation to female labour market participation, falling birth rates, increasing divorce and cohabitation rates, as well as erosion of family values; still the family, as an institution, is at the core of most economic and social behaviour (Goldin, 2006; Lundberg and Pollak, 2007).

In this respect, while in sociology there is a long standing tradition in the analysis of family organisation and behaviour (Durkheim, 1888; Elster, 1989; Esping-Andersen, 1999), in economics the relationship between family values and economic outcomes is more recent (Becker, 1981; Cahuc and Algan, 2005; Giuliano, 2007; Alesina et al., 2010). In a number of recent studies, strong family links have been shown to reduce female labour market participation, foster fertility, increase home production and reduce reliance on the market, facilitate risk pooling among household members and lower both civic engagement and political participation (Alesina and Giuliano, 2007; 2009a; 2009b). What has been less investigated in the literature is the role of family values in shaping preferences for welfare assistance. In particular, given that individuals and households face different types of social risks over the life cycle, which may or may not be of pecuniary nature, such as (just to name a few): child care, elderly support, unemployment and (negative) income shocks; it seems interesting to investigate to what extent household prefer to deal with those risks within the family (direct care or income transfer), whether they do resort to the market (borrowing and buying services) or, finally, if they expect society (or the welfare state) to take care of them (public child/elderly care or welfare benefits). Family values, that is the reliance of family members on a set of norms of reciprocity within the couple and between parents and children, are likely to influence the need and desire to resort to the market or to the welfare state for insurance. Since strong family ties produce social insurance, it is argued that where family values are stronger, demand for welfare support and state intervention is lower.

In this paper, we investigate the links between social risks, family values and the demand for welfare assistance using data from the 2005 French "Generation and Gender Survey" (GGS). The focus on one single country has the advantage to minimise confounding factors associated to institutional differences (taxation, structure of welfare) which may influence the relationship between family values and welfare. Demand for welfare assistance, as opposed to services provided within the household, is measured with respect to both financial support and direct provision of care

services. Our definition of family values is based on a wide range of indicators, using individuals' self assessed measures of family values and ties (such as, duties and responsibilities within the couple, parents obligations *vis-à-vis* their children and viceversa; reciprocal care assistance or financial support).

We contribute to the existing literature in the following way. First, we show that there is substantial heterogeneity across different groups, within a given country, according to individual characteristics, social norms and institutions with respect to the demand for welfare assistance. Second, while in the literature family values are usually identified with reference to rather general questions, for example asking individuals: to assess the overall 'importance' of the family, or to value some reciprocity rules (i.e. 'love and respect' of children towards parents and viceversa), we investigate several dimensions related to duties and responsibilities within the couple, as well as obligations of parents with respect to children and viceversa. We find a positive association between both family values in couple and intergenerational family links with the pooling of social risks within the household. As might be expected, we find that different dimensions of family values (within couple or between parents and children) correlate to different types of social risks: care for children or elderly as opposed to financial assistance. We also find that the demand for welfare assistance differs according to the extent of market failures and social risks that different groups are exposed to. More disadvantaged groups or those who are discriminated against, due to restricted access to market or welfare opportunities, are more likely to resort to family network.

Finally, while we mainly focus on the effect of family values on demand for welfare, the reverse is also likely to be relevant: that is, different welfare systems may influence family formation and family related values. We address the issue of (reverse) causality using long term cultural determinants of selected ethnic or religious groups as instruments for family values. If the latter are grounded in the home country social norms or in religious beliefs and are persistent, then family values are unlikely to be correlated to welfare preferences. When we investigate causality, we find that only the intergenerational dimension of family values matters for the demand for welfare, while the effect of values within couple is not statistically significant. The structure of the paper is as follows. Section 2 presents a review of the literature. In section 3, we describe the data and the family indicators that we use in the empirical analysis. The main set of results is presented in section 4, while section 5 concludes.

2. Family and Economic outcomes

A large body of literature within the social sciences has investigated the theoretical implications of the family as an institution for the functioning of markets and individual behaviour. Since the

seminal work of Becker (1981) on the foundation of the economics of family, the literature has developed significantly covering a large range of issues, only to name a few: mating and family formation (Pollak, 1985; Lundberg and Pollak, 2003); marriage and fertility (Lundberg and Pollak, 2007; Stevenson and Wolfers, 2007), allocation of time within the household (Burda et al., 2007), family and welfare reform (Bitler, et.al. 2004; Lundberg, et.al. 1997; Di Tella and MacCulloch, 2002), family and intergenerational transfer (Cigno, 1993) with also numerous empirical applications (see Lundberg, 2005, for a survey).

Despite its composition and size, there is significant heterogeneity across countries, ethnic groups and religious beliefs in the set of norms that regulate duties, obligations and reciprocity rules within the couple and between parents and children. These norms are often implicit and coded by the group itself and range from division of labour and priority rights to employment in the household, obligations to support younger (older) generations by means of pecuniary transfers, as well as child and elderly care. Depending on how these norms are valued by families, the social and economic outcomes are likely to be different.

Our paper is related to two different lines of research. The first is linked to the literature investigating the relationship between family values, social norms and more generally culture and their effect on various economic outcomes.¹ Whithin this line of research, family ties have been rationalised as a second-best solution in environments characterised by weak legal structures, lack of general trust and corruption, in this context reliance on family members can serve as substitute for market failures and other negative externalities. The studies concerned have tried to explain why social norms may imply a different reliance on family members face to social risks and influence a wide range of economic outcomes, such as: labour market participation, home production, fertility, firm size, trust, political participation and growth.

Cahuc and Algan (2005) argue that cross-country heterogeneity in family culture can explain much of the divergent employment rates during the last decades in OECD countries. They empirically show that cross-country differences in family culture and stronger preferences for family activities induce differences in family outcomes vis-à-vis labour market participation and employment rates of females, young and older people (see also, Fernández and Fogli, 2006). Burda et al. (2007) using time-diary data show that Americans work more total hours than Europeans, and that the allocation to home production as compared to market work is much higher in Europe. They argue that differences are generated by social norms and externalities and that females are very sensitive to tax rates. Bentolilla and Ichino (2006) study the insurance mechanisms employed by

¹ While economists have been in general reluctant to refer to values or culture as a possible determinant of economic phenomena, there is an increasing literature which addresses these problems. See for example: Guiso, et al (2006); Tabellini (2005); Algan and Cahuc (2008)

households to absorb unemployment shocks contrasting two Mediterranean (Italy and Spain) and two Anglo-Saxon (Great Britain and the US) countries. Results show that in Mediterranean countries, where family values are higher, money transfers within the family are used to smooth consumption face to the male household head unemployment; conversely, in Great Britain and the US, where family values are the weakest, welfare benefits are used instead. Interestingly, the effect of the household head's unemployment spells on food consumption is shown to be similar across the four countries. The authors claim that their findings are consistent with the view that family support and the welfare state, face to economic shocks, can be considered as substitute.

Alesina and Giuliano (2007) investigate the relationships between family values and economic attitudes. They find that strong family links are associated to lower labour market participation and employment patterns (particularly of women, young and older workers), higher home production activities, as well as less reliance on the market and on welfare programmes for social insurance. Bertrand and Schoar (2006) using cross-country evidence show that societies characterised by strong family ties have smaller firms, more self-employment and a large fraction of family controlled firms among listed firms. Giuliano (2007) exploits a cultural change in family attitudes vis-à-vis sexual freedom (the so-called "sexual revolution of the 1970s") between Northern and Mediterranean countries to explain the dramatic increase in the fraction of young adults living with their parents in Southern European countries. In these countries the social norm had always been to leave home for marriage, however the change in family attitudes coupled with stronger family ties produced a differential effect between the two sets of countries. The hypothesis has been tested on the living arrangements of second-generation immigrants, in 1970 and 2000, in the United States. In this case, there is variation in family values by country of origin within the same country of birth (the US) and face to the same institutional setting (ie. an environment with the same welfare system and similar labour market patterns). Fogli (2000) shows that children who remain with their parents can benefit from household consumption and avoid the credit constraints they would face if they left home to get a job. Of course, family ties and cohabitation imply the existence of intergenerational transfers between young adults and their parents, such as a range of direct (pecuniary) or indirect costs (care): child-rearing, investment in education, bequests to children or grand children, support of elderly parents. Alternatively, intergenerational transfers may take place through the welfare system when tax receipts are used to provide public education, public pensions, welfare subsidies, health assistance, or other programs.² In this respect, Becker and Murphy (1988) have developed a framework linking the provision of public education and public pensions, as a

² There are of course other means of redistribution which may be imposed indirectly by the State, when debt is incurred today for future consumption type expenditures (rather than capital items), debt which must be repaid or serviced by future generations.

way of inducing efficient investments in education when family values (i.e. parents' altruism) is insufficient and credit markets are imperfect. Preference for a wider welfare system compensate for the lack of family values as children who received education will repay their parents through their contributions to the welfare system. Alesina and Giuliano (2009) investigate the relationship between family ties and social values, such as trust and political participation. They argue that when individuals consider the family as main provider of care services and income support, the civic values and political participation are weak. Alesina et al (2010) show that strong family ties, by increasing mobility cost (i.e. moving away from home), expose individuals to monopsony power of firms. They explain the prevalence of regulated labour markets as a second best solution to constrain firms' monopsony power, at the expense of significant efficiency losses (i.e. lower employment and income). They find that stronger family ties are associated to lower mobility, lower wages and higher labour market regulations.

The second line of research is related to the investigation of individual preferences for welfare assistance. While households are likely to be confronted with different types of social risks over the life cycle, preferences for redistribution and welfare support will depend, among others, on a number of different features: the relative position in the income distribution, the degree of altruism, dislike for (in)equality and the extent of social mobility. In this literature, demand for insurance against social risks is the main motivations of the existence of a welfare state (Rawls, 1971). However, individual are heterogeneous *vis-à-vis* the type of risks to be insured, the sources of inequalities and the extent of redistribution which is desirable. Several papers have investigated individual attitudes towards redistribution and welfare support using self-reported preferences for taxation and welfare spending. When differences in total income to a large extent are attributed to luck, then redistribution and higher taxation are considered socially acceptable, hence taxes are high and individuals end up working and investing less. Alternatively, when differences in total income are largely attributable to effort (rather than luck), then taxation is lower and redistribution is more limited. In this context, effort and investment in productive activities are generally higher. Alesina and Angeletos (2003), for example, argue that beliefs about social competition fairness and determinants of income inequality influence demand for welfare and the extent of redistribution. When luck is believed to be limited, market outcomes are considered to be fair and redistribution is low. Conversely, if luck, descendance, connections or corruption are expected to heavily influence economic outcomes, taxation will be higher (distorting allocations) in order to redistribute economic opportunities in a fairer way. In both cases beliefs about inequalities and redistribution will be self-sustained and multiple equilibria or multiple steady states can coexist. Alesina and

Glaeser (2003), also show that both the tax system and the regulatory environment are generally designed to be more protective towards the poor in Europe as opposed to the United States. Alesina and La Ferrara (2005) explore how preferences for welfare assistance and redistribution depend on future income and social mobility. They find that expected income and mobility can explain differences in redistributive patterns across countries: for example, in the US the higher social mobility explains why individuals are more averse to redistribution. Luttmer and Singhal (2008) ask whether culture is an important determinant of preferences for redistribution. Using data for 32 countries, they relate immigrants' preferences for redistribution to the average preference (culture) in their birth countries, and show evidence of a strong positive relationship. The effect of culture on preferences for redistribution persists also for second generation immigrants. Ng Yew-Kwang (2000) investigates the implications in terms of happiness of welfare preferences. It is argued that imperfect rationality and concern for the welfare of others (non-affective altruism) may result in over-spending on private consumption and under-provision of welfare and public goods. Recent evidence on happiness and quality of life also tends to support the above conclusions (van Praag and Ferrer-i-Carbonell, 2008). Boeri, et al. (2001, 2002) use responses of European citizens to assess their preferences over redistribution and pension reform. They find strong opposition to both reforms, particularly from older generation, and to increases in welfare. While awareness of the unsustainability of the pension system and opposition to reforms might appear inconsistent; it does suggest the lack of support existing in favour of future generation (i.e. selfish behaviour). In other words, current workers seem to expect welfare gains at the expense of future generations.³

What seems to have received less attention in the literature reviewed above is the role of family values in shaping the demand for welfare. Since strong family ties produce social insurance, it may be argued that where family values are stronger demand for welfare support and State intervention will be lower. Alesina and Giuliano (2007) provide direct evidence that strong family ties societies rely more on the family than on the market and the government for insurance against social risks. They use individuals' replies, from the World Value Survey to alternative statements with respect to taxation and social welfare (i.e. high/low taxes and extensive/small social welfare). Weak family ties are found to be positively correlated with a preference for an extensive social welfare. In other words, they find support for the hypothesis that where family values are strong, household take responsibility for themselves and prefer to deal with social risks within the family rather than expect the market or the State to take care of them. Esping-Andersen (1999) introduces the notion of "familialism" to characterise the degree of welfare obligation to the family. In that context, family involvement in internalising social risks is maximum, and female unpaid work is the major source

³ A related line of research investigates the role of political variables and the nature of the electoral system on the size of the welfare State and transfers (Persson and Tabellini, 2000, 2003).

of welfare. Hence, in classifying welfare systems according to the size and degree of services provided (i.e. Social democratic, Liberal, Continental European, Southern European), he finds that there is an inherent trade-off between familialism and the welfare state and that this combination is most prominent in Southern European countries.⁴

3. The welfare system in France

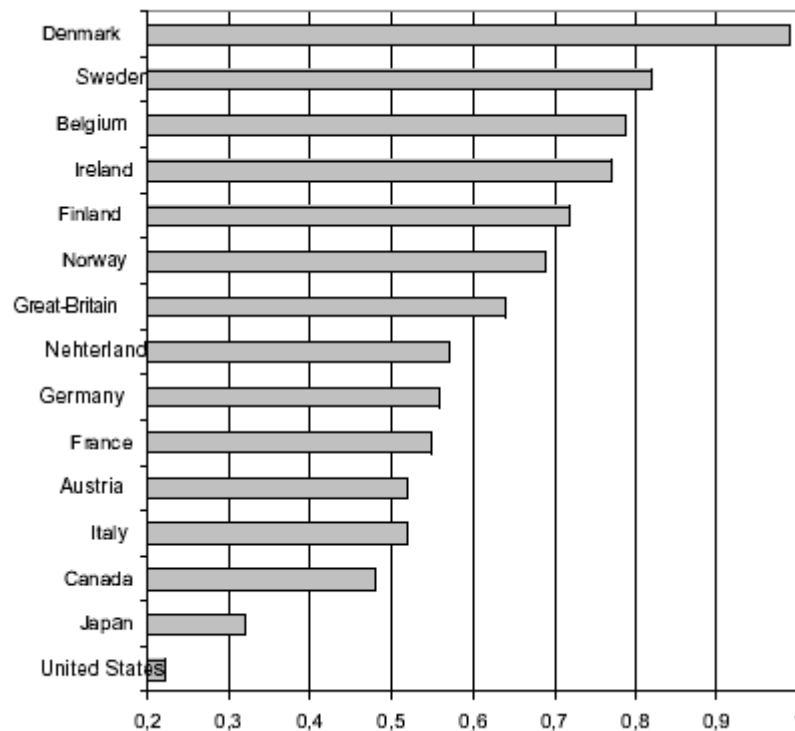
The French welfare system provides extensive support in terms of care and financial assistance for the different types of social risks (e.g. direct care and financial assistance) that are considered in our study. A National health system provides widespread coverage for both general and occupational illnesses through a mixed public-private insurance system (*Caisse assurance maladie* and *Mutuelles d'assurance*). A generous retirement scheme (*Caisse assurance vieillesse des travailleurs salariés*, CNAVTS) offers extensive coverage to retired workers, with a minimum retirement age of 60 (recently raised to 62) and high replacement ratios. The above health and retirement insurance schemes, however, are organised in numerous occupational schemes providing a different degree of insurance to covered individuals which is deemed to replicate social stratification (Cahuc and Algan, 2009). There is a system of family allowances structured in terms of tax cuts (e.g. for household with more than two children) and benefits for housing and particular needs (such as financial distress and people with handicap). Income support is also granted by a general scheme of statutory minimum wage (*Salaire Minimum Interprofessionnel de Croissance*, SMIC) and minimum guaranteed income (*Revenu de solidarité active*), the latter providing extensive coverage to all individual below the poverty line. The welfare system is financed through a two tier system, whereby on top of general taxation (income tax and social charges) there is a system targeted to general social contribution (*contribution sociale généralisée*, CSG). Extensive care assistance to pre-school age children is also offered to families through state funded nursery school and subsidies to private school. In terms of care to elderly, the French government is discussing the introduction of a new branch of social protection (the so-called *cinquième risque*) to cover old-age dependence in terms of illness and disability.

Hence, in terms of welfare policies and spending the French system can be characterised as fairly universal and generous in terms of protection against social risks, implying a lower need to resort to the family network for care or financial assistance. This view of welfare generosity and universality based on statutory rights has been challenged face to the progressive retrenchment of welfare entitlements which have reduced individuals' access and coverage to welfare programmes. Scruggs (2006) reviews the generosity of welfare systems (in terms of health, retirement and unemployment

⁴ Esping-Andersen also argues that familialistic regimes are heavily influenced by the Catholic social teaching tradition and the principle of 'subsidiarity', which sees the 'family' as primary form of social network.

insurance) in 18 OECD countries comparing statutory entitlements with actual coverage (i.e. conditions for people to actually claim benefits and assistance) and replacement rates (i.e. some benefit-income ratio). His measure of generosity is reported in Figure 1, where France ranks in the lower tiers within OECD countries.

**Figure 1 - Welfare Generosity in OECD countries (France=57%)
(statutory entitlements *versus* actual replacement and coverage rates).**



Source: Comparative Welfare Entitlements Data (CWED)

Seen in this context, of less than universal access to welfare assistance and unequal treatment across occupational groups, family ties can provide an important source of insurance against social risks.

4. Data and Family Indicators

The data used in this study are drawn from the French sample of the 2005 "Generation and Gender Survey" (GGS), covering 10,069 individuals.⁵ The questionnaire provides a comprehensive description of the individual, his/her economic situation, household organisation, the relationship with his/her parents and self-reported views on key-values. Also information on incomes, wealth, and economic deprivation have been collected. One section of the survey is devoted to value orientations and attitude questions, such as: religion, views on marriage, views on children education, attitudes on inter-generational relationship and attitudes towards gender related issues. With reference to a number of social risks, the questionnaire records individual preferences for care

⁵ In France the survey has been administered by the *Institute National d'Etudes Demographiques* (INED).

and financial assistance to be provided by society or by the family. We use this information to investigate to what extent household prefer to deal with social risks within the family (direct care or income transfer), whether they do resort to the market (borrowing and buying services) or expect society (i.e. the welfare state) to take care of them (public child/elderly care or welfare benefits). The specific social risks we consider in this study are summarised in the questions reported below.

“There can be different opinions on how we should deal with people in our society. Assuming that the family has the possibility, who do you think should take charge of...”

- Care for older persons in need of care at their home (*persage*)
- Care for pre-school children (*enfps*)
- Care for schoolchildren during after-school hours (*enfSCO*)
- Financial support for older people who live below subsistence level (*finpersa*)
- Financial support for younger people with children who live below subsistence level (*finparen*)

The first three indicators concern social risks related to care services for young children and older people, the latter two cover financial support for both young and old people. The indicators are defined over a five-point scale in which the lowest category corresponds to the family and the highest category to society.⁶ To illustrate better how we construct our indicator for welfare demand, consider the statement "financial support for older people who live below subsistence", the indicator *finpersa* will score a value of 1 if it is preferable that 'older people in financial need' find assistance within the family; alternatively if the individual thinks that society should be in charge, then the score of the indicator will be 5. Hence a higher score for each of the above indicators denotes a preference for society (i.e. welfare state), an intermediate level can be interpreted as no preference or the market, while a lower score is that family should be in charge. Table 1 reports the distribution for the five indicators in terms of preferences for care and financial assistance by society or family. The distribution of preferences reveals a clear dichotomy between care and financial assistance.

Table 1. Society or family assistance

Variable	Care Old	Care pre-school children	Care after school	Financial help old	Financial help young parents
1 family ++	20,1	41,2	35,2	9,4	9,0
2 family +	24,7	24,3	26,7	10,8	12,4
3 family = society	42,1	23,7	26,4	28,9	31,3
4 society +	6,7	5,9	6,7	14,4	15,9
5 society ++	6,4	4,9	5,0	36,5	31,4
	100,0	100,0	100,0	100,0	100,0
Observations	9987	9984	9977	9956	9824

Source: GGS data

⁶ Even if the indicators above refer to different types of social risks, the underlying preferences are highly (positively) correlated. Pairwise correlation among the indicators range from 0.6 to 0.9.

When asked about care of children or elderly between 50 and 65 per cent of people report a strong preference for family assistance, conversely when asked about financial assistance less than 20 per cent thinks that the family should support financially those (young parents or old people) in need. Do individuals with high family values prefer direct assistance within the family, or they resort to the (welfare) State? To properly address the relationship between family values and preferences for welfare, we need to be precise in defining the nature and relevance of family links. In the paper we use the term household for individuals who live in the same place and are related by birth, marriage or cohabitation. The term "family" has been used more broadly to include closely-related individuals (in couple, and parents versus children) who may or may not live together, but share a number of social norms and are linked by a common set of duties and responsibilities. Moreover, members of a family are expected to provide mutual care assistance or financial support and to reciprocate help of others. In a recent paper, Lundberg and Pollak (2007) when suggesting new challenging areas to focus research within the field of the economics of family have recommended the following: "[...] *those between men and women, and those between parents and children*". We construct our family values along these two links: "couple" (married or cohabiting) and "inter-generation" (i.e. parents and children and viceversa). We rely on a large set of questions and use self reported measures on value orientations and attitudes concerning the relationship with the partner and with parents (or children). Individuals have to state whether they agree or not with a number statement reported on a scale from 1 (totally agree) to 5 (totally disagree). Family values are divided into the above two groups of indicators for values within the couple, and values for parents and children. Four composite indicators are constructed out of each set of simple questions:⁷

- **Couple:** (a) traditional couple values (*cp1*); (b) couple values and division of tasks within the couple (*cp2*);
- **Intergeneration:** (c) duties of children toward parents (*interg1*), (d) duties of parents toward children (*interg2*).

Two alternative ways have been used to construct the four composite indicators (*cp1*, *cp2* and *interg1*, *interg2*), the first is simply by adding up the values of the single items, the second exploits principal component analysis to extract a score out of the first component. We then standardise the four indicators so that they can be compared⁸, given the way the variables are coded, a lower (higher) score corresponds to stronger (weaker) family values.

⁷ The single indicators with the exact wording of the questions are reported in the appendix. In some cases, the ranking of values has been inverted to be consistent with the values of the other items

⁸ In practice the following standardisation has been used, $\left(\frac{x_i - \bar{x}}{\sigma_x} \right)$; where x is the indicator of interest, \bar{x} is the mean and σ is the standard deviation.

For example, individuals are classified as having strong family ties in “couple” if they replied, for example, that they totally agree with the statement *"Marriage is a lifetime relationship and should never be ended"* alternatively *"A child needs a home with both a father and a mother to grow up happily"*, or *"When jobs are scarce, men should have more right to a job than women"*. With reference to the duties of children *vis-à-vis* their parents individuals were classified as having strong "intergenerational" family ties if, for example, they replied that they totally agree with the statement *"Children should take responsibility for caring for their parents when parents are in need"* or *"If their adult children were in need, parents should adjust their own lives in order to help them"*.

Table 2 reports the proportion of individuals who, on the basis of the four indicators above, reported to have high family values (i.e. totally agree or agree with the statements).

Table 2 - Proportion of individuals with high family values by socio-economic groups

	Mean	Males	Females	Less 25 years	25 years and +	College	No college	Single	Couple	Financial distress	No financial distress
Duties of parents toward children (<i>interg1</i>)	0,49	0,53	0,47	0,63	0,48	0,52	0,47	0,55	0,46	0,52	0,49
Duties of children toward parents (<i>interg2</i>)	0,58	0,61	0,55	0,47	0,59	0,52	0,62	0,56	0,59	0,57	0,58
Traditional couple values (<i>cp1</i>)	0,55	0,58	0,52	0,50	0,55	0,44	0,62	0,50	0,57	0,55	0,55
Couple values and division of tasks (<i>cp2</i>)	0,48	0,52	0,45	0,31	0,50	0,31	0,60	0,46	0,50	0,52	0,47

Source: GGS data

In France high family values seem to be shared by the majority of people. On average, between 50 and 60 percent of individuals declare to have strong family values. Percentages, with few notable exceptions, do not vary significantly across different groups. Only those who are younger, more educated or single show a less traditional view of family values in couple and in terms of division of labour, while differences in terms of intergenerational family values are negligible. The above family indicators have then been related to the preferences for welfare with reference of each one of the social risks considered.

4. Empirical Analysis and Main Results

In this section, we empirically analyse whether individuals, who held a traditional view of the couple and regard the family as an institution with specific duties and responsibilities for reciprocal care and financial support, are also less likely to demand that the welfare state takes charge of a number of social risks. Since our dependent variable is categorical and ordered (i.e. in the sense of an increasing role for the welfare state), we model the relationship between individual preferences for welfare assistance and the set of indicators of family values, as a probability model and estimate an ordered probit model. In alternative, we also linearise our categorical dependent variable and

estimate the model using POLS methods (Ferrer-i-Carbonel and Frijters, 2004). We specify our empirical model as follows:

$$\Pr(Y_i = j | Fam, X) = \Omega(\alpha + \gamma Fam_i + \beta X_i) \quad [1]$$

where the left hand side variable Y_i represents any of the welfare indicators (*presage*, *enfps*, *enfscs*, *finpersa*, *finparen*) defined over a five-point scale (j) for individual i . The set of family variables Fam_i describes individual's values both within couple and across generations (*cpl1*, *cpl2*, *interg1*, *interg2*), while X_i is a vector of controls for personal characteristics household attributes. In particular all regressions include the following controls: gender, age, marital status, number of children, education, labour market status, hours worked, (bad) health conditions, individual (equivalised) income,⁹ living in a city and having financial distress. Descriptive statistics for all variables can be found in the Data Appendix (Table A2). Table 3 reports the main set of results estimating [1] with ordered probit (panel a) and POLS (panel b) methods, separately for each of the five different social risks (columns 1 to 5).

Table 3 - Preferences for welfare and family values (ordered probit, POLS)

Panel (a)					
	Ordered probit estimates				
	<i>persage</i>	<i>enfps</i>	<i>enfscs</i>	<i>finpersa</i>	<i>finparen</i>
	(1)	(2)	(3)	(4)	(5)
<i>interg1</i>	0.293** 20.15	0.039** 2.72	0.042** 2.97	0.207** 14.38	0.135** 9.46
<i>interg2</i>	0.026 1.87	0.102** 7.12	0.103** 7.16	0.032* 2.29	0.043** 3.06
<i>cpln1</i>	0.054** 3.93	0.060** 4.26	0.045** 3.21	0.004 0.25	0.019 1.36
<i>cpln2</i>	0.001 0.10	0.040** 2.72	0.063** 4.32	0.032* 2.20	0.030* 2.06
Observations	8489	8486	8488	8487	8508
Panel (b)					
	POLS estimates				
	<i>persage</i>	<i>enfps</i>	<i>enfscs</i>	<i>finpersa</i>	<i>finparen</i>
	(1)	(2)	(3)	(4)	(5)
<i>interg1</i>	0.243** 20.80	0.031** 3.00	0.035** 3.00	0.167** 14.65	0.113** 9.58
<i>interg2</i>	0.023 1.93	0.082** 7.27	0.086** 7.27	0.027* 2.38	0.036** 3.06
<i>cpln1</i>	0.046** 4.02	0.047** 3.06	0.036** 3.06	0.002 0.17	0.016 1.37
<i>cpln2</i>	0.002 0.17	0.031** 4.40	0.053** 4.40	0.026* 2.21	0.026* 2.06
Observations	8489	8486	8488	8487	8508

⁹ Individual income has been computed using simple equivalence scale: household income has been divided by the square of total household members.

To preserve space, we report the results only for the main variables and relegate the others to the set of controls (the full set of results is reported in Table A3 in the Appendix).¹⁰ Given the nature of the dependent variable, the estimated coefficients reported in the tables have only qualitative content, marginal effects for selected variables are reported in the discussion of the main results. Results from both methods suggest that all the dimensions of family values are important determinants of individual's preferences for welfare assistance. In general, variables recording family values are positively signed and statistically significant, even when we control for a set of personal characteristics and household attributes. In other words, individuals who are "traditional" in their view of the couple and share strong "intergenerational" links are less likely to prefer that the State takes care of social risks; conversely, those with weak family value are more likely to demand for State welfare assistance.

The role of intergenerational links is particularly strong with respect to all social risks considered, either care or financial. Conversely, the values on the couple seem to be more relevant with respect to children rather than for older people. The effect of other control is also interesting. The gender variable indicates that, compared to males, females do not prefer to take care of their children by themselves if they are pre-school age. The reverse is observed for taking care of older people. The effect of age is relevant particularly for financial type of risks. Older people seem to search help for financial matters within the family. More educated individuals seem to behave differently when confronted with care services or financial assistance. Highly educated individuals, *ceteris paribus*, are more likely to prefer welfare support from the State to take care of their children (pre or post school age), while for in case of financial need this should come from within the family. The first result probably hides a labour supply effect, since more educated people (females in particular) are more likely to participate to the labour market. The second finding, seems to indicate that educated people are willing to pool resources within the family and transfer them to those component who happen to be in need. The same happens with (equivalised) individual income.

4.1. Social risks and family values interactions

Comments: TBD

¹⁰ For ease of presentation, the estimated thresholds are not presented in the estimation table.

Table 4 – Interacted effects model (ordered probit, POLS)

	Ordered Probit					POLS				
	persage	enfps	enfSCO	finpersa	finparen	persage	enfps	enfSCO	finpersa	finparen
Interaction on financial distress										
interg*finshock=1	0.173*** 0.017	0.040** 0.015	0.055*** 0.017	0.109*** 0.016	0.084*** 0.017	0.146** 10.42	0.031* 2.54	0.045** 3.30	0.088** 6.92	0.069** 5.09
interg* finshock=0	0.150*** 0.009	0.078*** 0.009	0.076*** 0.009	0.121*** 0.009	0.091*** 0.009	0.128** 17.36	0.064** 8.56	0.064** 8.57	0.100** 13.90	0.077** 10.36
cpln* finshock=1	0.008 0.017	0.034** 0.016	0.050*** 0.017	0.031* 0.017	0.041** 0.017	0.006 0.42	0.027* 2.20	0.041** 2.99	0.026 1.90	0.034* 2.39
cpln* finshock=1	0.038*** 0.009	0.053*** 0.009	0.054*** 0.009	0.010 0.009	0.017* 0.009	0.032** 4.25	0.043** 5.70	0.045** 5.99	0.008 1.05	0.015 1.90
Observations	8925	8926	8926	8926	8910	8925	8926	8926	8910	8829
Interaction on bad health										
Interg*health1 0	0.163*** 0.016	0.069*** 0.016	0.065*** 0.016	0.110*** 0.016	0.071*** 0.016	0.137*** 0.013	0.053*** 0.013	0.053*** 0.013	0.091*** 0.013	0.060*** 0.013
Interg*health0	0.156*** 0.009	0.071*** 0.009	0.074*** 0.009	0.121*** 0.009	0.095*** 0.009	0.133*** 0.008	0.062*** 0.008	0.062*** 0.008	0.099*** 0.007	0.080*** 0.008
Cpln*health1	0.026* 0.016	0.041** 0.016	0.054*** 0.016	0.005 0.016	0.024 0.016	0.022* 0.013	0.045*** 0.013	0.045*** 0.013	0.004 0.013	0.020 0.013
Cpln*health0	0.033*** 0.009	0.051*** 0.009	0.051*** 0.009	0.022** 0.009	0.026*** 0.009	0.028*** 0.008	0.043*** 0.008	0.043*** 0.008	0.019** 0.008	0.022*** 0.008
Observations	8600	8599	8599	8584	8508	8600	8599	8599	8584	8508
Interaction on big family										
interg*enf3=1	0.185*** 0.016	0.077*** 0.016	0.079*** 0.016	0.135*** 0.016	0.102*** 0.016	0.156*** 0.013	0.064*** 0.013	0.064*** 0.013	0.110*** 0.012	0.086*** 0.013
interg* enf3=0	0.148*** 0.009	0.068*** 0.009	0.069*** 0.009	0.111*** 0.009	0.084*** 0.009	0.125*** 0.008	0.058*** 0.008	0.058*** 0.008	0.091*** 0.007	0.070*** 0.008
cpln* enf3=1	0.033** 0.016	0.043*** 0.016	0.063*** 0.017	0.031* 0.016	0.031* 0.016	0.027** 0.014	0.051*** 0.014	0.051*** 0.014	0.026* 0.014	0.026* 0.014
cpln* enf3=1	0.032*** 0.009	0.050*** 0.009	0.049*** 0.009	0.014 0.009	0.024** 0.009	0.027*** 0.008	0.041*** 0.008	0.041*** 0.008	0.012 0.008	0.020** 0.008
Observations	8600	8599	8599	8584	8508	8600	8599	8599	8584	8508
Interaction on old parents										
interg*par=1	0.158*** 0.013	0.072*** 0.013	0.069*** 0.013	0.142*** 0.013	0.112*** 0.013	0.136*** 0.011	0.060*** 0.011	0.060*** 0.011	0.116*** 0.010	0.094*** 0.011
interg* par=0	0.171*** 0.016	0.080*** 0.016	0.063*** 0.016	0.103*** 0.016	0.075*** 0.016	0.145*** 0.013	0.053*** 0.013	0.053*** 0.013	0.086*** 0.013	0.064*** 0.014
cpln* par=1	0.032*** 0.012	0.067*** 0.013	0.061*** 0.013	0.032** 0.013	0.032** 0.013	0.027*** 0.010	0.052*** 0.011	0.052*** 0.011	0.027** 0.011	0.028** 0.011
cpln* par=1	0.064*** 0.017	0.038** 0.016	0.060*** 0.016	0.001 0.016	0.022 0.016	0.054*** 0.014	0.050*** 0.014	0.050*** 0.014	0.001 0.014	0.019 0.014
Observations	5570	5564	5563	5554	5491	5570	5563	5563	5554	5491

4.2. Robustness

Comments: TBD

Table 5a Preferences for welfare and family values: immigrants

Panel (a)	Ordered probit estimates				
	persage	enfps	enfsc0	finpersa	finparen
	(1)	(2)	(3)	(4)	(5)
interg1	0.110	0.110	0.040	0.056	0.016
	1.76	1.63	0.62	0.79	0.23
interg2	0.117	0.141*	0.193**	0.126	0.177**
	1.84	2.24	3.38	1.90	2.61
cpln1	0.150*	-0.069	-0.056	-0.010	0.001
	2.25	1.05	0.86	0.15	0.02
cpln2	-0.066	0.035	0.037	0.009	0.030
	0.110	0.110	0.040	0.056	0.016
Observations	400	399	399	398	393

Panel (b)	POLS estimates				
	persage	enfps	enfsc0	finpersa	finparen
	(1)	(2)	(3)	(4)	(5)
interg1	0.097	0.085	0.034	0.050	0.019
	1.70	1,61	0.64	0.81	0.29
interg2	0.112	0.109**	0.154**	0.107	0.154**
	1.92	2,18	3.32	1.88	2.59
cpln1	0.130*	-0.049	-0.036	-0.007	0.003
	2.20	-0.96	0.70	0.12	0.04
cpln2	-0.052	0.025	0.023	0.013	0.029
	0.94	0.48	0.47	0.23	0.48
Observations	400	399	399	398	393

** significant at 1% * significant at 5%

Table 5b. Preferences for welfare and family values: immigrants, in couple, not intermarried

Panel (a)		Ordered probit estimates				
	persage	enfps	enfscs	finpersa	finparen	
	(1)	(2)	(3)	(4)	(5)	
interg1	0.005	0.057	0.029	0.043	-0.138	
	0.06	0.62	0.32	0.47	1.42	
interg2	0.143	0.245**	0.224**	0.232**	0.279**	
	1.78	2.85	2.89	2.67	3.17	
cpln1	0.075	-0.135	-0.015	0.059	-0.016	
	0.77	1.38	0.14	0.60	0.17	
cpln2	0.025	0.028	-0.013	0.021	0.037	
	0.31	0.32	0.16	0.25	0.43	
Observations	253	253	253	253	251	

Panel (b)		POLS estimates				
	persage	enfps	enfscs	finpersa	finparen	
	(1)	(2)	(3)	(4)	(5)	
interg1	0.002	0.023	0.023	0.038	-0.125	
	0.02	0.31	0.31	0.44	1.36	
interg2	0.131	0.181**	0.181**	0.201**	0.252**	
	1.77	2.82	2.82	2.66	3.21	
cpln1	0.052	-0.008	-0.008	0.057	-0.011	
	0.61	0.10	0.10	0.60	0.12	
cpln2	0.033	-0.015	-0.015	0.022	0.039	
	0.46	0.23	0.23	0.28	0.46	
Observations	253	253	253	253	251	

** significant at 1% * significant at 5%

5. Conclusions

In this paper we have investigated the links between social risks, family values and the demand for welfare assistance using data from the 2005 French "Generation and Gender Survey" (GGS). Given that individuals and households face different types of social risks over the life cycle (child care, elderly support, illness, unemployment and negative income shocks), we studied to what extent individuals expect to pool those risks within the family (direct care or income transfer), whether they expect to resort to the market (borrowing and buying services) or, finally, if they think that the welfare state should take care of them (public child/elderly care or welfare benefits). To do this we have defined the relevance of family relationship using individuals' self assessed measures of family values (such as, duties and responsibilities of parents and children and reciprocal financial support) and constructed different indicators of family values. We have found a positive association between both traditional values within the couple and intergenerational family links with the pooling of social risks and services provided within the household. We have shown that there is substantial heterogeneity across different groups with respect to the demand for welfare assistance.

The above results have significant implications in terms of general welfare policy and in the design of welfare assistance programs.

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DATA APPENDIX

Table A1

VA_FQAPRAT	How often do you attend religious services ?
VA_RELIGION	Which religion, if any ?
VA_MARIDEP VA_COHAB VA_MARITJS VA_DIVORC VA_FEMENF VA_HOMENF VA_DEUXPAR VA_MERSEUL VA_EFTAUTO VA_DROITHOMO	To what extent do you agree or disagree with each of the following statements? (1 to 5) a. Marriage is an outdated institution b. It is all right for an unmarried couple to live together even if they have no interest in marriage c. Marriage is a lifetime relationship and should never be ended d. It is all right for a couple with an unhappy marriage to get a divorce even if they have children e. A woman has to have children in order to be fulfilled f. A man has to have children in order to be fulfilled g. A child needs a home with both a father and a mother to grow up happily h. A woman can have a child as a single parent even if she doesn't want to have a stable relationship with a man i. When children turn about 18-20 years old they should start to live independently j. Homosexual couples should have the same rights as heterosexual couples do
VA_QPERSAGE VA_QENFPS VA_QENFSCO VA_QFINPERSA VA_QFINPAREN	Mainly a task for society to mainly a task for family (1 to 5) Care for older persons in need of care at their home Care for pre-school children Care for schoolchildren during after-school hours Financial support for older people who live below subsistence level Financial support for younger people with children who live below subsistence level
VA_GPOCCPE VA_PARAIDENF VA_PARENCH VA_ENRESPAR VA_ENFCH VA_FILLEFILS VA_ENFAIDPAR VA_ACCPAR VA_DIFFAGE VA_REVFE VA_DEPFE VA_FOYEPAN VA_HOMPOL VA_ENFMERAC VA_ENFPERAC VA_DIVGARD VA_HOMPRIO VA_JEUPRIO VA_PARPRIO VA_REVERSP VA_REVERSE	To what extent do you agree or disagree with each of the following statements? (1 to 5) a. Grandparents should look after their grandchildren if the parents of these grandchildren are unable to do so b. Parents ought to provide financial help for their adult children when the children are having financial difficulties c. If their adult children were in need, parents should adjust their own lives in order to help them a. Children should take responsibility for caring for their parents when parents are in need b. Children should adjust their working lives to the needs of their parents c. When parents are in need, daughters should take more caring responsibility than sons d. Children ought to provide financial help for their parents when their parents are having financial difficulties e. Children should have their parents to live with them when parents can no longer look after themselves a. In a couple it is better for the man to be older than the woman b. If a woman earns more than her partner, it is not good for the relationship d. Women should be able to decide how to spend the money they earn without having to ask their partner's permission e. Looking after the home or family is just as fulfilling as working for pay c. On the whole, men make better political leaders than women do f. A pre-school child is likely to suffer if his/her mother works g. Children often suffer because their fathers concentrate too much on their work h. If parents divorce it is better for the child to stay with the mother than with the father a. When jobs are scarce, men should have more right to a job than women b. When jobs are scarce, younger people should have more right to a job than older people c. When jobs are scarce, people with children should have more right to a job than childless people Answer on a first scenario on pension scheme (specific to the French system) Answer on a second scenario on pension scheme (specific to the French system)

Table A2 – Summary Statistics

male	0,437
(ref : female)	
25-44	0,392
45-60	0,291
more than 60 years	0,222
(ref : less than 26)	
Technical dipl	0,260
High school	0,148
College	0,278
(ref: primay school)	
In couple	0,634
(ref single)	
1 child (at home or not)	0,193
2 children	0,311
3 children and more	0,236
(ref no child)	0,259
active	0,555
scholars, students	0,040
unemployed	0,068
retired	0,232
(ref : inactive)	
Nb of hours worked a week	21,658
badhealth	0,255
(ref : declare to have a good health)	
Partner educ College	0,165
Family income per head (log)	7,231
city	0,378
(ref : live in a city of less than 200000 people)	
observations	8508

Table A3 a. Preferences for welfare and family values (ordered probit)

	persage	enfps	enfSCO	finpersa	finparen
interg1	0.293** 20.15	0.039** 2.72	0.042** 2.97	0.207** 14.38	0.135** 9.46
interg2	0.026 1.87	0.102** 7.12	0.103** 7.16	0.032* 2.29	0.043** 3.06
cpln1	0.054** 3.93	0.060** 4.26	0.045** 3.21	0.004 0.25	0.019 1.36
cpln2	0.001 0.10	0.040** 2.72	0.063** 4.32	0.032* 2.20	0.030* 2.06
male	0.052* 2.09	-0.067** 2.64	-0.045 1.77	0.043 1.71	0.032 1.28
cl45	0.052 1.00	0.062 1.14	0.063 1.22	-0.010 0.18	-0.078 1.42
cl60	-0.023 0.40	0.030 0.50	0.096 1.68	-0.193** 3.24	-0.253** 4.25
cl80	0.086 1.12	0.045 0.57	0.068 0.87	-0.251** 3.23	-0.291** 3.77
_Idipl_1	0.000 0.00	0.028 0.79	0.049 1.41	-0.035 1.02	0.005 0.15
_Idipl_2	0.018 0.44	0.208** 4.96	0.176** 4.28	-0.028 0.67	-0.027 0.66
_Idipl_3	0.082* 2.27	0.256** 6.77	0.189** 5.08	-0.080* 2.14	-0.038 1.03
cpld	-0.000 0.01	0.010 0.35	0.024 0.82	0.019 0.65	0.006 0.21
enf1	-0.088* 2.30	0.025 0.62	-0.034 0.86	-0.107** 2.72	-0.080* 2.05
enf2	-0.072* 1.97	0.053 1.41	0.021 0.56	-0.086* 2.31	-0.068 1.85
enf3	-0.150** 3.65	0.045 1.08	-0.034 0.82	-0.110** 2.69	-0.042 1.05
_Iacti_1	0.053 1.00	0.146** 2.58	0.043 0.76	0.151** 2.72	0.091 1.71
_Iacti_2	0.099 1.27	0.008 0.09	-0.006 0.07	0.186* 2.25	0.096 1.19
_Iacti_3	0.057 0.92	0.078 1.26	0.068 1.09	0.136* 2.21	0.168** 2.76
_Iacti_4	0.033 0.55	0.097 1.63	0.036 0.58	0.153** 2.60	0.035 0.60
horwk	-0.000 0.31	0.000 0.22	0.000 0.30	0.000 0.21	0.002 1.53
badhealth	0.043 1.42	0.022 0.71	0.046 1.50	0.069* 2.28	0.030 1.02
dipldej3	0.028 0.71	0.048 1.13	0.041 0.98	-0.033 0.80	-0.066 1.61
lwginc	-0.022 0.84	-0.029 1.13	-0.013 0.50	-0.122** 4.73	-0.106** 4.16
diff_fin	0.040 1.24	-0.067* 2.12	-0.041 1.27	0.096** 2.96	0.102** 3.16
city	0.054* 2.17	0.142** 5.57	0.069** 2.75	-0.023 0.91	0.001 0.04
Observations	8489	8486	8488	8487	8508

Table A3 b. Preferences for welfare and family values (POLS)

	qpersage_POLS	qenfps_POLS	qenfscs_POLS	qfinpersa_POLS	qfinparen_POLS
interg1	0.243** 20.80	0.035** 3.00	0.035** 3.00	0.167** 14.65	0.113** 9.58
interg2	0.023 1.93	0.086** 7.27	0.086** 7.27	0.027* 2.38	0.036** 3.06
cpln1	0.046** 4.02	0.036** 3.06	0.036** 3.06	0.002 0.17	0.016 1.37
cpln2	0.002 0.17	0.053** 4.40	0.053** 4.40	0.026* 2.21	0.026* 2.06
male	0.046* 2.21	-0.041 1.93	-0.041 1.93	0.037 1.80	0.027 1.26
cl45	0.045 1.03	0.060 1.35	0.060 1.35	-0.012 0.26	-0.066 1.47
cl60	-0.018 0.38	0.086 1.79	0.086 1.79	-0.167** 3.44	-0.215** 4.36
cl80	0.084 1.31	0.068 1.05	0.068 1.05	-0.207** 3.24	-0.251** 3.83
_ldipl_1	-0.004 0.15	0.032 1.12	0.032 1.12	-0.034 1.22	0.003 0.11
_ldipl_2	0.010 0.29	0.149** 4.29	0.149** 4.29	-0.027 0.78	-0.023 0.68
_ldipl_3	0.068* 2.25	0.156** 5.00	0.156** 5.00	-0.067* 2.18	-0.033 1.04
cpld	0.005 0.19	0.021 0.86	0.021 0.86	0.015 0.63	0.005 0.23
enf1	-0.082* 2.55	-0.032 0.98	-0.032 0.98	-0.094** 2.91	-0.068* 2.06
enf2	-0.061* 1.98	0.015 0.48	0.015 0.48	-0.072* 2.34	-0.058 1.86
enf3	-0.129** 3.76	-0.034 0.98	-0.034 0.98	-0.094** 2.80	-0.036 1.06
_lacti_1	0.048 1.06	0.031 0.64	0.031 0.64	0.120** 2.60	0.078 1.70
_lacti_2	0.085 1.29	-0.012 0.17	-0.012 0.17	0.148* 2.21	0.083 1.22
_lacti_3	0.056 1.09	0.048 0.94	0.048 0.94	0.110* 2.20	0.141** 2.76
_lacti_4	0.025 0.50	0.018 0.36	0.018 0.36	0.122* 2.48	0.030 0.60
horwk	-0.000 0.20	0.000 0.33	0.000 0.33	0.000 0.44	0.002 1.59
badhealth	0.031 1.21	0.035 1.40	0.035 1.40	0.063* 2.53	0.027 1.05
dipldcj3	0.024 0.71	0.034 0.94	0.034 0.94	-0.027 0.77	-0.057 1.62
lwginc	-0.022 1.02	-0.012 0.55	-0.012 0.55	-0.104** 4.90	-0.092** 4.23
diff_fin	0.033 1.21	-0.037 1.41	-0.037 1.41	0.072** 2.79	0.084** 3.14
city	0.048* 2.28	0.056** 2.66	0.056** 2.66	-0.017 0.82	0.001 0.03
Constant	0.081 0.53	-0.093 0.62	-0.093 0.62	0.782** 5.15	0.728** 4.70
Observations	8600	8599	8599	8584	8508
R-squared	0.08	0.04	0.04	0.06	0.05