

The Strength of Weak (Family) Ties: The Effects of Family Networks in High vs. Low Income Countries

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Abstract

Alesina and Giuliano (*J. Econ. Growth*, 15(2), 2010) illustrate that strong family ties lead to disruptive socio-economic outcomes including lower geographical mobility and reduced labor force participation of young and female individuals. We extend their analysis by arguing that the effect of strong family ties on economic behavior depends on a country's level of economic and institutional development. This cross-country heterogeneity arises because strong family ties not only foster traditional family values (which have disruptive effects on economic outcomes), but also provide – especially in societies characterized by weak institutions and limited market access – economically valuable social networks. Empirical evidence using data from all currently available waves of the European and World Value Surveys (EVS/WVS) is supportive of our theoretical argument.

Keywords: Family Ties, Trust, Social Capital, Labor Market Participation, WVS.

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1. Introduction

Despite a strong global shift towards the individualization of societies, the family unit generally remains an essential feature of contemporary life, and its structures and importance have long been scrutinized throughout the social sciences. Following a path-breaking study by Alesina and Giuliano (2010), families' fundamental role has recently attracted renewed interest also among economists. They show that strong family ties are causally related to several factors disruptive to economic growth, including lower labor force participation of young and female individuals and lower geographical mobility (see also Alesina and Giuliano, 2013; Alesina et al., 2013). Subsequent studies illustrate similar negative effects on labor force participation of elderly individuals and on individuals' social or interpersonal trust (Ermisch and Gambetta, 2010; Alesina and Giuliano, 2011, 2013). Related, Duranton and Rodriguez-Pose (2009) also find that weaker ties between family members are linked to increased economic dynamism.

In this article, we extend this important developing line of research by arguing that allowance should be made for cross-country heterogeneity in the effect of family ties.¹ The underlying argument starts from the observation that existing studies' theoretical reasoning mostly refers to the connection between strong family ties and (*traditional*) *family values*. For instance, female labor force participation is argued to decline with strong family ties because it is associated with a more traditional view of a woman's role in society (Alesina and Giuliano, 2010). However, in our view, family ties not only matter for individuals' *values*. They can also play a key role in the establishment of economically valuable *networks* (see Wahba and Zenou, 2005, and references therein) via, for instance, marriages (Rosenzweig and Stark, 1989; Luke et al., 2004; Wang, 2011). Such family-based networks reflect a

¹ Gérxhani (2004) and Cervellati et al. (2014) make a similar argument for the importance of accounting for heterogeneous effects across countries in different settings.

capacity to extend one's own personal connections, and might thereby entail economically valuable opportunities (Montgomery, 1991, Munshi, 2003, Wahba and Zenou, 2005).² Rosenzweig and Stark (1989), for instance, show that marital arrangements, which establish a new network with the family of the spouse, mitigate farmers' income volatility in rural India. Luke et al. (2004) similarly find that family networks, again organized around marriages, increase individuals' performance in urban labor markets in both Kenya and India. In an interesting recent contribution based on Chinese data, Wang (2011) uses the exogenous shock of the death of the father-in-law to show the causal effect of family networks on earnings; the loss of the father-in-law is found to induce a 7% decrease in a man's earnings.

Crucially, family networks are likely to matter more for economic outcomes in developing countries. At a risk of generalization, developing countries tend to be characterized by weaker formal institutions (for a recent discussion, see Dreher et al., 2014). As informal institutions – such as the family – become a substitute for formal institutions when the latter are incomplete or when individuals are unable to achieve them (Görxhani, 2004; Helmke and Levitsky, 2004; Dreher et al., 2014), family networks can play a central role for regulating individuals' social and economic needs in such settings. This implies, however, that any positive effect of family networks on labor market outcomes (Rosenzweig and Stark, 1989; Luke et al., 2004; Wang, 2011) will be particularly forceful in developing countries. Even when there is a general negative impact of traditional family values on LFP (as argued in Alesina and Giuliano, 2010, 2013; Alesina et al., 2013), the *overall* effect of strong family ties thus is likely to still vary across countries depending on their level of economic and institutional development. Specifically, one would expect to observe cross-country

2 A similar network mechanism has recently also been brought forward to explain the formation and success of political dynasties (Dal Bó et al. 2009; Daniele and Geys, 2014). Likewise reflecting the key economic role of social networks, Mastrobuoni (2014) convincingly documents the economic value of network connections within the Italian-American mafia in the 1960s.

heterogeneity in the effect of family ties, with its disruptive effects on economic behavior weakening, or even being reversed, in less affluent, underdeveloped countries.

A similar argument can also be made for the link between strong family ties and individuals' social or interpersonal trust. The commonly-held reasoning behind their negative relation is that strong family ties may reduce the need for social contacts with people outside the family, because individuals' needs are taken care off *within* the family (Ermisch and Gambetta, 2010; Alesina and Giuliano, 2013).³ This closed network subsequently undermines individuals' ability to judge others' trustworthiness (thereby reducing social trust), and decreases their access to opportunities outside the family (impeding their economic progress).⁴ Nevertheless, this line of argument again pays too little attention to the potential role of family networks in developing, low-income countries. In such settings, as mentioned above, the network effects induced by strong family ties emphatically increase people's contact possibilities outside the family and buttress the availability of economically valuable opportunities (Rosenzweig and Stark, 1989; Luke et al., 2004; Wang, 2011). As before, therefore, the effect of strong family ties on social trust is likely to display cross-country heterogeneity depending on countries' level of economic and institutional development.

Section 2 describes the dataset and estimation strategy employed to test for cross-country heterogeneity in the effect of family ties on economic outcomes. The main findings are summarized in Section 3. Finally, Section 4 contains a concluding discussion.

³ Schoeni (2001) similarly argues that extensive social welfare provisions may be responsible for crowding out family support networks.

⁴ A large literature links social trust to economic growth and development. For a recent discussion of this extensive literature (and an integrative contribution to it), see Bjørnskov and Méon (2013).

2. Data and estimation approach

Following Alesina and Giuliano (2010, 2011, 2013), our empirical analysis is based on data from all currently completed waves of the EVS/WVS.⁵ Overall, a total of 99 countries and roughly 220.000 individuals are covered in this dataset (though not all countries are represented in every wave). Our empirical approach to these data is taken directly from Alesina and Giuliano (2010, 2013), and is given in the following regression equation (where i refers to individuals and t to survey waves):

$$Y_{i,t} = a + b_1 \text{Family Ties}_{i,t} + b_2 \text{Controls}_{i,t} + e_{i,t} \quad (1)$$

$Y_{i,t}$ is a vector containing measures of young, female and elderly labor force participation (i.e. indicator variables equal to 1 if the respondent is active in the labor market, 0 otherwise), geographical mobility (i.e. indicator variable equal to 1 if the respondent is co-resident in his/her parents' house; Alesina and Giuliano, 2010) and social trust (i.e. indicator variable equal to 1 if the respondent believes that most people can be trusted).⁶ Note that young (elderly) individuals are thereby defined as between 15 and 29 (55 and 65) years of age.

Our measure of the strength of family ties combines information from three separate survey questions (Bertrand and Schoar, 2006; Alesina and Giuliano, 2010, 2011, 2013; Alesina et al., 2013). These are, respectively, related to family's importance to the respondent, his/her evaluation of the duties and responsibilities of parents towards children, and his/her

⁵ Alesina and Giuliano (2010) deal with the problem of reverse causality – i.e. the fact that individuals suffering economic misfortune need to rely more heavily on their family's resources, which might impact their perception of family ties – by looking at inherited family ties among a subsample of second-generation immigrants. The key identifying assumption is that the strength of family ties is generally persistent across generations and is related to historical family structures (Galasso and Profeta, 2012). To preserve space, and because we rely on the same dataset as Alesina and Giuliano (2010, 2013), our analysis will not repeat these causality tests (see also Alesina and Giuliano, 2013).

⁶ The actual survey question on generalized trust reads: “Generally speaking would you say that most people can be trusted or that you can't be too careful in dealing with people?”. Respondents can either agree with the former part of the statement (in which case they are coded as 1 in our trust measure), or with the latter part of the statement (in which case they receive value 0).

evaluation of children's duties and responsibilities towards their parents.⁷ We combine these responses using a principal components analysis (PCA), and employ the first principal component as our main explanatory variable. As shown in detail by Alesina and Giuliano (2013), Scandinavian and Anglo-Saxon countries rank lowest on the resulting scale, while a heterogeneous group of African, Asian and South American countries rank highest.

The vector $Controls_{i,t}$ contains variables reflecting individuals' sex, age, age squared, marital status and education, as well as country and survey fixed effects and the interaction of survey and country fixed effects. Although this follows Alesina and Giuliano (2010, 2013), we also experimented with a more extended set of controls incorporating individuals' income and religiosity as well as regional fixed effects (at NUTS2 for Europe). As this does not affect any of the inferences below, we do not report these additional results in detail here (available upon request). Summary statistics for all variables are provided in Table 1.

Table 1 about here

To assess our key hypotheses, we run equation (1) for different subcategories of countries depending on their level of economic and institutional development using the World Bank development classification.⁸ This classification is based on Gross National Income (GNI) per capita, and separates four groups of countries: i.e. low income, low-medium income, upper-

⁷ Specifically, the first question asks "How important is family in your life?", and takes values from 1 (not important at all) to 4 (very important). The second question measures respondents' agreement with one of two statements: (1) "One does not have the duty to respect and love parents who have not earned it"; (2) "Regardless of what the qualities and faults of one's parents are, one must always love and respect them". The third and final question again measures respondents' agreement with one of two statements: (1) "Parents have a life of their own and should not be asked to sacrifice their own well-being for the sake of their children"; (2) "It is the parents' duty to do their best for their children even at the expense of their own well-being".

⁸ For more information on this classification, see <http://data.worldbank.org/about/country-classifications/a-short-history>. Note also that while we report only the split-sample results in detail below, models with interaction effects provide similar results. For ease of interpretation, Figure A.1 visualizes the marginal effect of family ties across the different country groups in these interaction models, which are estimated using multilevel models – where individuals (level 1) are nested within countries (level 2) and the family ties variable is interacted with the World Bank classification index (details available upon request).

medium income and high income. Although we test the robustness of our results to this classification below, we use it in the main analysis for three reasons. First, it is a well-established indicator of countries' development. Second, GNI per capita is strongly positively correlated with the strength of formal institutions, which represents the key driving force behind our theoretical argument in section 2. Finally, the World Bank classification started in 1987 and is updated annually. This allows incorporating countries' development over time, which is important since the majority of countries in our sample (i.e. 60 out of 99) switches category over the four decades covered by our analysis (note that such switches are not necessarily upwards). Figure 1 illustrates means and standard deviations of the family ties' variable in the four groups of countries. In line with Alesina and Giuliano (2010, 2013), family ties weaken with a countries' level of development, although, importantly, significant variation remains within each group of countries (we return to this below).

Figure 1 about here

3. Results

3.1. Baseline results

Table 2 reports our main findings using OLS.⁹ In column 1, we employ the full sample of countries as in Alesina and Giuliano (2010, 2011, 2013). Columns 2 to 5 report results for, respectively, the subsample of low income (column 2), low-middle income (column 3), middle-upper income (column 4) and high income (column 5) countries. To preserve space, and because they are generally equivalent to those reported in Alesina and Giuliano (2010, 2011, 2013), we do not present the coefficients of the control variables.

⁹ Our results do not change if we use logit or probit models instead of OLS (available upon request). We report OLS results as this more exactly replicates Alesina and Giuliano (2013).

Table 2 about here

Column 1 shows that the effect of strong family ties on the different dependent variables in the entire sample is similar, both in terms of effect size and significance, to Alesina and Giuliano (2010, 2011, 2013).¹⁰ Specifically, family ties have a negative and substantively meaningful effect on social trust, geographical mobility, female and youth LFP, but do not significantly affect elderly LFP. The remaining columns in Table 2, however, indicate that this negative relation is mostly driven by developed, high-income countries. Indeed, while all coefficient estimates in column 5 are negative and statistically significant (except for elderly LFP), moving towards less developed, lower income countries leads to substantively and/or statistically weaker effect sizes for female and young LFP. For the measures of geographical mobility and social trust, the negative effect of strong family ties is even reversed when the level development is sufficiently low (with a strong and significant positive effect on social trust in low-income countries). Except for elderly and female LFP, we can thereby formally reject at conventional levels of statistical significance that the effect of strong family ties is the same across all countries.

It is important to point out here that these findings should *not* be interpreted as a rebuttal of the original results in Alesina and Giuliano (2010, 2011, 2013). In fact, they are broadly in line with the core ideas proposed by these authors, since family ties are shown often to lead to disruptive socio-economic outcomes. Our results do, however, provide a valuable extension to their findings by generally confirming theoretical expectations regarding important cross-

¹⁰ The slight difference in our results is due to our specification of respondents' marital status. Alesina and Giuliano set the indicator variable for married individuals to 1 only for individuals declaring to be "living together as married (but not married)", while we also set it to 1 for married individuals. Although this does not affect any of the results reported below, and we can exactly replicate Alesina and Giuliano's original results using their specification, we consider our operationalization more appropriate.

country heterogeneity in the effect of family ties – especially when looking at countries with the lowest levels of economic and institutional development, where family *networks* can provide essential economic advantages. Note also that these results cannot be explained by potential differences in the level of variation observed in family ties across the four subsamples – and particularly within the low-income countries. Figure 1 above indeed illustrated that significant variation exists within each group of countries, and that there are only marginal differences in the observed standard deviations across groups.

The exception posed by the results on female LFP – where the estimated effect sizes are roughly equivalent across all country groups (see column 2) – is interesting from a theoretical perspective. This indeed appears to suggest that the positive family networks effect counteracting the negative family values effect in low-income countries (see above) lacks substantive power for female LFP. Such interpretation would be in line with Magruder (2010), who shows that the labor market advantage of family networks in South Africa arises *only* for men, *not* for women. Family networks might thus be less useful for women than for men in low-income countries, which becomes reflected in the relative homogeneity of our findings across countries on this variable. Alternatively, however, it may also be that for female LFP, the negative family values effect strengthens in equal measure to the family networks effect while moving towards less developed countries.

As a preliminary step towards disentangling both explanations, we experimented with individuals' actual employment status (i.e. an indicator variable equal to 1 if employed, 0 otherwise) as an alternative dependent variable in equation (1). Assuming that traditional family values mainly affect the decision to enter (or not) the labor market (see Alesina and Giuliano, 2010), looking at employment outcomes *given that individuals participate in the labor force* provides an indicator for the strength of family network effects on economic outcomes. Using a Heckman selection model to account for the effect of family ties on

female LFP (see above), the results indicate that strong family ties *positively* affect female employment only in developing low-income countries (details upon request). Although this is suggestive of the fact that women also benefit from a positive family networks effect, it clearly requires further confirmation in future research.

3.2. Robustness check using alternative country classification

Beside robustness checks using alternative estimation approaches (OLS, logit or probit, and multilevel models; see notes 7 and 8) and additional control variables (see above), one might wonder how our results depend on our classification of countries' development. Hence, in this section, we experiment with different measures of institutional quality to approximate economic and institutional development. Specifically, we consider three indicators included in the World Bank's Worldwide Governance Indicators (WGI). These aggregate information from dozens of indicators, and are updated annually since 1996. The measures included here are: *i*) Government Effectiveness, which assesses the quality of policy formulation and implementation, public services and the civil service as well as the degree of its independence from political pressures; *ii*) Regulatory Quality, which measures the government's ability to formulate and implement high-quality policies and regulations; *iii*) Rule of Law, which evaluates "the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence" (Worldwide Governance Indicators, www.govindicators.org).

The WGI place each country in a percentile rank according to their position in the global ranking. Higher positions thereby reflect better outcomes. To align our presentation to that of previous tables, we use the original scores to divide countries in four distinct groups: i.e. low quality institutions (0-25), low-middle quality institutions (26-50), upper-middle quality institutions (51-75) and high quality institutions (76-100). We then re-estimate equation (1)

separately for these four groups of countries. The results concerning Government Effectiveness are provided in Table 3 (Regulatory Quality and Rule of Law provide similar findings and are dropped to preserve space; details upon request). Note that the sample is restricted here to data collected after 1995 since WGI data are available only since 1996.

Table 3 about here

Despite the shorter time period and the alternative operationalization of countries' level of development, the results in Table 3 are a close replication of those in Table 2. That is, strong family ties have a meaningful negative effect on social trust, geographical mobility, female and youth LFP in countries with high-quality formal institutions. However, moving towards less developed countries in the left-hand side of the table generally weakens this negative relation, and in some cases reverses it. This confirms that our results are robust to different classifications of countries' economic and institutional development.

3.3. Placebo test on political engagement

Our theoretical argument to substantiate a heterogeneous link between family ties and economic outcomes relies on the substantial potential economic value of family networks in less-developed countries. This, however, suggests a possible placebo test to further validate the results in sections 3.1 and 3.2. The idea is thereby to assess the effect of family ties on non-economic outcomes. As one would *not* expect the economic value of family networks to play a significant countervailing role to the detrimental effect of (traditional) family values where it concerns non-economic outcomes, there is indeed no reason to expect that the link between family ties and non-economic outcomes differs depending on countries' level of economic and institutional development.

This placebo test is inspired by Alesina and Giuliano (2011), who show that strong family ties not only have a significant negative impact on social trust and labor force participation, but that such detrimental effects tend to extend also to political interest and political engagement. The underlying argument relies on Banfield's (1958) theory of "amoral familism", which holds that strong family ties might act as a substitute for interest in public affairs. All attention under such 'amoral familism' is directed inwards – i.e. towards the needs and aspirations of one's immediate family circle – and leads to a disregard for external, non-family issues (for more details, see Alesina and Giuliano, 2011). To evaluate whether this detrimental effect of strong family ties on political participation differs by countries' level of economic development (which would go against our main theoretical argumentation introduced above), we re-estimate model (1) using different measures of political participation as dependent variables. For reasons of comparability, we thereby use same dependent variables as Alesina and Giuliano (2011): i.e. interest in politics (measured on a 4-point scale from (1) 'not at all interested' to (4) 'very interested'), as well as individuals' likelihood to sign a petition, join a boycott, attend demonstrations and occupy buildings (measured on a 3-point scale including (1) 'Would never do', (2) 'might do' and (3) 'have done'). Results are reported in Table 4, which follows the same basic pattern as table 2.

Table 4 about here

The results in table 4 indicate that family ties negatively affect political participation for all dependent variables included in the analysis – in line with the original results reported in Alesina and Giuliano (2011). Importantly, this observation holds both for the entire set of countries (column 1), as well as the four subsets based on World Bank development categories (columns 2 to 5). That is, the negative effect of family ties exists is generally found

not to be weakest in the least-developed countries in the sample. Overall, this provide further substantiation of our results in tables 2 and 3, since a heterogeneous effect of family ties appears *only* on the (economic) variables targeted by our theoretical line of argument.

5. Conclusion

Recent work has shown that strong family ties have a detrimental effect on several sources of economic growth including social trust, geographical mobility and young, female and elderly LFP (Alesina and Giuliano, 2010, 2011, 2013; Alesina et al., 2013). In this article, we have argued that allowance should be made for cross-country heterogeneity in this effect of family ties. The underlying idea is that in developing countries, where institutions and markets are weaker (Görxhani, 2004; Helmke and Levitsky, 2004; Dreher et al., 2014), strong family ties will act as a substitute for the market and can have important – and economically valuable – network effects. As such, the positive implications of family networks counteract the negative effect of (traditional) family values particularly in underdeveloped countries.

Our empirical analysis corroborates substantial cross-country heterogeneity in the effect of strong family ties on economic outcomes depending on countries' economic and institutional development. Strong family ties only have a substantive, statistically significant *negative* effect on labor force participation, social trust and geographical mobility in developed high-income countries. This negative relation disappears – and can even reverse – at lower levels of development, where family networks become more economically valuable as a substitute for market access. The results are robust to different measures of economic development, and a placebo test on non-economic outcomes (i.e. measures of political participation) corroborates that the observed heterogeneity may indeed derive from the economic value of family networks in under-developed countries.

These results not only highlight the importance of accounting for the various, and sometimes contrasting, effects of strong family ties on economic behavior, but also raise an important avenue for future research. They indeed emphasize the need for a deeper understanding of the exact relations and tradeoffs between formal and informal institutions (such as the family). While the family unit has rightly been recognized as central to economic behavior, our knowledge of how family ties and formal institutions relate and interact remains overly limited.

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Table 1: Summary Statistics

Variable	Observations	Mean	Std. Dev.	Min	Max
Family Ties (see Section 3 for details)	269085	8.76E-09	1.111511	-5.84373	0.789682
Trust (see Section 3 for details)	405490	0.29075	0.454109	0	1
LFP (see Section 3 for details)	405271	0.635197	0.481375	0	1
Geographical Mobility (see Section 3 for details)	318494	0.275236	0.446634	0	1
Interest in Politics	380171	2.640827	0.959913	4	1
Sign Petition	379239	2.001566	0.816958	3	1
Joining in Boycotts	368583	2.498189	0.658263	3	1
Attending Demonstrations	377978	2.281715	0.745397	3	1
Joining Strikes	302315	2.699152	0.559341	3	1
Occupying Buildings	297367	2.829285	0.430827	3	1
Age	413876	42.14841	16.7231	14	108
Sex (1 for female, 0 for male)	419345	0.525424	0.499354	0	1
Married (1 for married, 0 otherwise)	424099	0.045808	0.209068	0	1
Education (1 for lower education, 2 for middle education, 3 for higher education)	338262	1.865442	0.739948	1	3
Income (1 for lowest income, 10 for highest income)	308616	4.65622	2.438972	1	10
Religiosity (1 if the respondent belongs to a religious denomination, 0 otherwise)	329054	0.79418	0.4043	0	1
Survey Wave (1 for 1 st wave, 6 for last wave)	424099	3.823836	1.487118	1	6
World Bank development classification (see section 3 for details)	420319	2.95035	1.032966	1	4
Government Effectiveness (see section 3.2 for details)	311922	2.937157	1.010256	1	4
Regulatory Quality (see section 3.2 for details)	320577	2.977016	1.027109	1	4
Rule of Law (see Section 3.2 for details)	330136	2.766151	1.077019	1	4

Table 2: Main results on family ties, trust and economic outcomes

	Entire Sample	Low Income	Low Middle Income	Upper Middle Income	High Income
Trust					
Family Ties	-0.006 (6.67)**	0.014 (5.03)**	-0.003 (1.50)	-0.008 (4.91)**	-0.010 (6.82)**
<i>Controls A&G</i>	YES	YES	YES	YES	YES
R ²	0.11	0.05	0.12	0.05	0.13
N	218,465	28,385	48,853	59,512	78,330
Women LFP					
Family Ties	-0.008 (5.45)**	-0.005 (1.21)	-0.008 (2.50)*	-0.010 (3.66)**	-0.007 (3.42)**
<i>Controls A&G</i>	YES	YES	YES	YES	YES
R ²	0.24	0.27	0.23	0.24	0.20
N	98,779	12,320	23,242	27,662	34,029
Young LFP					
Family Ties	-0.005 (3.61)**	0.003 (0.82)	-0.006 (2.01)*	-0.007 (2.84)**	-0.008 (4.25)**
<i>Controls A&G</i>	YES	YES	YES	YES	YES
R ²	0.31	0.41	0.32	0.29	0.19
N	44,601	7,144	11,969	13,229	11,708
Geographical Mobility					
Family Ties	-0.004 (4.34)**	0.003 (1.10)	-0.002 (1.27)	-0.003 (1.95)	-0.005 (3.92)**
<i>Controls A&G</i>	YES	YES	YES	YES	YES
R ²	0.38	0.36	0.36	0.39	0.38
N	44,601	29,655	43,468	40,931	44,875
Elderly LFP					
Family Ties	-0.005 (1.89)	0.000 (0.05)	-0.009 (1.35)	-0.001 (0.11)	-0.006 (1.47)
<i>Controls A&G</i>	YES	YES	YES	YES	YES
R ²	0.26	0.30	0.26	0.24	0.28
N	27,182	2,058	5,470	7,653	11,431

Note: OLS estimations, t-statistics based on robust standard errors between brackets. The dependent variables are: Trust - “Generally speaking would you say that most people can be trusted or that you can't be too careful in dealing with people?” (1 if the respondent agrees that most people can be trusted); Female, Young and Elderly LFP are dummies equal to 1 if the respondent is active in the labor market, 0 otherwise; Geographical Mobility is a dummy equal to 1 if the respondent lives with his/her parents. Countries are divided into four groups based on the World Bank development classification. Control variables in this model include gender, age, age squared, marital status, education level, survey fixed effects, country fixed effects and interactions between country and survey fixed effects. *p<0.05; ** p<0.01.

Table 3: Alternative operationalization of economic development

	Low Government Effectiveness	Lower Middle Government Effectiveness	Upper Middle Government Effectiveness	High Government Effectiveness
Trust				
Family Ties	0.008 (2.40)*	-0.003 (1.35)	-0.001 (0.31)	-0.011 (7.19)**
<i>Controls A&G</i>	YES	YES	YES	YES
R ²	0.05	0.11	0.07	0.14
N	21,516	45,223	50,869	77,066
Women LFP				
Family Ties	-0.006 (1.47)	-0.005 (1.47)	-0.005 (1.60)	-0.009 (4.28)**
<i>Controls A&G</i>	YES	YES	YES	YES
R ²	0.25	0.24	0.26	0.19
N	10,335	20,768	23,882	32,868
Young LFP				
Family Ties	0.004 (1.08)	-0.003 (0.90)	-0.007 (2.63)**	-0.007 (3.62)**
<i>Controls A&G</i>	YES	YES	YES	YES
R ²	0.05	0.11	0.07	0.14
N	21,516	45,223	50,869	77,066
Geographical Mobility				
Family Ties	-0.002 (0.72)	-0.001 (0.64)	0.004 (1.80)	0.004 (3.43)**
<i>Controls A&G</i>	YES	YES	YES	YES
R ²	0.38	0.39	0.33	0.37
N	19,610	37,471	35,312	49,818
Elderly LFP				
Family Ties	-0.017 (1.80)	-0.010 (1.37)	0.002 (0.41)	-0.006 (1.43)
<i>Controls A&G</i>	YES	YES	YES	YES
R ²	0.29	0.26	0.26	0.28
N	2,149	4,721	6,006	11,086

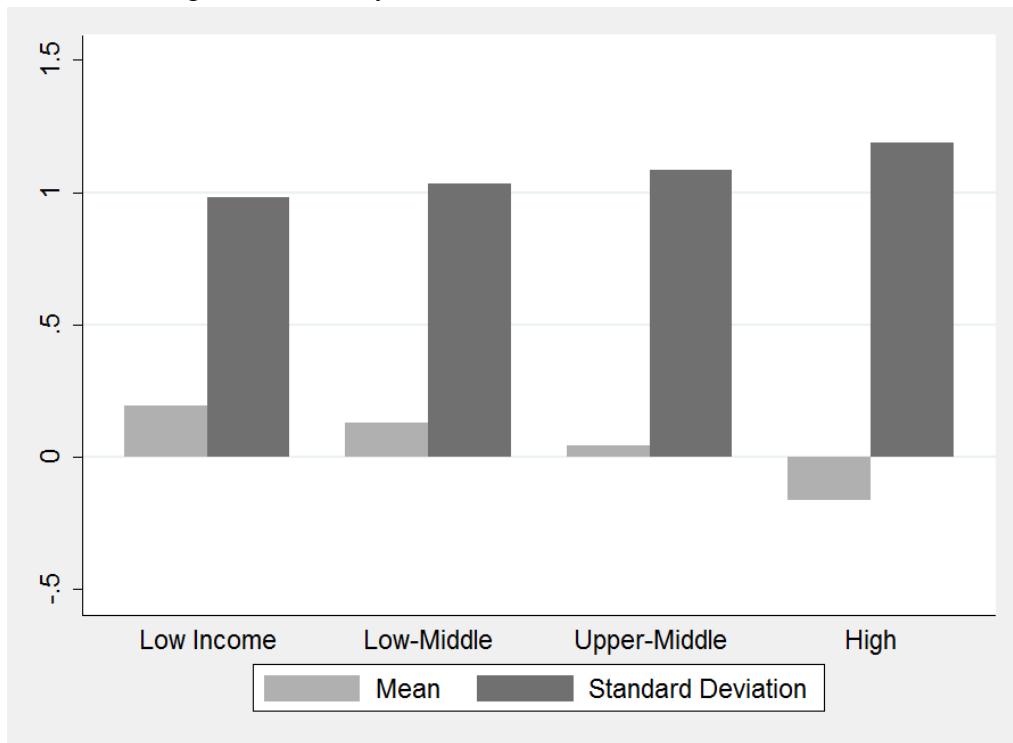
Note: OLS estimations, t-statistics based on robust standard errors between brackets. The dependent variables are: Trust - “Generally speaking would you say that most people can be trusted or that you can't be too careful in dealing with people?” (1 if the respondent agrees that most people can be trusted); Female, Young and Elderly LFP are dummies equal to 1 if the respondent is active in the labor market, 0 otherwise; Geographical Mobility is a dummy equal to 1 if the respondent lives with his/her parents. Countries are divided into four groups based on Government Effectiveness (see Section 3.2 for details). Control variables in this model include gender, age, age squared, marital status, education level, survey fixed effects, country fixed effects and interactions between country and survey fixed effects. * $p<0.05$; ** $p<0.01$.

Table 4: Political Engagement

	Entire Sample	Low Income	Low Middle Income	Upper Middle Income	High Income
Interest in Politics					
Family Ties	-0.013 (7.05)**	-0.016 (2.71)**	0.002 (0.43)	-0.024 (6.47)**	-0.011 (4.02)**
Controls A&G	YES	YES	YES	YES	YES
R ²	0.15	0.11	0.14	0.14	0.17
N	212,931	28,490	47,915	55,254	77,788
Sign Petition					
Family Ties	-0.026 (17.21)**	-0.037 (7.94)**	-0.024 (6.55)**	-0.032 (11.06)**	-0.040 (17.41)**
Controls A&G	YES	YES	YES	YES	YES
R ²	0.28	0.12	0.13	0.18	0.25
N	206,678	26,135	43,409	57,856	76,071
Joining in boycotts					
Family Ties	-0.045 (33.22)**	-0.035 (8.68)**	-0.028 (9.06)**	-0.039 (15.61)**	-0.055 (25.62)**
Controls A&G	YES	YES	YES	YES	YES
R ²	0.19	0.15	0.18	0.14	0.20
N	201,627	26,203	41,992	57,080	73,177
Attending Demonstrations					
Family Ties	-0.031 (20.81)**	-0.022 (4.48)**	-0.022 (6.19)**	-0.023 (8.17)**	-0.040 (17.41)**
Controls A&G	YES	YES	YES	YES	YES
R ²	0.16	0.11	0.16	0.10	0.17
N	207,089	26,527	44,144	57,857	75,382
Joining Strikes					
Family Ties	-0.039 (31.73)**	-0.041 (10.52)**	-0.024 (9.42)**	-0.037 (16.00)**	-0.044 (22.89)**
Controls A&G	YES	YES	YES	YES	YES
R ²	0.11	0.08	0.09	0.09	0.11
N	200,626	26,143	43,673	56,137	71,675
Occupying Buildings					
Family Ties	-0.028 (28.98)**	-0.020 (8.08)**	-0.011 (5.90)**	-0.030 (15.67)**	-0.034 (21.36)**
Controls A&G	YES	YES	YES	YES	YES
R ²	0.10	0.15	0.04	0.08	0.11
N	199,111	25,851	43,534	56,869	69,831

Note: OLS estimations, t-statistics based on robust standard errors between brackets. ‘Interest in politics’ is measured as: “How interested would you say you are in politics? (from (1) not at all interested to (4) very interested). The remaining dependent variables derive from the following question: “I’m going to read out some forms of political action that people can take, and I’d like you to tell me, for each one, whether you have done any of these things (3), whether you might do it (2) or would never under any circumstances do it (1): Signing a petition; Joining in boycotts; Attending lawful demonstrations; Joining unofficial strikes; Occupying buildings or factories.” Countries are divided into four groups based on the World Bank development classification. Control variables in this model include gender, age, age squared, marital status, education level, survey fixed effects, country fixed effects and interactions between country and survey fixed effects. *p<0.05; ** p<0.01.

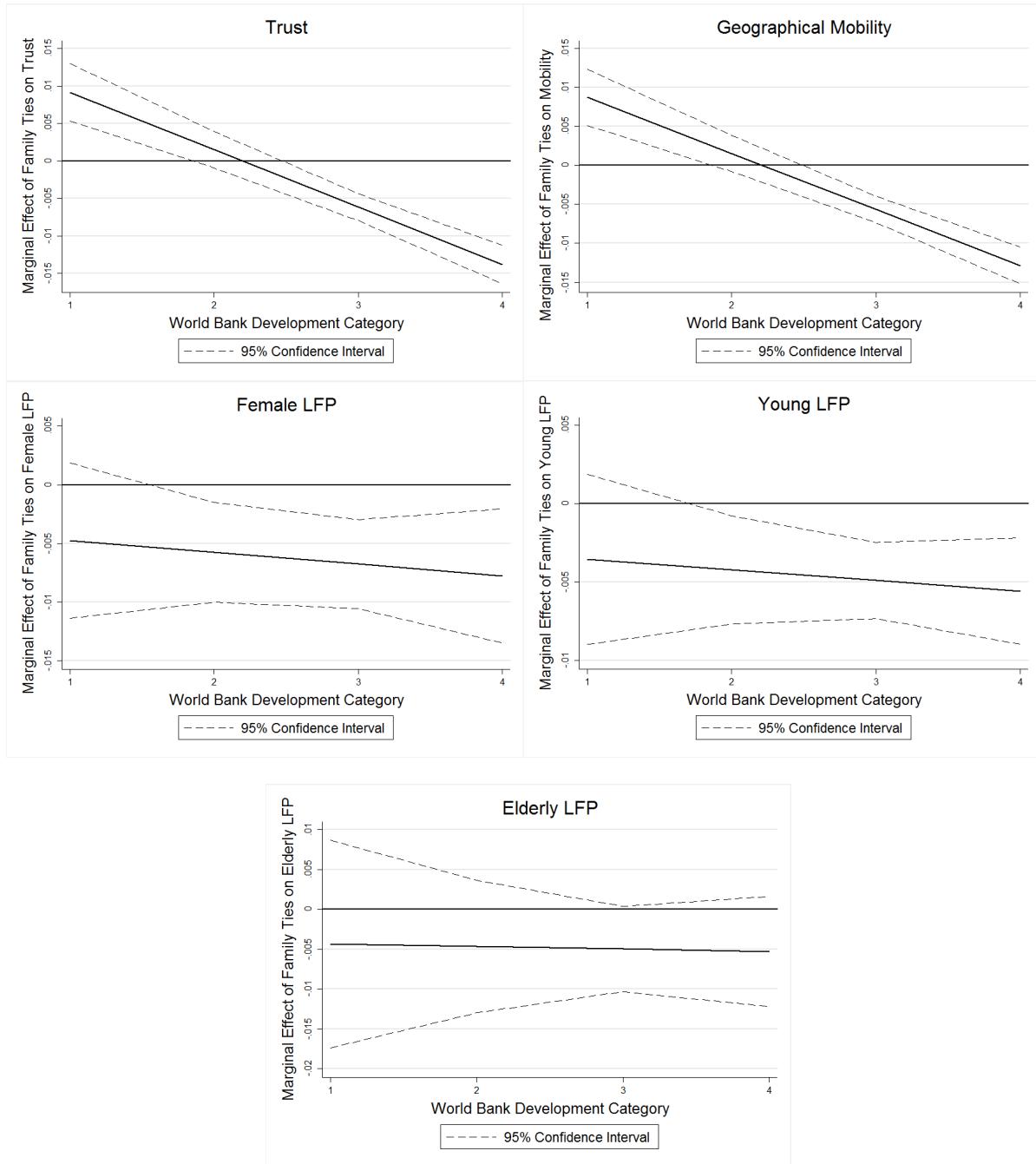
Figure 1 – Family Ties Means and Standard Deviations



Note: The x axis shows the four groups of countries distinguished by the World Bank development classification. The y axis presents average levels and standard deviations of the family ties' variable (higher values correspond to stronger family ties).

Appendix

Figure A.1 – Marginal Effects of Family Ties



Note: Each panel in this figure depicts the marginal effect of strong family ties on the dependent variable across the range of values taken by the World Bank development classification (on the x-axes; 1=low income, 2=low-middle income, 3=upper-middle income and 4=high income). The dependent variables are: Trust – “Generally speaking would you say that most people can be trusted or that you can’t be too careful in dealing with people?” (1 if the respondent agrees that most people can be trusted); Female, Young and Elderly LFP are dummies equal to 1 if the respondent is active in the labor market, 0 otherwise; Geographical Mobility is a dummy equal to 1 if the respondent lives with his/her parents. We show the estimated effect size along with its 95% confidence interval.