
The family

Alberto Alesina

Motivation

- Role of the family and its organizational structure vary a lot across countries
 - Are family structures an efficient response to institutional or market environment? Or are they (at least partially) an outcome of cultural norms leading to different economic outcomes?
 - How to disentangle the two?
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Outline

- How the strength of family relationships affects socio-economic outcomes
 - Cultural measure of family ties, using the World Value Survey
 - General hypothesis: strong family ties rely more on the family than on the market and the government for production of income and insurance
 - Causality: use second-generation immigrants in the US
 - Robustness checks
 - An instrument based upon language
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A story

- Strong family ties make individuals rely relatively more on the family than on the market and the government for production of services and insurance
 - More reliance on home production and less on the government for social insurance: important consequences for preferences for welfare state
 - Stricter division of labor inside the family: male-bread winner and female working at home: implications for gender based policies.
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A story

- Strong family ties work if members close to each others: low geographical mobility and large families
 - Strong family ties societies have more inward looking attitudes, trusting only family members and not outsiders; it could degenerate in “amoral familism” and the mafia
 - Is there a trade-off between participation in market activities and happiness and life satisfaction? May be.
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Empirical Strategy

- Within-country analysis
 - Second-generation immigrants in the US
 - Robustness checks
 - An instrument based upon language
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Empirical Analysis: Data

- Within-country evidence
 - Fourth Wave (1994-2004) of the World Value Survey covering 81 countries: attitudes, religion and standard demographics
 - Multinational Time Use Study, 13 countries (time use in one day (in minutes))
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A Measure of Family Ties

Question 1

Regardless of what the qualities and faults of one's parents are, one must always love and respect them (1)

One does not have the duty to love and respect parents who have not earned it by their behavior and attitudes (2)

Question 2

Parents' duty is to do their best for their children even at the expense of their own well-being (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)

Question 3

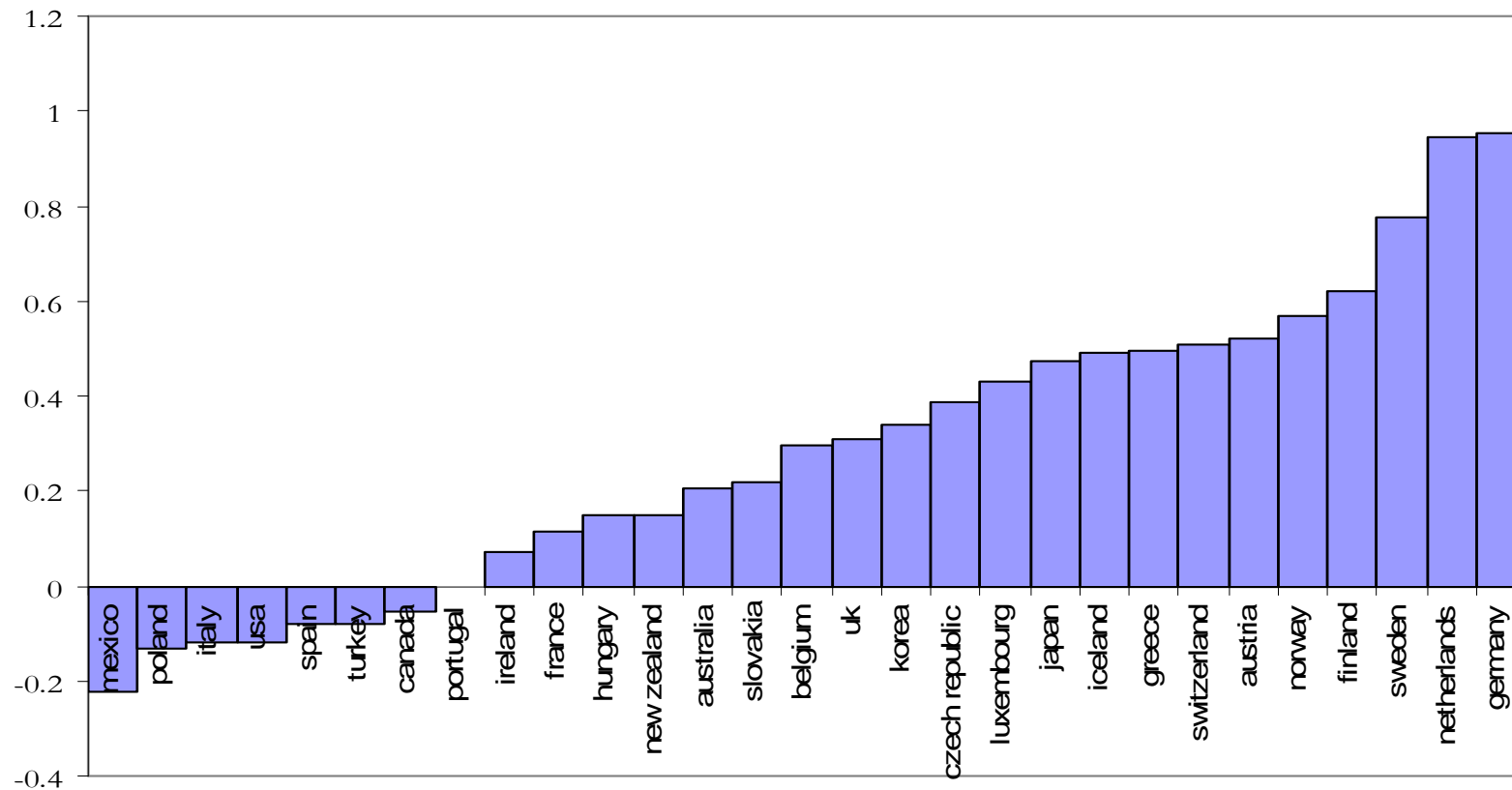
Importance of the family: from very important (1) to not important at all (4)

Who has weak family ties?

- Strongest ties: African, Latin American, Asian and Southern European countries
 - Lowest ties: Northern Europeans followed by Continental Europe, Central and Eastern Europe and the group including US, Canada, UK, Australia and New Zealand.
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Who has weak family ties?

- OECD sample



Cross country correlations

- Bertrand and Schoar (2006) look a cross country correlation between a principal component measure of family ties and; GDP per capita, prevalence of family firms
 - Correlations not causality, no proof of causality
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Cross country correlations

- Example of reverse causality: low GDP less developed financial markets more need for family financing more family ties
 - Or lower GDP smaller welfare state more need for family insurance more family ties.
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Empirical analysis

- Within-country regressions:

$$Y_{ij} = \beta_0 + \beta_1 WFT_{ij} + \beta_2 X_{ij} + \beta_3 \gamma_j + \varepsilon_{ij}$$

- Where:
 - *WFT* is a variable indicating the weakness of family ties
 - *X* are individual controls
 - Country-fixed effects
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Empirical analysis

- Home production, youth and female LFP
 - Role of women in society
 - Attitudes towards the government, trust and “inward looking” attitudes, happiness
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Market activities versus household production

- Hypotheses: strong family ties societies provide many home produced goods and services
 - This requires time away from market activities and low participation in the labor force, especially for women and youth
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Female and youth labor force participation

	(1) Women LFP	(2) Youth LFP	(3) Youth LFP (excluding students)
Weak family ties	0.015 (0.003)***	0.008 (0.003)**	0.009 (0.001)***
Primary	-0.224 (0.008)***	0.108 (0.009)***	-0.184 (0.011)***
Secondary	-0.093 (0.007)***	0.131 (0.008)***	-0.070 (0.005)***
Age	0.084 (0.002)***	0.213 (0.012)***	-0.026 (0.006)***
Age squared	-0.001 (0.000)***	-0.004 (0.000)***	0.000 (0.000)***
Catholic	-0.031 (0.013)**	-0.009 (0.014)	0.001 (0.006)
Protestant	-0.018 (0.015)	-0.009 (0.017)	0.001 (0.007)
Orthodox	0.010 (0.021)	-0.028 (0.027)	-0.001 (0.012)
Jews	-0.072 (0.053)	0.006 (0.058)	0.033 (0.010)***
Muslim	-0.069 (0.017)***	-0.025 (0.019)	-0.035 (0.011)***
Hindu	-0.065 (0.030)**	-0.105 (0.037)***	-0.035 (0.036)
Buddhist	-0.032 (0.026)	-0.027 (0.035)	-0.031 (0.026)
Other	0.017 (0.015)	-0.003 (0.016)	-0.008 (0.007)
Married	-0.124 (0.009)***		
Single	0.096 (0.011)***		
Male		0.274 (0.006)***	0.259 (0.005)***
Observations	40763	26138	19926

Home production

	(1)	(2)	(3)
	Home production	Home production	Home production
Weak family ties	-7.546 (4.074)*	-8.171 (2.751)**	-7.482 (3.040)**
Age	8.311 (0.694)***	8.197 (0.722)***	8.166 (0.726)***
Age squared	-0.102 (0.009)***	-0.100 (0.009)***	-0.100 (0.009)***
Secondary education	-7.639 (2.048)***	-6.099 (2.341)**	-5.453 (2.495)*
Tertiary education	-16.005 (2.180)***	-13.313 (2.486)***	-12.360 (2.638)***
Employed	-29.473 (3.573)***	-29.157 (3.557)***	-29.066 (3.575)***
Female	53.616 (6.595)***	53.726 (6.574)***	53.745 (6.583)***
GDP per capita		-0.000 (0.000)***	
Barro-Lee			-1.588 (0.495)***
Observations	132588	132588	132588
R-squared	0.21	0.21	0.21

The Role of Women



Girls to Boys Ratio in Tertiary Education

Women in Parliament

Gender Role Attitudes

Question 1

When jobs are scarce, men should have more right to a job than women
from agree (3) to disagree (1)

Question 2

A working mother can establish just as warm and secure a relationship
with her children as a mother who does not work
from agree strongly (4) to strongly disagree (1)

Question 3

Being a housewife is just as fulfilling as working for pay
from agree strongly (4) to strongly disagree (1)

The role of women in society

	(1)	(2)	(3)	(4)
	Job Scarce	Woman Housewife	Working Mom	Fertility
Weak Family Ties	-0.017 (0.001)***	-0.052 (0.003)***	-0.001 (0.003)	-0.071 (0.006)***
Male	0.095 (0.003)***	0.065 (0.006)***	-0.162 (0.006)***	
Primary Education	0.165 (0.004)***	0.168 (0.009)***	-0.155 (0.008)***	0.963 (0.020)***
Secondary Education	0.078 (0.004)***	0.065 (0.008)***	-0.079 (0.007)***	0.372 (0.016)***
Age	0.001 (0.000)***	0.002 (0.001)*	0.003 (0.001)***	0.271 (0.004)***
Age Squared	0.000 (0.000)**	0.000 (0.000)**	-0.000 (0.000)***	-0.003 (0.000)***
Catholic	0.033 (0.006)***	0.044 (0.013)***	-0.000 (0.012)	0.053 (0.030)*
Protestant	0.029 (0.007)***	0.044 (0.015)***	-0.026 (0.014)*	0.105 (0.034)***
Orthodox	0.023 (0.011)**	-0.019 (0.023)	-0.027 (0.021)	-0.006 (0.047)
Jews	0.056 (0.023)**	0.031 (0.048)	0.042 (0.045)	0.359 (0.111)***
Muslim	0.114 (0.010)***	0.066 (0.019)***	-0.100 (0.018)***	0.271 (0.045)***
Hindu	0.098 (0.018)***	0.056 (0.034)	-0.028 (0.030)	0.057 (0.067)
Buddhist	0.038 (0.014)***	0.013 (0.021)	-0.014 (0.020)	-0.024 (0.052)
Other	0.039 (0.008)***	0.026 (0.015)*	-0.068 (0.014)***	0.176 (0.036)***
Observations	92262	82588	84967	36197
R-squared	0.21	0.10	0.09	0.44

Family versus Government Insurance

- One home produced service: insurance against income fluctuations → less need of government provided insurance with strong family ties

Government

Could you please tell me which type of society you think this country should aim to be in the future? (from closer to the first (1) to closer to the second (5))

1. A society with extensive social welfare, but high taxes
 2. A society where taxes are low and individuals take responsibility for themselves
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Attitudes toward the Government

	(1) Extensive welfare (lower number) or people responsibility
Weak family ties	-0.021 (0.012)*
Male	0.043 (0.023)*
Primary	-0.023 (0.035)
Secondary	-0.022 (0.032)
Age	0.015 (0.005)***
Age squared	-0.000 (0.000)***
Catholic	0.043 (0.042)
Protestant	0.003 (0.060)
Orthodox	0.188 (0.068)***
Jews	-0.081 (0.234)
Muslim	-0.025 (0.057)
Hindu	-0.096 (0.123)
Buddhist	0.110 (0.056)**
Other	0.116 (0.054)**
Married	-0.038 (0.042)
Single	0.025

Trust and “inward-looking” attitudes

- Banfield (1958), Putnam (1993) and Gambetta (1990): “amoral” familism, only trust people inside the family circle, but not general trust
- Lower trust can also be an indication of more general inward looking attitudes.

Trust

Generally speaking, would you say that most people can be trusted (1) or that you need to be very careful in dealing with people (0)?

New and Old Ideas

Ideas that stood the test of time
are generally best

New ideas are generally
better than old ones

1 2 3 4 5 6 7 8 9 10

Trust and inward looking attitudes

	(1) Trust	(2) New ideas are better than old ones
Weak Ties	0.004 (0.001)***	0.064 (0.014)***
Male	0.013 (0.003)***	0.139 (0.028)***
Primary education	-0.093 (0.004)***	-0.064 (0.040)
Secondary education	-0.068 (0.004)***	0.043 (0.035)
Age	0.002 (0.000)***	-0.029 (0.005)***
Age squared	-0.000 (0.000)***	0.000 (0.000)**
Catholic	0.002 (0.006)	0.004 (0.049)
Protestant	0.017 (0.008)**	-0.055 (0.056)
Orthodox	-0.014 (0.011)	-0.128 (0.116)
Jews	0.049 (0.024)**	0.058 (0.169)
Muslim	0.037 (0.009)***	0.048 (0.097)
Hindu	0.027 (0.016)*	0.024 (0.132)
Buddhist	0.012 (0.014)	0.399 (0.162)**
Other	0.013 (0.007)*	-0.064 (0.063)
Observations	89314	37033
R-squared	0.10	0.18

Trying to uncover the causal link

- ❑ Second generation immigrants in the US
 - ❑ Robustness checks
 - ❑ Linguistic variable on the grammatical use of pronoun drop as an instrument
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Previous papers

- Use first or second generation immigrants and economic country of origin variables as a proxy for culture (Antecol (2000), Carroll, Rhee and Rhee (1994), Fernandez and Fogli (2007), Giuliano (2007))
 - That approach does not make explicit the traits of individual beliefs that are relevant to economic outcomes
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Data

- March Supplement of the Current Population Survey (CPS)
 - Second-generation: native-born individuals whose fathers were born abroad
 - Associate to each immigrant our measure of family ties
 - Also calculate the conditional average
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Second Generation Immigrants in the US

- Second-generation immigrants regressions:

$$Y_{iks} = \alpha_0 + \alpha_1 WFT_k + \beta_2 X_i + \delta_s + \varepsilon_{iks}$$

- Where:
 - *WFT* is a variable indicating the weakness of family ties in the country of origin
 - *X* are individual controls
 - Control for state-fixed effects
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Immigrants

- Youth and female LFP
 - Family size
 - Living arrangements and geographical mobility
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Robustness checks

- Controlling for GDP in the country of origin
 - Human Capital
 - Ethnic Human Capital
 - Barro-Lee
 - Quality of education
 - Separate regression of completing college for women and men
 - Alternative cultural variables
 - Country dummies fixed effects
 - First stage: outcome on country of origin dummies
 - Second stage: country coefficients on country of origin variables
 - Exclude Mexicans
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Youth labor force participation

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Youth LFP	Youth LFP	Youth LFP	Youth LFP	Youth LFP	Youth LFP	Youth LFP (no Mexican)
Weak Family Ties	0.100 (0.021)***	0.092 (0.022)***	0.084 (0.024)***	0.082 (0.027)***	0.083 (0.027)***	0.091 (0.024)***	0.091 (0.025)***
Age	0.424 (0.034)***	0.404 (0.032)***	0.410 (0.029)***	0.403 (0.033)***	0.403 (0.033)***	0.403 (0.033)***	0.331 (0.025)***
Age squared	-0.008 (0.001)***	-0.008 (0.001)***	-0.008 (0.001)***	-0.008 (0.001)***	-0.008 (0.001)***	-0.008 (0.001)***	-0.006 (0.001)***
Female	-0.078 (0.013)***	-0.084 (0.013)***	-0.080 (0.012)***	-0.082 (0.013)***	-0.082 (0.013)***	-0.082 (0.013)***	-0.058 (0.012)***
Up to 12 years of school.		-0.093 (0.026)***	-0.066 (0.025)***	-0.089 (0.027)***	-0.089 (0.027)***	-0.091 (0.026)***	-0.098 (0.030)***
Some college		-0.030 (0.028)	-0.016 (0.028)	-0.029 (0.028)	-0.029 (0.028)	-0.029 (0.028)	-0.048 (0.025)*
Married		0.023 (0.015)	0.028 (0.015)*				
Divorced		0.054 (0.023)**	0.065 (0.022)***				
Real household income			0.000 (0.000)***				
Youth LFP 1980 original country						0.000 (0.002)	
Youth LFP 1990 original country					0.001 (0.002)		
Youth LFP 2000 original country				0.001 (0.002)			
Observations	22831	22831	22831	22675	22675	22675	11541

Women Female LFP

	(1) Female LFP	(2) Female LFP	(3) Female LFP	(4) Female LFP	(5) Female LFP	(6) Female LFP (no Mexicans)
Weak Family Ties	0.045 (0.015)***	0.015 (0.015)	0.010 (0.017)	0.021 (0.017)	0.021 (0.018)	0.023 (0.018)
Age	0.071 (0.005)***	0.062 (0.003)***	0.062 (0.003)***	0.062 (0.003)***	0.062 (0.003)***	0.056 (0.003)***
Age squared	-0.001 (0.000)***	-0.001 (0.000)***	-0.001 (0.000)***	-0.001 (0.000)***	-0.001 (0.000)***	-0.001 (0.000)***
Up to 12 years of school		-0.199 (0.014)***	-0.171 (0.012)***	-0.201 (0.016)***	-0.201 (0.016)***	-0.184 (0.013)***
Some College		-0.034 (0.017)**	-0.015 (0.019)	-0.036 (0.018)**	-0.036 (0.018)**	-0.052 (0.016)***
Married		-0.058 (0.019)***	-0.068 (0.020)***	-0.058 (0.019)***	-0.058 (0.019)***	-0.081 (0.011)***
Divorced		0.064 (0.014)***	0.073 (0.015)***	0.064 (0.014)***	0.064 (0.014)***	0.043 (0.015)***
Real hous. Income			0.000 (0.000)***			
Female LFP 1990					-0.001 (0.001)	
Female LFP 2000				-0.001 (0.001)		
Observations	26547	26547	26547	26459	26459	17011

Women education

	(1)	(2)	(3)	(4)
	Some or completed college	Some or completed college	Some or completed college	Some or completed college (no Mexican)
Weak Family Ties	0.095 (0.068)	0.085 (0.058)	0.120 (0.063)*	-0.008 (0.043)
Female	0.058 (0.005)***	0.062 (0.005)***	0.058 (0.005)***	0.064 (0.007)***
Female* (weak family ties)	0.039 (0.013)***	0.037 (0.012)***	0.035 (0.013)**	0.028 (0.012)**
Age	0.317 (0.054)***	0.315 (0.056)***	0.303 (0.053)***	0.428 (0.025)***
Age squared	-0.006 (0.001)***	-0.006 (0.001)***	-0.006 (0.001)***	-0.008 (0.001)***
Real Hous. Income		0.000 (0.000)***		
Girls to Boys ratio in Tertiary Education			0.124 (0.123)	
Observations	22831	22831	20602	11541
R-squared	0.30	0.32	0.30	0.40

Geographical mobility

	(1) Geographical Mobility	(2) Geographical Mobility	(3) Geographical Mobility	(4) Geographical Mobility	(5) Geographical Mobility (no Mexicans)
Weak family ties	0.020 (0.005)***	0.016 (0.005)***	0.028 (0.006)***	0.030 (0.006)***	0.017 (0.006)***
Age	0.027 (0.004)***	0.031 (0.004)***	0.040 (0.011)***	0.035 (0.009)***	0.038 (0.007)***
Age squared	-0.001 (0.000)***	-0.001 (0.000)***	-0.001 (0.000)***	-0.001 (0.000)***	-0.001 (0.000)***
Female	0.001 (0.003)	-0.001 (0.003)	-0.005 (0.006)	-0.007 (0.006)	0.004 (0.006)
Up to 12 years of school		-0.041 (0.006)***	-0.046 (0.005)***	-0.054 (0.006)***	-0.038 (0.008)***
Some College		-0.040 (0.003)***	-0.050 (0.005)***	-0.053 (0.005)***	-0.044 (0.006)***
Married		0.019 (0.004)***	0.011 (0.006)*	0.010 (0.006)	
Divorced		0.026 (0.009)***	0.033 (0.010)***	0.027 (0.010)***	
Unemployed			0.031 (0.007)***	0.027 (0.007)***	
Real hous. income				-0.000 (0.000)***	
Observations	21253	21253	11987	11987	10659

Family size

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Family size	Family size	Family size	Family size	Family size	Family size	Family size
Weak Family Ties	-0.325 (0.076)***	-0.275 (0.059)***	-0.305 (0.070)***	-0.230 (0.133)	-0.330 (0.172)*	-0.280 (0.161)	-0.154 (0.065)**
Age	-0.061 (0.009)***	-0.051 (0.008)***	-0.058 (0.009)***	-0.063 (0.006)***	-0.055 (0.009)***	-0.064 (0.004)***	-0.038 (0.005)***
Age squared	0.000 (0.000)***	0.000 (0.000)**	0.000 (0.000)***	0.000 (0.000)***	0.000 (0.000)*	0.000 (0.000)***	0.000 (0.000)
Up to 12 years of school.		0.335 (0.086)***	0.564 (0.094)***	0.576 (0.097)***	0.445 (0.112)***	0.593 (0.104)***	0.208 (0.053)***
Some college		0.097 (0.039)**	0.261 (0.040)***	0.222 (0.074)***	0.129 (0.069)*	0.224 (0.087)**	0.078 (0.036)**
Fam. size 1980 orig. country						0.020 (0.050)	
Fam. size 1970 orig. country					-0.031 (0.093)		
Fam. size 1990 orig. country				0.067 (0.059)			
Hous. Real income			0.000 (0.000)***				
Observations	80964	80964	80964	31789	42467	29863	60419
R-squared	0.32	0.33	0.36	0.28	0.33	0.29	0.28

How big is the effect of family ties?

- From cross-country regressions
 - Women LFP: probability would increase by 16% (1/3 of the average women LFP) if somebody moved from strong to weak family ties.
 - Home production → 40% of the average home production
 - Fertility and attitudes toward women (30-40% of the sample average)
 - Trust: magnitude is lower but comparable to the impact of education
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Immigrant regressions

- ❑ Youth LFP: 20% increase (more than 1/3 of the sample average.)
 - ❑ Women LFP: 10% increase (17% of the sample average.)
 - ❑ Geographical mobility: 4% (40% of the sample average), and living at home: 11% (about 50% of the sample average)
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Conclusions

- Family ties differ across countries
 - Measure of family ties based on answers from the World Value Survey
 - Strong family ties imply
 - more home production and less participation in market activities (especially for women and youngsters)
 - lower geographical mobility and high family size
 - Lower trust and more inward looking attitudes
 - Life satisfaction and happiness
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Conclusions

- Second generation as a test that hold constant the economic environment but allow variation in immigrants' culture.
 - An instrument based on linguistic characteristics
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Policy implications

- Explain political preferences
 - Help understand how different public policies regarding, for instance labor force participation, would work in different countries or within the US for different ethnicities
 - How far should the social planner go in interfering with family culture?
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