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# **DO CHANGES IN SOCIAL AND ECONOMIC CHARACTERISTICS AFFECT ATTITUDE TOWARDS PRICE CONTROL?**

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**Do changes in social and economic characteristics affect  
attitude towards price control?**

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# Do changes in social and economic characteristics affect attitude towards price control?

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This work examines how an individual adjusts his preferences about government price control when his social and economic characteristics change. Employing unique individual level data collected from Russian household in 2006 and 2013, we show that acquiring higher education decreases individual preferences toward government price control. Having a set of individuals questioned in 2006 and 2013 we observe changes of their preference along with changes in social and economic characteristics. This in turn, allows us to use first difference OLS estimations and eliminated bias caused by correlation of education and variety of unobserved characteristics that are fixed in time (i.e. unobserved innate abilities). Among other characteristics affecting decreasing individual demand for government price control are income and positive economic expectations.

**Keywords:** price control, Russia, higher education, government

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## **Non-technical summary**

This paper examines the link between changes in individual education, income economic expectations and her attitudes toward government price control.

In fact, our research is not pioneering work in the field; however, we change to the existing state of the art in the literature by correcting the bias of the effects estimates caused by unobservable individual characteristics that are fixed in time. Affecting simultaneously beliefs and their predictors those unobservable characteristics potentially may lead to overstating or understating the effects on preferences and, therefore, incorrect policies aimed on increase in pro-market preferences. Among those unobservable characteristics possibly are nurturing environment, innate abilities etc.

Observing individual social and economic characteristics reported by the same group of individuals at two point of times – in 2006 and 2013 – we infer strong regularities in their preferences about state control over price and education. In particular, we show that individuals acquiring higher stock of education, higher income, gains business experience and positive economic expectations tend to prefer fewer interventions of the sates to the economy in Russia.

Applying special statistical procedures, we show the existence of negative effect of education, business experience (i.e. learning by doing) and optimistic economic expectations on individual preference about the role of government in the process of price formation. In addition, there are some weak evidence of negative contemporary income effect. All these allows us to recommend increase in educational stock as the primary policy tools aimed on nurturing pro-market preferences among Russians. In addition, this schooling should be market-oriented and include significant practical component of individual interaction with market mechanisms.

## Introduction

What are the important barriers to the success of free market in transition economies? One view is that “major obstacles are the attitudes, morals, and understanding of the people themselves...” (Shiller, Boycko, and Korobov 1990). Indeed, recent studies of Pinotti (2012) show that economic freedom, which is an important predictor of investments and growth (Azman-Saini, Baharumshah, and Law 2010), reflects endogenous equilibrium between policy makers, who exercise control and individuals (as well as household), who demand regulation. In early nineties people were very enthusiastic about market economy and liberal values were very popular. Not only good things of economic liberalization have happened so far, but also hard social and economic circumstances of transition (as well as other factors) constitute a negative influence on individual attitudes towards markets. Thus, it is not surprising that Sergei Guriev and colleagues (2008) found that “...Russian people demand specially suited democracy”. In this context, our particular interest is focused on the heart of free market system – free pricing mechanism.

Data shows<sup>2</sup> that in time demand for government price control is rather high among Russian population. For instance, in terms of dichotomized values, 81 and 86 percent of respondents would rather prefer that government would control price for food in years 2006 and 2013 respectively. The same is true for gas price regulation – about 90.1% – equally in 2006 and 2013. In addition, about 95.5 and 91 percent would prefer government price regulation for utilities in 2006 and 2013 respectively.

From the other side, it is interesting to see what kind of changes in social and economic individual characteristics may be attributed to corresponding change in demand for government price control. This question is the central research question of our study.

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<sup>2</sup> Author's calculations performed on RLMS data for waves 15 and 22.

Our study is not a new one in the strand of literature, dealing with market attitudes in transition<sup>3</sup>. However, it differs from existing studies in the sense that available data allow us to account the net effect of a change in individual characteristics on change in attitudes towards price control more precisely. Moreover, it contributes to existing state of the art with analysis of a broader spectrum of demand for government regulation, adding new evidences from RLMS-HSE data sets.

Our aim is to estimate (using regression analysis) the effect of the changes in education, individual income and economic expectations on the change in individual demand for government price control and controlling for other social and economic characteristics.

## **Review of the literature**

### **Education**

There are at least two effects of *education* on individual attitudes toward government regulation of the economy (Andreß and Heien 2001). These effects have opposite directions. On the one hand, the more time an individual spends in the system of higher education, the higher his confidence is in his own success without any support from the state. On the other hand, the system of education carries out enlightenment function that in turn instills love of universal human values and equality in individuals. As result of education, the support of government regulation might rise. However, the majority of the existing studies document negative effect of education. For example this direction of the educational effect is documented in Andreß and Heien (2001), Papadakis and Bean (1993), Jakobsen and Listhaug (2012), Dimitrova-Grajzl, Grajzl, and Guse (2012), Pitlik and Kouba (2014). In the empirical study of Cnaan et al (1993) authors showed that in Israel individuals with lower level of education prefer lower level of government intervention in order to

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<sup>3</sup> Among interesting articles here one can note studies of (Zimmerman 1995; Gibson 1996; Dimitrova-Grajzl, Grajzl, and Guse 2012; Pitlik and Kouba 2014) and other works which will be covered in our literature review section.

preserve civic rights. This example partially shows the effect of enlightenment carried out by education.

Literature also discusses several channels of educational impact on liberal values in broader sense. Even though liberal values were formulated in more general context in these studies, we can mention them and try to figure out possible implications for attitudes towards price control. Rune Stubager (2008) considers possible mechanisms of educational impact on individual liberal preferences. Author suggests several models, henceforth, in order not to confuse with classifications of models, defined in other studies, we call them as channels of impact. The idea of **psychodynamic channel** implies improving effect of education on psychological resistance to changes and freedom. Individuals that are more educated are more able to control their lives and to be less aware of market pricing. Thus, a negative association between education and attitudes towards government price control may be expected. **The socialization channel** suggests that during the process of education individuals acquire values of surrounding social environment – liberal ideas of teachers, friends and content of academic disciplines. For example, studying history (which is obligatory in most Russian post-secondary educational institutions) students may be informed of the consequences of central planning, therefore, one might expect negative association between education and attitudes towards government regulation. In addition we should mention **ideological refinement channel**. This mechanism was discussed and tested by Jo Phelan and colleagues (1995), they also made a reference and extensive discussion of origins of this model, developed by Jackman and Muha (1984) using the US data and indicated that education transmits ideology of individualism, so positive association between education and individual rights may be present. However, it is not clear what major ideology is present at Russian universities, therefore, it is hard to make any prior concerning associations of education and liberal attitudes towards pricing. **The cognitive channel** suggests acquiring of special knowledge and rational way of thinking during the process of education. In the framework of attitudes toward government price control, more educated individual (*ceteris paribus*) may forecast



consequences of state price control – deficit for instance – with more certainty. Thus, a negative association between attitudes towards government regulation and education may be assumed.

## **Welfare**

The importance of *income (welfare)* indicator for individual demand for goods is intuitively clear and well documented in the literature. However, it is worth noting that empirical studies of public opinion on government regulation also point out importance of welfare and income. Nevertheless, there is no clear answer about impact direction of these indicators.

There are two competing hypotheses in the work of Cnaan et al. (1993). *The Underdog hypothesis*. According to this hypothesis people with low income and education, national minorities, youth and females would tend to vote for policy of support for people like themselves. *Working class anger hypothesis* implies that low-paid workers would be angry about people who prefer not to work (and get government support), though their own income is not lower than that of not working people. Besides, low-paid individuals would beware to support government intervention because of potential rise in taxation (source of government support programs). Authors used data of two cities (Detroit and Tel Aviv) and tested these two and other hypotheses about respondents' beliefs toward different forms of government regulation. Underdog hypothesis was confirmed in Israel, while Working class anger hypothesis was confirmed using US data. Using World Value Survey data, Blekesaune (2007) showed that employment and individual financial satisfaction is negatively correlated with preferences toward government initiatives to support all social groups.

In the paper of Andreß and Heien (2001) authors emphasized the role of individual income as an important predictor of government regulation of the economy. In this research, they used ISSP (International Social Survey) data for the year 1992. Employing regression analysis authors showed negative impact of individual income on attitudes toward government interventions to the economy. They documented significant effects in Norway, West Germany and the United

States. The study of Papadakis and Bean (1993) analyses individual attitudes toward government responsibility for employment provision to everyone who seeks for it, provision of health care service, support of retired and unemployed people and individual believes about level of government expenditures on social programs in Australia, United Kingdom, US, Austria, West Germany and Italy. They showed that in Austria and West Germany individuals with low income levels would vote for increase in government spending. However, individual income level is not a significant predictor of preference toward government responsibility.

### **Economic expectations**

Macroeconomic indicators and general economic situation is also affecting individual believes about government interventions into economy. In particular, using data of G7 countries during 2001-2009 with accent on the period from October-December of 2007 to middle of July of 2009, (Roth 2010) showed that GDP growth positively affects individual confidence in market economy while the level of unemployment – negatively. Inference from regression analysis allowed the author to suggest a mechanism of indicators' impact. In particular, he suggests that increase in unemployment leads to drop in confidence in free market economy and economic decline positively affects individual demand for government regulation.

It is important to note that not only factual level of social and economic indicators affect preferences toward different forms of government regulation of the economy, but also believes and economic expectations play an important role in formation of demand for regulation. For instance, Robinson and Bell (1978) using data of UK (London) and US (three cities of the State of Connecticut) showed that individual believes in his monetary success is negatively associated with egalitarian position of citizens. This association is not distinctive for UK, but British people believing that they live *not worse* that they deserve are less likely to support government regulation of the economy. The role of *expectations* is also considered in the research of Durr (1993). Using US data, author showed that optimistic expectations about welfare of the economy are positively associated with individual support for participation in federal government programs, since these programs are

associated with costs. In turn, it is possible efficiently cover these costs only in the periods of run-up. However, if people expect a decline, they decrease the support of government interventions to the economy.

In order to make our work more consistent with broad literature dealing with individual attitudes to government interventions into economy, let us consider additional controls widely used in the studies.

### **Employment**

Individual employment is negatively associated with individual support of government regulation of the economy. In the work of Jakobsen and Listhaug (2012) authors showed this correlation using empirical data of 23 countries around the world. They also used ISSP data (“Role of Government”) which describes individual attitudes toward government financing if the projects aimed to create new working places and support for unemployed, protection of working places in the sectors with declining production. In this study authors also point out that macroeconomic level of unemployment positively affects individual support of government regulation only if the socialistic government is in charge. In the empiric work of Sihvo and Uusitalo (1995) authors used data collected in Finland. They studied factors affecting public opinion on individual benefits of government support, sufficiency of the state programs of income insurance, comparability of government programs scale with needs for such programs. They discovered that highly qualified workers of public sector are more likely to support government regulation, but private sector workers are less likely to do so. Authors explain this phenomenon partially by the fact that workers employed in public companies and institutions, get a return to government regulation. An interesting mechanism of support for government regulation from workers of state-owned firms and institutions was proposed in the work of Svallfors (1995). Author points out that this category of workers experiences some sort of sympathy to colleagues from government (who does the similar job) and therefore they are favoring to government regulation. They corroborated this hypothesis using Swedish data drawn from 1981, 1986 and 1992 surveys.

## **Trust**

The impact of trust to other people on individual attitude to government regulation is described in detail in the study of Aghion et al. (2010). The authors were interested in why demand for government regulation in low trusting countries occurs even given that the government is elected from the same *non-trusted* people. To explain this phenomenon they employed analytical model assuming besides other things that economic agents with non-civic behavior produce not only useful good but also negative external effects (for instance, infringe someone's rights and freedom). In order to start their harmful activities, they have to bribe an official. The agent pays a bribe if his income is higher than optimal, unified and define by the official level of bribe. Depending on the share of individuals following civic rules, the model implies two optimal (in terms of welfare) modes – with the government and without it. In the bad equilibrium (with government), all agents take bribes and there is no trust in the society. Authors believe that demand for corrupted officials occurs due to the fact that this kind of official will prevent inefficient (those who cannot pay a bribe) non-civic agents to come in the economy. In this way, the economy is self-cleaning from low efficient production and civic rules offenders. Even though the equilibrium is bad (social welfare is negative), but the society is better off, the society understand the equilibrium and, therefore, supports corrupted and non-trusted officials. Using World Value survey authors showed that different types of trust (trust to others, trust to government officials and companies) is negatively correlated with believes about harm of competition, higher responsibility of the government and believes that democracies carry out bad economics. The general tendency in the empirical work shows that higher level of trust is negatively associated with individual demand for government regulation. Pinotti (2012) corroborated main predictions of the model of Aghion et al. (2010) using World Value Survey data for 32 European countries for the period of 1999-2004. The author points out that higher level of trust in the society decreases the likelihood of individual support of more efficient government regulation of firms. Pitlik and Kouba (2014) suggest that there is less demand for government regulation if the

population has lower trust to government as compared to business. In this research, authors point out three types of trust. First, trust to the society that was measured by the answer to the following question: generally speaking, could you say that most people could be trusted or we should always be careful with other people? Second, trust to government was calculated as a mean value of trust to public services, state, courts and parliament. Third, trust to the largest private companies calculated from the survey data. Using panel of 37 countries drawn from World Value Survey and European Values Study authors showed that trust to the society positively affects individual attitudes toward government interventions meanwhile trust to companies – negatively. It is interesting to point out that joint effect of these two types of trust is also negative. The study of Dimitrova-Grajzl, Grajzl, and Guse (2012) pays additional attention to joint effect of perception of corruption and trust. Using LITS (Life in Transition Survey) data authors showed joint negative effect of trust and corruption on individual attitudes toward government participation in the property of large companies, property of gas and power supply companies and in the process of price formation for food and other goods in order to preserve low price for these kinds of products. In this study, they also corroborated the hypothesis of negative correlation of trust and individual demand for government regulation of the economy.

### **Business involvement**

Practical experience is also important component of professional education. Therefore, the experience of dealing with market economy directly might be well proxied with individual business involvement. Individual *business involvement* is negatively associated with demand for government price control (Denisova, Eller, and Zhuravskaya 2010). It is argued, that labor market experience does matter for individual preferences about direct state involvement into economy. They point out lower preferences of those employed in private firms toward government price control. The same is true for individuals having self-employment or entrepreneurship experience.

### **Sex**

Many studies show that *females* are more likely to support government regulation of economy (Andreß and Heien 2001; Papadakis and Bean 1993; Svallfors 1995; Jakobsen and Listhaug 2012; Dimitrova-Grajzl, Grajzl, and Guse 2012). According to the study of Svallfors (1995), there are several explanations to this phenomenon. First, a bigger share of females is employed in state-owned enterprises and institutions. In addition, they are more likely to take care of other family members and perform more of house and unpaid work. Therefore, government support is beneficial to them. Second, females are featuring “rational care” about other people. In particular, it transforms female views of “moral economy of family life” into support of government regulation.

### **Age**

*Age* is also one of the most important factors of attitudes toward government regulation of economy. Meanwhile, facts show that the effect of age is not always straightforward. For instance, in the study of Andreß and Heien (2001) authors pointed out three age cohorts 18-30, 31-45 and 46-60. On the one hand, in Eastern Germany there is negative effect of age (for all age cohorts) on individual beliefs concerning government regulation. On the other hand, in Western Germany and in the US there is positive and significant effect for the first age cohort. In such a way this study corroborated the concept of Ronald Inglehart – the famous sociologist – post-material values is a distinctive feature of youth. The hypothesis of age effect non-linearity was tested empirically in variety other studies (Jakobsen and Listhaug 2012; Dimitrova-Grajzl, Grajzl, and Guse 2012). In the first study, authors fully corroborated the hypothesis of age effect non-linearity. They documented U-shaped dependency. Though in the second study authors documented statistic insignificance of the quadratic term.

### **Methodology**

This section provides empirical model specification for testing selected set of hypotheses. Basing on the literature review, data constrains (we are missing some questions that are widely used in the literature for two or one waves) and our considerations we have defined three major working hypotheses.

## **Hypothesis 1**

An increase in education leads to negative change in individual demand for government price control.

In order to support this hypothesis we use the following economic intuition. It is conventionally true that bases of economics – demand and supply, price control, surplus and deficits – are studied at most high school in post-soviet countries. However, specific knowledge about functions of government may come also from university-level general courses (i.e. history, sociology, political science, philosophy etc.). We believe that with increase in educational level, chance that an individual attended more of such classes goes up along with the likelihood of getting knowledge about the role of government, government price control and possible consequences of such control. Thus, the more education an individual acquires, the more she is getting enlightened and the more she knows about functions of government in developed world.

## **Hypothesis 2**

A positive change in household wealth negatively influences demand for government price control.

An economic intuition for this hypothesis is wealth effect. The richer individual is, the more she can consume the less help she needs from other parties, as well as from the government. Also richer people may consider government as a threat for their monetary and non-monetary reserves, because of various reasons (corruption, conflict of interests, envy of government officials etc.).

## **Hypothesis 3**

A positive change in income expectations negatively influences demand for government price control.

The intuition behind *hypothesis 3* is pretty much the same as for the *hypothesis 2*.

In the next step, we provide empirical model specification for hypothesis testing expressed above. Our baseline empirical model of interest may be described

in quite a simple way. Let  $Y_{it}$  denotes individual  $i$  demand for government price control in year  $t$ , then basic empirical specification may be written as:

$$Y_{it} = \alpha_0 + X_{it} \times \beta + v_i + e_t + \varepsilon_{it} \quad (1)$$

where:

- $\alpha_0$  is the constant term;
- $X_{it}$  captures individual characteristics of individual  $i$  in year  $t$  such as educational level, economic expectations, employment status etc;
- $\beta$  is the vector of empirical coefficients to be estimated;
- $v_i$  is individual unobservable effect (individual fixed effect), which are stable in time between the RLMS rounds. For example,  $v_i$  may represent individual innate ability,  $\text{cov}(X_{it}, v_i) \neq 0$ ;
- $e_t$  – is a time component;
- $\varepsilon_{it}$  – is an error term, and  $E[\varepsilon_{it} | X_{it}, v_i, e_t] = 0$ .

Let's take a difference between two waves ( $t_0 = 2006$  and  $t_1 = 2013$ ). We have:

$$\begin{aligned} Y_{i2013} - Y_{i2006} &= \alpha_0 + X_{i2013} \times \beta + v_i + e_{2013} + \varepsilon_{i2013} - (\alpha_0 + X_{i2006} \times \beta + v_i + e_{2006} + \varepsilon_{i2006}) \Rightarrow \\ \Delta Y_i &= \Delta X_i \beta + \underbrace{(e_{2013} - e_{2006})}_C + \underbrace{\Delta \varepsilon_i}_{u_i} \end{aligned}$$

That is the baseline equation (in first differences) for empirical estimation is:

$$\Delta Y_i = C + \Delta X_i \beta + u_i \quad (2)$$

where:

- $\Delta Y_i$  is the time difference in the demand for government regulation of individual  $i$ .
- $\Delta X_i$  is the corresponding change in individual characteristics of individual  $i$ .
- $C$  captures contribution of time into demand of individual  $i$  (time effect).



However, in order to account for possible trend differences for individuals of different ages<sup>4</sup> we modify baseline model in the following manner:

$$\Delta Y_i = C + \beta \Delta X_i + \gamma X_{i2006} + T_i \quad (3)$$

where  $\gamma X_{i2006}$  is initial state of individual characteristics. Substituting equation (1) into equation (3) we can rewrite equation (3) as follows:

$$\Delta Y_i = C + \beta \Delta X_i + \gamma Y_{i2006} + \xi_i \quad (4)$$

In addition, in order to eliminate age cohort effect, we estimate model (4) on the restricted sample of individuals who were 15-19 years old as of year 2006 for reasons explained below.

The highest potential to change in educational status preserves the cohort of youth (subsample of youth, henceforth) – individual aged 15-19 years as of 2006. That is because in Russia normally elementary school starts when a child reach the age of 6 years and 6 month old as of September 1 of the year she intended to start a school. Therefore, normally children start their first grade at age of six to eight years old. In Russia there are two stages of post-primary education lower-secondary and upper secondary schools. Lower secondary schools includes 5<sup>th</sup> to 9<sup>th</sup> grades of schooling, which totals to 9 years of secondary education. Upper secondary school includes 10<sup>th</sup> and 11<sup>th</sup> grades, which in turn sums up to 11 years of secondary schooling. Students have two options to graduate from the high school. First, they can quit at grade 9 and they have a right to be enrolled in vocational school or professional college. The second option, they can proceed to 11<sup>th</sup> grade and obtain a right to apply for higher education upon graduation from a high school. Taking into account age of enrollment to the elementary school in Russian, there are two critical age interval when high school students make a decision about their educational trajectories. The first covers 15 to 17 years old and implies vocational school or professional college enrollment and it happens at the end of 9<sup>th</sup> grade when depending on enrollment age, individual will be 15 to 17 years old. The second

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<sup>4</sup> The model was modified in order to account for initial state of individual beliefs.

interval covers age of 17 to 19 years old depending on enrollment and it is associated with graduation from 11<sup>th</sup> grade of the high school. Basing in this two age intervals, we define category of youth, which includes individuals of 15 to 19 years old. Conventional wisdom suggest that individuals of this age cohort would experience major changes in their educational stock during next seven years that our panel covers. There are about 5.5 percent of respondents fall into this age cohort.

### **Data description**

Before we provide estimation results and their discussion, let us first introduce data description that we are using in our analysis. As the source of data for this study, we used two waves (2006 and 2013) Russian Longitudinal Monitoring Survey (RLMS), where similar questions were asked concerning price regulation. However, the questionnaire of 2013 is richer in terms of coverage of attitudes towards government regulation, and it has a more wide set of individual characteristics. Thus, answering the first question we use 2013 data. Empirical analysis of changes (first differences) is done, using information of 2006 and of 2013.

According to the definition provided at official web site of the monitoring, RLMS is a non-government longitudinal survey of households. It is a series of annual national and representative interviews basing on stratified probabilistic multistage territorial sample. The sampling procedure was designed by the leading world experts in the field. This survey was conducted in a form of face-to-face anonymous interview.

There are 14689 respondents in the wave of 2006 and 21753 in 2013. Even though we do not restrict age of individuals, the questions about individual preferences were present only in “adult” questionnaire<sup>5</sup>. In the Table 1 we show basic summary statistics on all relevant variables used in our analysis for the general sample Table 1 of RLMS adult respondents in each year.

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<sup>5</sup> According to RLMS methodology, “adult” questionnaires are used to interview respondents of 15 years old or older

Table 1- Summary statistic on all relevant variables by years

	Mean	St. Devi ation	Min	Max	Mean	St. Devi ation	Min	Max
	2006				2013			
Index of individual att. to gov't price control, $Y \sim N(0,1)$	0.01	0.77	-3.13	0.35	0	0.93	-3.70	0.72
Index of individual att. to gov't price control $Y = \{0,1\}$	0.89	0.24	0	1	0.89	0.28	0	1
Mean of family members' atts.	-0	0.62	-3.13	0.35	-0.01	0.78	-3.70	0.72
Years of schooling	11.87	3.32	0	24	12.41	3.15	0	25
Business experience	0.10	0.31	0	1	0.11	0.31	0	1
Possession of higher education	0.19	0.39	0	1	0.24	0.43	0	1
Democratic preferences	0.01	0.74	-3.57	0.95	-0	1	-1.06	2.26
Trust	0.16	0.36	0	1	0.19	0.39	0	1
Economic expectations:	X	X	X	X	X	X	X	X
Live much worse	0.03	0.16	0	1	0.04	0.19	0	1
Live somewhat worse	0.07	0.25	0	1	0.09	0.28	0	1
Nothing will change	0.56	0.50	0	1	0.55	0.50	0	1
Live somewhat better	0.30	0.46	0	1	0.29	0.45	0	1
Live much better	0.04	0.20	0	1	0.04	0.20	0	1
Individual income (in logs)	7.29	3.06	0	12.63	8.05	2.83	0	14.04
Family income per capita (in logs)	1.93	0.78	0	2.61	2.06	0.70	0	2.71
Average family income in a region	8.63	0.39	7.95	9.51	9.02	0.33	8.40	9.93
Individual age	43.15	18.55	15	100	45.06	18.29	15	100
Gender (1 stands for males)	0.43	0.49	0	1	0.42	0.49	0	1

Mean of respondents' age increases from 43.15 to 45.06 from 2006 to 2013. The share of males in sample was almost constant and equal to 43% and 42% in 2006 and 2013 respectively. We observe some increase in real incomes from 2006 to 2013, however the number of individuals with pessimistic economic expectations have also risen from 10 to 13. We also observe, some changes in share of those who believes that most people could be trusted.

Following Denisova et al. (2010) we define business experience as a binary variable taking value of 1 if individual reported that he ever tried to start his own business, regardless of the success or if he reports business activity at his primary working place. It follows from the data provided in Table 1 that there were almost no changes in the share of respondents who reported any involvement into business activity during.

In order to measure individuals' democratic preferences in 2006 we used questions where individuals had to state to which extent it is important to him personally to have each of the following in his country: free and fair elections, law and order, freedom of speech, independent press, political opposition, fair courts and rights protection for national, religious and other minorities. Respondents had five answer options: 1 – very important; 2 – rather important; 3 – yes and no; 4 – rather not important; 5 not important at all. In addition, respondents had quit options, which we decoded to missing values. At the final stage, we calculated index of democratic preferences as a mean of z-scores of answers values to democracy related questions described above. These questions were not asked in 2013; however, in 2013 democratic preferences were measured using another question: According to your opinion, should Russian power become more democratic or exhort more control over the politics? The respondents we offered to place their preference according to discrete scale where 1 means that power should become more democratic and 10 means to exhort more control. In addition, quit options were offered and then decoded to missing values during analysis. In order to preserve comparability with index constructed for the year 2006, we have also standardized values of individual's

answers and obtained index for democratic preference of the similar scale to one for the year 2006.

In order to assess economic expectations, we use the question about respondents' opinion about her life in the future was used. In terms of economic expectation, surveyed Russians were rather optimistic, about 90% reported that they would live the same or better in the next 12 months in 2006 and 87% in 2013. In sample of 2006, 19% of respondents who possessed higher education degree and their share increased to 24% in 2013. The average duration of schooling have also slightly increased from 11.87 years in 2006 to 12.41 in 2013.

Let us consider individual education more carefully in the context of changes from 2006 to 2013. Overall, there are 7936 respondents (54% of 2006 sample and 36.4% of 2013 sample), who took part in both waves; however only 6540 were of qualified age to answer preferences related questions (i.e. were 15 years old or older). Almost all – about 6535 out of 6540 – respondents reported general information on their educational status in our sample. However, digging deeper into details of educational trajectories shrinks the sample. For instance, only about 5380 respondents provided some details on their graduation from any post-secondary educational institutions they have attended. Therefore, there are about 1160 observations hold no information on individual's graduation. We have the very similar situation for other details of individual educational trajectory. Basing on RLMS questionnaire, individuals were asked to indicate up to five professional courses and up to two educational institutions. Taking into account, that minor individuals reported attendance to more than two professional courses, we did not consider those answers. Therefore based on respondents' answers, we constructed patterns of educational trajectories of respondents for seven years interval between surveys.

The most obvious and frequent pattern was no change in educational status. We documented, 5725 individuals did not have changes in their education, basing on the reported date of last graduation from any post-secondary educational institution. This value includes also those individuals, who had no information

reported on their graduation on both 2006 and 2013. While 815<sup>6</sup> respondents reported changes in graduation from the last attended post-secondary institution. These 815 individuals are in the scope of comparative analysis below.

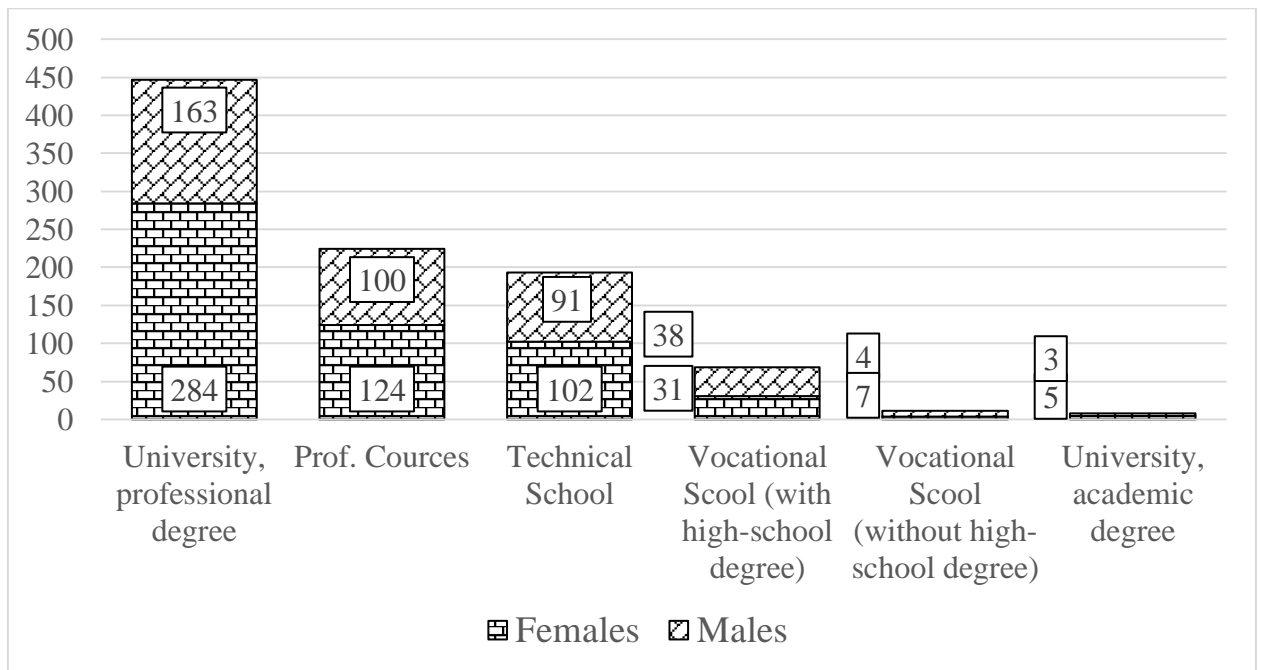
For those 815 individuals we document 35 patterns of educational trajectories during 2006 and 2013. By patterns of educational trajectories, we mean various combinations of educational attainment and graduation during 2006 and 2013. For example, a group of individuals who reported graduation from the first higher education institution only will constitute one pattern; while group of individuals who reported educational institution graduation plus professional courses will constitute another pattern. In the result of analysis of educational patterns, we document 132 respondents reported graduation from more than one educational – 78 males and 54 females.

We document the major reason for change in educational status during 2006 – 2013 was acquisition of first university degree (250 observations or 38% of the changes). Graduation from technical school and professional courses were second and third major reasons (15.95% and 15.21% of changes respectively). Only five 5.52% of respondents changed their educational status because of graduation from vocational school (with high-school degree<sup>7</sup>). Among other patterns covering least 2% of those with changed educational status were second professional university degree, first university degree and professional courses, university degree along with technical school degree, second professional courses, first technical school degree and some professional courses.

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<sup>6</sup> Table with calculations is big and messy, therefore it is not included in this paper, but may be delivered by author upon request.

<sup>7</sup> In Russian context, vocational school with high school degree means that a person started her vocational school after accomplishment 11<sup>th</sup> grade of high school.



*Figure 1 – Distribution of changes in education by institution type and gender*

In Figure 1 we present distributions of changes in education across education institutions and in terms of gender structure for 2006-2013 period<sup>8</sup>. As we can observe from, the majority of graduates were females in most levels of post-secondary education. The only exception is vocational (professional) schools, where the share of females was only 44.9 percent. Therefore, the data reflected in Figure 1 shows that females in Russia are more ambitious in terms of educational attainment.

Now let us consider gender specific preference for specializations obtained during 2006-2013 period in the case of acquiring higher education. Overall there were 395 respondents that both participated in two waves of RLMS under study and reported that they obtained primary university degree after 2006. These individuals reported 50 various specializations (classified by ISCO-88) they obtained during their university. Moreover, some of the specializations are gender specific. In Table

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<sup>8</sup> We have to mention that data reflected in the diagram of Figure 1 shows changes in a certain level of education regardless of the fact whether or not it was first or second degree obtained at the corresponding level. In addition, we count individuals as many times as many degrees they acquired during 2006 – 2013 period, and therefore, individual who acquired two degrees, for instance, university and professional courses would be counted twice. That is why the numbers provided on the diagram would sum up to 952 which exceeds the overall number of individuals with changes in their educational status

2 we show specializations nominated by 2% or more of the sample as the specialization of their primary higher education.

*Table 2 Specialization preferences, % of total 2006-2013 university graduation*

University specialization	University specialization ISCO88 code	Females	Males	Total
Mathematicians and related professionals	2121	0	4.17	1.52
Civil engineers	2142	1.2	4.86	2.53
Electrical engineers	2143	0.4	2.78	1.27
Electronics and telecommunications engineers	2144	0.8	4.86	2.28
Mechanical engineers	2145	0	11.81	4.3
Chemical engineers	2146	0.8	2.08	1.27
Mining engineers, metallurgists and related professionals	2147	0.4	3.47	1.52
Architects, engineers and related professionals not elsewhere classified	2149	5.58	6.94	6.08
Agronomists and related professionals	2213	2.39	1.39	2.03
Other teaching professionals not elsewhere classified	2359	8.76	4.86	7.34
Accountants	2411	10.36	3.47	7.85
Lawyers	2421	10.76	11.81	11.1
Economists	2441	23.11	13.19	19.5
Psychologists	2445	3.59	2.08	3.04
Administrative associate professionals not elsewhere classified	3439	6.77	6.94	6.84
Decorators and commercial designers	3471	2.39	0	1.52
Athletes, sports persons and related associate professionals	3475	0.4	3.47	1.52
Total		77.71	88.18	81.5



Overall, 2% threshold for specialization allow to account for about 88% of males and 78% of females who obtained higher education during the period under study. From the Table 2 we can observe that there are substantially more males obtaining engineering specializations in the course of higher education. While females are leading in humanities and economics related majors.

In order to estimate models (2) and (4), we use the difference of indices of demand for government price control as a dependent variable. At this point, we have to stress that we had serious limitation in comparing demand for government price control in years 2006 and 2013, because of the fact that questions measuring attitude toward price regulation were addressed to the respondent in a different ways.

In the 15<sup>th</sup> wave (2006), individuals had to express their opinion on the following question: Who in your opinion – the State or the market – should fix prices of the following:

- Food goods –  $Y_1^{2006}$  ;
- Petrol, fuel –  $Y_2^{2006}$  ;
- Housing and communal services –  $Y_3^{2006}$  .

However, in the 22<sup>nd</sup> wave (2013) individuals had to answer the following question: On the scale from one to ten, where one means completely disagree and ten means completely agree, please, indicate to what extent you agree that:

- Prices for food should be determined by government –  $Y_1^{2013}$  ;
- Prices for gas and petroleum should be determined by government –  $Y_2^{2013}$  ;
- Prices for utilities should be determined by government –  $Y_3^{2013}$  .

For both waves we calculated index of demand for government price control as a mean of first three indicators. Formally, index equal to the following:

$$Index_i^t = \frac{Y_{1i}^t + Y_{2i}^t + Y_{3i}^t}{3} \quad (5)$$

In order to work around the issue of scales incompatibility across two waves we used two approaches. First, we dichotomized answers collected in 22<sup>nd</sup> wave in

order to make them comparable to 15th wave ones. We attributed value of one to those individuals who market 6 and more points on the scale of 10 points of consent on necessity of price regulation for certain group of goods and zero otherwise.

In the second approach, we used standardized z-scores (standardized components of the index for both waves) for comparability purpose of dichotomous variables observed in 2006 to ordinal ones in 2013. We also used this approach as robustness check to dichotomization threshold selection in the first approach. Here and forth, we present estimations for both dichotomized and normalized indices of demand for government price control

### Results

In order to stress the particular role of changes in education for changes in demand for government price control, let us modify equations (2) and (4) in the following way:

$$\Delta Index_i(Y_i = \{0,1\}) = C_i + \beta \Delta X_i + \gamma \Delta O_i + \varepsilon_i \quad (6)$$

$$\Delta Index_i(Y_i \sim N(0,1)) = C_i + \beta \Delta X_i + \gamma \Delta O_i + \varepsilon_i \quad (7)$$

$$\Delta Index_i(Y_i = \{0,1\}) = C_i + \theta Index_i^{2006} + \beta \Delta X_i + \gamma \Delta O_i + \varepsilon_i \quad (8)$$

$$\Delta Index_i(Y_i \sim N(0,1)) = C_i + \theta Index_i^{2006} + \beta \Delta X_i + \gamma \Delta O_i + \varepsilon_i \quad (9)$$

where:  $\Delta X_i$  is a change in individual education and  $\Delta O_i$  is a change in o other individual and social characteristics. Therefore, equations (6) and (7) are baseline models representations where demand for government price control indices constructed on dichotomized and standardized components. Meanwhile equations are modified model with the same indices as dependent variables. As it discussed above, in addition to specification (6) – (9), we use sample manipulations (i.e. keeping only 15-19 years old individuals in order to show the effect of control variables on the individual of very close context).

In addition to that, at the final stage we estimate simple cross-section models and compare them in order to see how population has changed as whole. We use equation (1) as a baseline specification for these estimations.

Table 3 presents summary statistics for first differences of indicators used in our analysis for general sample and subsample of youth. In addition to the already discussed independent variables, we additionally control for *regional wealth* calculated as mean value of family wealth within primary sampling units of the survey (since RLMS is national household survey and it is not representative within administrative regions).

*Table 3 Summary statistics for changes in dependant and explanatory variables*

	Mean	St. Deviation	Min	Max	Mean	St. Deviation	Min	Max
	General sample				Sample of youth			
$\Delta Index(Y_i \sim N(0,1))$	0.02	1.07	-4.05	3.85	0.04	1.37	-4.05	3.85
$\Delta Index_i(Y_i = \{0,1\})$	0.01	0.33	-1	1	0.02	0.43	-1	1
$\Delta$ Mean of family members' atts.	-0.01	0.91	-4.05	3.85	-0.06	0.89	-3.70	3.85
$\Delta$ Years of schooling	0.33	1.86	-14	10	3.09	2.67	-10	9
$\Delta$ Possession of higher education	0.06	0.27	-1	1	0.29	0.46	0	1
$\Delta$ Business experience	-0.01	0.33	-1	1	0.06	0.32	-1	1
$\Delta$ Democratic preferences	-0.08	1.20	-2.01	5.02	0.14	1.23	-2.01	4.83
$\Delta$ Trust	0.05	0.51	-1	1	0.03	0.53	-1	1
$\Delta$ Economic expectations	-0.11	0.90	-3	4	-0.10	0.97	-2	3
$\Delta$ Individual income	1.14	3.16	-10.60	11.61	4.32	4.42	-8.52	10.70
$\Delta$ Family income per capita (in logs)	0.22	0.82	-2.45	2.53	1	1.21	-2.25	2.46
$\Delta$ Average family income in a region	0.37	0.38	-1.07	0.86	0.32	0.45	-1.07	0.86

From the Table 3 we can observe two times higher average changes in demand for government price control for the population of youth compared to general

population. In addition, young people have much higher increase in years of schooling, since most of Russian high school graduates continue their education at profession schools or higher education institutions. Also, young people sample shows much higher growth in the share of individuals involved into business activity, average income as well as family wealth.

Let us start our analysis with estimating regression parameters for the baseline model and modified model specified by equations (6) and (7). Table 4 contains estimation results for the base line model. Baseline model was estimated for general sample and sample of youth and with alternating dependent variable (dichotomized and normalized indices). In order to control for region specific income shocks we also control for average family income in the region where the individual is coming from. As it follows from the results provided in Table 4 we fail to find any statistically significant correlation of changes in education and changes demand for government price control. However, switching to indicator of possession of higher education brings the fruitful result – we can observe negative and statistically significant effect of acquiring higher education. This is true for all specifications, however, statistical significance of this predictor is much higher for young individuals only (i.e. those who were 15-19 years old as of 2006). Moreover, in terms of absolute values coefficients at change in possession of higher education are about three times higher of the sample of youth that suggest much higher sensitivity of this cohort to treatment (i.e. acquiring higher education). Changes in business experience democratic preferences and economic expectations matters only for general population. However, trust and individual income turned out to be insignificant predictor when first difference specification is used.

Now let us analyze estimation results of the modified model. Table 5 presents estimation outputs for modified model. In addition, in the Table 5 we use regional dummies instead of changes in average regional income to control for overall region specific shocks. As we could expect, initial state of beliefs about role of government in economy turns out to be the strongest predictor – it is significant in all specification and once included it rises R-squared coefficient drastically comparing

to the base-line model. Inclusion of initial state of attitudes increases significance of years of schooling, which now gets 5% significance for the general sample specification. However, it decreases significance of changes in possession of higher education for the sample of youth. Moreover, inclusion of initial state of preferences, shrinks the gap between coefficients at possession of higher degree variable in the case of the general sample and the sample of youth. This might point on reverse causality of demand for government price control and university attendance (i.e. initially more premarket individuals are more likely to attend university), however it requires additional consideration which goes beyond of this work. Significance and direction of impact of other predictors remains very similar to the baseline model estimates. Besides that in the case of modified model, we observe significance and negative impact of change in logarithm of individual income on change in individual demand for government price control for estimations on the general sample.

Table 4 Changes in demand for government price control (baseline model)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	$Y=\{0;1\}$ general sample		$Y=\{0;1\}$ sample of youth		$Y\sim N(0;1)$ general sample		$Y\sim N(0;1)$ sample of youth	
Years of schooling	-0.0028 (0.00)		-0.0106 (0.01)		-0.0039 (0.01)		-0.0307 (0.04)	
Possession of higher education		-0.0495* (0.03)		-0.1529** (0.06)		-0.1750** (0.09)		-0.4834** (0.21)
Business experience	-0.0384** (0.02)	-0.0374* (0.02)	-0.0772 (0.10)	-0.0406 (0.10)	-0.1655*** (0.06)	-0.1605** (0.06)	-0.3307 (0.32)	-0.2141 (0.32)
Democratic preferences	-0.0104** (0.01)	-0.0102* (0.01)	0.0081 (0.03)	0.0095 (0.03)	-0.0513*** (0.02)	-0.0506*** (0.02)	0.0148 (0.09)	0.0186 (0.09)
Economic expectations	-0.0215*** (0.01)	-0.0215*** (0.01)	0.0001 (0.03)	0.0024 (0.03)	-0.0744*** (0.02)	-0.0749*** (0.02)	0.0436 (0.10)	0.0506 (0.10)
Trust	-0.0008 (0.01)	-0.0013 (0.01)	0.0348 (0.05)	0.0473 (0.05)	-0.0207 (0.04)	-0.0228 (0.04)	0.1462 (0.16)	0.1850 (0.16)
Individual income	0.0006 (0.00)	0.0008 (0.00)	0.0054 (0.01)	0.0067 (0.01)	-0.0015 (0.01)	-0.0001 (0.01)	0.0160 (0.02)	0.0205 (0.02)
Average family income in a region	-0.0508*** (0.02)	-0.0508*** (0.02)	-0.0543 (0.06)	-0.0571 (0.06)	0.0100 (0.05)	0.0106 (0.05)	-0.0019 (0.20)	-0.0084 (0.20)
Constant	0.0356*** (0.01)	0.0373*** (0.01)	0.0603 (0.06)	0.0667 (0.05)	0.0605** (0.03)	0.0675** (0.03)	0.1579 (0.19)	0.1854 (0.17)
F-statistic	3.889	4.325	0.731	1.475	4.162	4.856	0.588	1.312
Prob. > F	0.000	0.000	0.646	0.177	0.000	0.000	0.765	0.245
R-squared	0.011	0.012	0.016	0.038	0.011	0.013	0.013	0.033
Number of observation	3086	3086	232	232	3086	3086	232	232

In parentheses robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 5 Changes in demand for government price control (modified model)

	(1) $Y=\{0;1\}$ general sample	(2) $Y=\{0;1\}$ sample of youth	(3) $Y=\{0;1\}$ sample of youth	(4) $Y=\{0;1\}$ sample of youth	(5) $Y\sim N(0;1)$ general sample	(6) $Y\sim N(0;1)$ general sample	(7) $Y\sim N(0;1)$ sample of youth	(8) $Y\sim N(0;1)$ sample of youth
Y <sub>2006</sub>	-0.8688*** (0.02)	-0.8679*** (0.02)	-0.8126*** (0.08)	-0.7991*** (0.08)	-0.8535*** (0.02)	-0.8534*** (0.02)	-0.9002*** (0.07)	-0.8876*** (0.07)
Years of schooling	-0.0074** (0.00)		-0.0127 (0.01)		-0.0187** (0.01)		-0.0362 (0.03)	
Possession of higher education		-0.0662*** (0.02)		-0.0918 (0.06)		-0.2289*** (0.07)		-0.3128* (0.17)
Business experience	-0.0244* (0.01)	-0.0240 (0.01)	-0.1207 (0.09)	-0.0987 (0.09)	-0.1046** (0.05)	-0.1018** (0.05)	-0.3829 (0.27)	-0.3062 (0.29)
Democratic preferences	-0.0190*** (0.00)	-0.0188*** (0.00)	0.0216 (0.02)	0.0239 (0.02)	-0.0805*** (0.01)	-0.0797*** (0.01)	0.0523 (0.07)	0.0602 (0.07)
Economic expectations	-0.0091* (0.01)	-0.0089* (0.01)	-0.0240 (0.03)	-0.0209 (0.03)	-0.0320* (0.02)	-0.0318* (0.02)	-0.0291 (0.08)	-0.0184 (0.08)
Trust	0.0053 (0.01)	0.0049 (0.01)	0.0384 (0.04)	0.0505 (0.04)	-0.0057 (0.03)	-0.0073 (0.03)	0.1296 (0.12)	0.1679 (0.12)
Individual income	-0.0031* (0.00)	-0.0032** (0.00)	0.0091 (0.01)	0.0097* (0.01)	-0.0121** (0.00)	-0.0117** (0.00)	0.0243 (0.02)	0.0267 (0.02)
Constant	0.7468*** (0.03)	0.7477*** (0.03)	0.4586*** (0.12)	0.4381*** (0.12)	-0.1175** (0.05)	-0.1095** (0.05)	-0.7969*** (0.29)	-0.8034*** (0.26)
F-statistic	41.982	41.309	24.739	8.044	43.366	43.252	10.682	12.663
Prob. > F	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
R-squared	0.409	0.410	0.492	0.495	0.415	0.417	0.540	0.544
Number of observation	3086	3086	232	232	3086	3086	232	232

In parentheses robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Following extensive discussion on the issue of endogeneity in the literature we are trying to address the issue with traditional instruments (i.e. parental education and distance to college). Use of any advanced instrumental variable approach requires careful consideration and discussion accounting for the problems discussed below. Therefore, at this stage we simply add our traditional instruments to the base line specification and discuss the results. Any advanced technique could be used in the future after additional considerations.

In order to perform this exercise, we use self-reported information on parental education during 2006 survey. Unfortunately, the survey does not contain updated self-reported parental information in 2013 survey, therefore we are unable to use the most up to date data or differences in parental education between 2006 and 2013. There were another option, to check for parental characteristics directly from the data set where both parent and child were residing in the same household. However in the result of appending parental characteristics in such a way lead to severe shrink of the sample, therefore, we made decision to use self-reported parental education from 2006 survey. There are no direct measure of distance to college in RLMS data. However, it is conventionally true that in Russia most educational institutions concentrated in urban areas. Hence we use settlement type as a proxy for distance to college takes values of 1 urban settlement and 0 otherwise.

Estimation results presented in *Table A 1* and *Table A 2* (see Appendix pp. 44 and 45) for general sample and subsample of youth. For the sample of youth we were forced to use log of average family income as a proxy for region specific income shock due to the fact that use of regional dummy lead to exceed in number of controls over degrees of freedom for calculation F-statistic for overall model significance test. In the specifications provided in tables we altering models by including father's education, mother's education and both parents education.

As we can observe from *Table A 1* and *Table A 2* inclusion parental education and distance to college proxy gives very similar results obtained for the base-line and modified models specifications for the general sample. Parental education, while included one-by-one have negative and statistically significant effect on demand for



government price control along with possession of higher education. While coefficient at distance to college proxy is insignificant for all specification. However, on the sample of youth most predictors get insignificant, including possession of higher education. Playing around with different combinations of parental education and distance to college variables included into regression specification (i.e. controlling for education of one parent, controlling for education of one parent and distance to college or just distance to college) does not benefit in either increase of number of valid observations or significance of predictors.

For the purpose of multidimensional description of how different sub-groups of the sample change their preference along with change in their social and economic we estimated out baseline model using various dimensions of the sample – by gender, employment type (self-employed vs. hired workers), employer type (private firm employment vs. state owned company employment) and by individual employment status (employed vs. unemployed).

In the *Table B 1* (see Appendix, p. 46), we show estimation results of base-line specification for males and females separately on the general sample. Surprisingly, it turns out that for both measurements of change in attitudes toward government price control correlates with changes in possession of higher education only for males but not for females. In contrast, learning by doing (i.e. experience of business involvement) is important for females, but not for females. Improvement of economic expectations also has negative and statistically significant effect on demand for government price control only in the case of female subsample only. The same is true changes in generalized trust, which serves as an additional evidence that for females changes in practical experience is more important than formal education in order to set up their preferences about role of the state. In contrast, increase in democratic preferences associated with decrease in demand for government price control only on the male subsample. Estimation these specification on the sample of youth, leads to very similar results in terms of magnitude directions. However, we still observe, much higher absolute values of education coefficients on the sample of youth, comparing to the general sample. In addition, on the sample of youth,

increase in trust decreases demand for government price control for both males and females.

Since we are using dynamic set up (i.e. studying changes), sample division by employment type, employer type and employment status becomes not trivial exercise. That is because in terms of changes, any outcome that is binary in the single period (employed vs. unemployed) becomes multinomial with  $2^2$  transition paths from 2006 to 2013. Let us consider, example of employment. A single individual potentially have four options:

- 1) Unemployed in 2006 stays unemployed in 2013;
- 2) Employed in 2006 stays employed in 2013;
- 3) Unemployed in 2006 gets the job by 2013;
- 4) Employed in 2006 lost the job by 2013.

The same ways of transition are possible for any other binary outcomes (i.e. self-employed vs. hired, state worker vs. private worker etc.). Therefore, we define subsample basing on transition paths from and in the result we get four subsamples.

In the *Table B 3* (see Appendix p. 48) we show baseline model estimation on the subsample with various transitions in terms of type of employment (i.e. self-employed (SE) and hired workers (HW)). From the results shown in *Table B 3*, we can observe that significance of possession of higher education degree is present in specification where individuals stays or moves to self-employment. However, the number of observations is low and in the case of SE to SE transition is insufficient (see specifications (2) and (6) of *Table B 3*). From the *Table B 4* (see Appendix p. 49) we can observe that the effect of acquiring higher education degree on demand for government price control persist for those staying in to changing to state employment<sup>9</sup> (StE) from private employment (PE). However overall significances (F-statistics) are low, most likely because of the lack of observations. Finally, in the *Table B 5* we show estimation outputs calculated on subsamples divided by paths of employment changes. From the *Table B 5* we can infer that acquiring higher education

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<sup>9</sup> State employment defined as employment in the firm where the state is an owner if full or in part.

matter only for those changing from unemployed (UE) to employed € status. However, in the case of dichotomized index being used as a dependent variable, we document low F-statistics for overall model significance. Democratic preferences and economic expectations have negative and statistically significant effect for those who stayed employed in both periods.

Next, we present cross-sectional estimations for both 2006 and 2013 and compare them. Cross-section estimations outputs showed in Table 6. As we can observe, OLS coefficient of possession of higher education has negative sign and it is statistically significant for all specification in the year 2006. However, in 2013 it gets insignificant once other's family members attitudes included. Democratic preferences, have stronger effect in 2006 than in 2013 which might be tighten to changes in political course and information environment in Russian Federation and refuse of individuals with higher democratic preference to accept any interventions of the government, including price regulation. In contrast to the first difference specification we use set of five binary variables to control for economic expectations. The lowest (individual expects that in the next 12 months he will live much worse than today) is taken as the reference category. Therefore negative and significant coefficients of other (Economic expectations 2 – 5) mean that comparing to the reference category, individuals of every higher category have lower demand for government price control which is in line with our previous findings on the first difference specifications. However, we find strong evidences of expectations effect only for 2013, but not for 2006 (because of low statistical significance of corresponding dummy variables. Individual age is a strong predictor of individual demand for government price control. Moreover, significance of the quadratic term suggest, that for males it is almost linear for both 2006 and 2013, but for females in is inverse U-shaped.

Table 6 Cross sectional regressions of attitudes towards government price control, regressions in levels

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	$Y \sim N(0;1)$ 2006 (males)		$Y \sim N(0;1)$ 2006 (females)		$Y \sim N(0;1)$ 2013 (males)		$Y \sim N(0;1)$ (females)	
Possession of higher education	-0.2399*** (0.00)	-0.1773*** (0.01)	-0.2111*** (0.00)	-0.1677*** (0.00)	-0.0864* (0.08)	-0.0461 (0.20)	-0.0645* (0.06)	-0.0217 (0.51)
Democratic preferences	-0.0388 (0.10)	-0.0382* (0.07)	-0.0246 (0.36)	-0.0195 (0.41)	-0.1284*** (0.00)	-0.0901*** (0.00)	-0.1028*** (0.00)	-0.0694*** (0.00)
Live somewhat worse	0.0425 (0.66)	0.0320 (0.65)	0.0223 (0.72)	0.0692 (0.26)	-0.3675*** (0.01)	-0.1550** (0.02)	-0.2591** (0.04)	-0.1090 (0.16)
Nothing will change	-0.0777 (0.46)	-0.0884 (0.24)	-0.0010 (0.99)	0.0304 (0.66)	-0.4436*** (0.00)	-0.1925*** (0.00)	-0.3019** (0.01)	-0.1469** (0.04)
Live somewhat better	-0.1768 (0.11)	-0.1620* (0.05)	-0.1004 (0.12)	-0.0429 (0.53)	-0.5745*** (0.00)	-0.2573*** (0.00)	-0.4666*** (0.00)	-0.2366*** (0.00)
Live much better	-0.0338 (0.78)	-0.0119 (0.90)	-0.1396 (0.16)	-0.0681 (0.49)	-0.6744*** (0.00)	-0.3609*** (0.00)	-0.6501*** (0.00)	-0.3566*** (0.00)
Trust	-0.0755 (0.16)	-0.0860* (0.09)	-0.0593 (0.19)	-0.0625 (0.13)	-0.0198 (0.69)	-0.0067 (0.83)	0.0228 (0.67)	0.0209 (0.56)
Family income per capita (in logs)	-0.0338 (0.14)	-0.0223 (0.29)	-0.0020 (0.92)	0.0017 (0.91)	-0.0182 (0.50)	0.0104 (0.62)	0.0139 (0.54)	0.0088 (0.62)
Individual age	0.0160*** (0.01)	0.0144*** (0.01)	0.0198*** (0.00)	0.0196*** (0.00)	0.0140** (0.03)	0.0134** (0.02)	0.0209*** (0.00)	0.0193*** (0.00)
Square of individual age	-0.0001 (0.12)	-0.0001 (0.13)	-0.0001*** (0.00)	-0.0001*** (0.00)	-0.0001 (0.16)	-0.0001* (0.06)	-0.0001*** (0.00)	-0.0001*** (0.00)
Mean of family members' atts.		0.3664*** (0.00)		0.3014*** (0.00)		0.5829*** (0.00)		0.5525*** (0.00)
Constant	1.4342* (0.10)	1.0739 (0.12)	0.6474 (0.13)	0.2550 (0.39)	2.6590** (0.04)	0.9955 (0.21)	1.9101** (0.04)	0.8751* (0.06)
F-statistic	18.458	34.454	31.624	84.885	12.005	170.457	25.831	225.227
Prob. > F	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
R-squared	0.061	0.132	0.071	0.141	0.074	0.318	0.081	0.291

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	$Y \sim N(0;1)$ 2006 (males)		$Y \sim N(0;1)$ 2006 (females)		$Y \sim N(0;1)$ 2013 (males)		$Y \sim N(0;1)$ (females)	
Number of observation	3462	3462	4421	4421	5037	5037	6832	6832

In parentheses robust standard errors

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

In the final stage we are interested in the potential channels of educational impact on liberal values. For this purpose, we initially regressed the whole sample of liberal values questions, available in 2013. Among those questions are individual attitude to immigration, protectionism, price control on food, fuel, utilities and mortgage interest rates. Next, in the specifications where education of older guys were significant we sequentially add predictors, which are correlated to education – parental background (education of parents), logarithm of income, expectation about future (higher values indicates more optimistic sentiments about future life quality), a measure of relative trust (difference of averaged of respondents' opinion of whether he trusts small and big private and government firms, higher values indicates higher values of trust to private companies, comparatively to government companies), and the averaged opinion of other household member – in order to see possible channels of educational transmission.

Execution of this exercise left us with the results provided in *Table C 1 -Table C 6* (see Appendix pp. 51 - 56). The significance of educational effect persists even after adding all designated controls in the cases of demand for the state restriction of immigration, control for food price and control for fuel price. This gives us one more evidence of the fact that we observe the pure effect educational process (i.e. content of educational program or exposure to academic environment) on decrease in demand for government interventions to these instances.

### **Conclusion**

In this work, we performed analysis of how individual social and economic characteristics affect individual's attitude towards government price control. Even though intensity of effects varies for different subgroups of individuals, overall we can conclude that more schooling, higher income and positive economic expectations make Russian people more market oriented. The most important finding of this research is highly statistically significant and negative effect of change in education on increase in demand for government price control, which is robust to a variety of re-specifications and re-samplings. Moreover, use of the first differences approach allows us to eliminate contribution of unobservable factors of

individual demand for government price control that are fixed in time. In addition to that, we have studied a variety of possible transmission channels of education into individual beliefs about role of government in various economic issues (i.e. liberal values).

In order to conduct such analysis, we first reviewed the literature in the field and selected a set of potential predictors that have been proven to have strong impact on individual attitudes to government price control. After that, we provided detailed description of changes on mean values of the designated variables derived from representative samples of 2006 and 2013. This analysis revealed substantial increase in schooling and possession of higher education, increase income levels and decrease in economic expectations from 2006 to 2013. For the best understanding of educational process in Russia, we provided detailed description of educational trajectories passed by individuals who upgraded their educational stock from 2006 to 2013. In the result of this analysis, we document that primary ways of increase in level of post-secondary education in Russia are university education, technical schools and professional courses, which account for about 69% of overall changes in educational stock. Detailed analysis of university graduates specializations, revealed strong gender preferences of university majors. Among females, the most popular specializations were humanities and economic related fields, while males preferred engineering.

Using first difference approach and simple OLS procedure, we show substantial effect of education on individual demand for government price control. Moreover, our analysis shows that this effect is even stronger for the cohort of youth, which makes them the primary target for any policy treatments. Moreover, restricting our analysis to the cohort of youth allows us to eliminate most of the concerns about differences of lifetime trends for individuals of different ages. In other words, controlling for other social and economic characteristics, those individuals are on similar life tracks. We observe no statistical significance of change in years of schooling for the cohort of youth in most specifications, meanwhile coefficient on the variable indicating changes in possession of higher

education degree is a highly statistically significant coefficient. It suggests that higher education might be a driving force or at least have substantially higher marginal effects on change of individual attitudes than any other levels of education.

We run regressions on different subsamples with the purpose of comparing how different subgroups of population react in terms of their preferences to changes in their social and economic characteristics. In our opinion, the most interesting finding is that change in education leads to change in attitudes only for men, while change in economic expectations and business experience is more significant for women on general sample. It is especially surprising in the light of higher share of females graduating from humanities and economics related fields described above. The latter could be evidence of gender differences in knowledge acquiring – while males rely on the knowledge acquired during their education, learning-by-doing is more important for females. This finding could be important for prospective policy recommendations, based on this study. Since understanding of the role of government in economic process is important for both males and females, it might be necessary to recommend policy aimed at intensification of women involvement into business activities (for instance via subsidized business startup programs for women). Indeed another explanation could be much more trivial, Russian education system is famous for being competitive in natural sciences and engineering, while there are only a few programs in humanities and economics that prepare truly competitive professionals. However, for the final conclusion some further investigations are needed in order to rule out pure effect of education for both males and females.

Other important points are wealth effect and effect of expectations, reflected in negative and highly statistically significant coefficients at logarithm of family wealth and individual expectation of future wealth. These results are in line with findings of Robinson & Bell (1978); Ravallion & Lokshin (2000); Denisova et al., (2010).

Finally, we perform investigation of transmission paths of education to individual attitudes toward government regulation of various aspects of the



economy. We find that in the cases of demand for government control for mortgage interest rate and prices for utilities, channels of education effect are limited to parental education, trust differential, individual income and family narrative. However, for restriction of immigration, price control for food and fuel, there is persistent effect of education even controlling for most instruments described in the literature (i.e. individual age, gender, parental education, income, economic expectations and even narrative exposed by other family members. This suggests presence of the effect of education itself.

There is potential pitfall in our findings since we use a quite disputable technique of normalization of dependent variables, which requires us to make rather strong assumptions about respondents' perception on survey questions and the scales they use. But this approach gives us an important benefit, such as elimination of omitted variable biases caused by factors that are fixed in time.

High robustness of our results gives us hope that we would be able to offer some feasible and potentially effective policy recommendations aimed at increase of Russian population understanding of principles of market mechanisms, benefits of market regulated economy and tolerance to market reforms. At this, the most promising points of policy application are increase in overall education of population with special attention to higher education and its humanity enlightenment aspects along with programs aimed at closer involvement of people into business activities.

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## Appendices

Table A 1 Changes in demand for government price control (modified model, with parental education and distance to college)

	(1)	(2)	(3)	(4)	(5)	(6)
	$Y=\{0;1\}$ general sample			$Y\sim N(0;1)$ general sample		
Settlement type (1 - stands for urban)	0.0284 (0.02)	0.0067 (0.02)	0.0125 (0.02)	0.0070 (0.07)	-0.0380 (0.07)	-0.0340 (0.07)
Education of mother in 2006	-0.0069*** (0.00)		-0.0038 (0.00)	-0.0291*** (0.01)		-0.0131 (0.01)
Education of father in 2006		-0.0052** (0.00)	-0.0028 (0.00)		-0.0267*** (0.01)	-0.0187** (0.01)
Possession of higher education	-0.0566** (0.02)	-0.0659*** (0.02)	-0.0583** (0.02)	-0.1945*** (0.07)	-0.2109*** (0.07)	-0.1914*** (0.07)
$Y_{2006}$	-0.8882*** (0.03)	-0.8880*** (0.03)	-0.8916*** (0.03)	-0.8800*** (0.03)	-0.8767*** (0.03)	-0.8837*** (0.03)
Business experience	-0.0247 (0.02)	-0.0163 (0.02)	-0.0162 (0.02)	-0.0894* (0.05)	-0.0633 (0.05)	-0.0616 (0.05)
Democratic preferences	-0.0197*** (0.00)	-0.0194*** (0.00)	-0.0193*** (0.00)	-0.0815*** (0.01)	-0.0849*** (0.02)	-0.0846*** (0.02)
Economic expectations	-0.0110** (0.01)	-0.0096 (0.01)	-0.0107* (0.01)	-0.0429** (0.02)	-0.0403** (0.02)	-0.0451** (0.02)
Trust	0.0072 (0.01)	0.0124 (0.01)	0.0125 (0.01)	0.0143 (0.03)	0.0211 (0.03)	0.0255 (0.03)
Individual income	-0.0030* (0.00)	-0.0020 (0.00)	-0.0018 (0.00)	-0.0109** (0.01)	-0.0067 (0.01)	-0.0069 (0.01)
Constant	0.7761*** (0.03)	0.7869*** (0.03)	0.7917*** (0.04)	0.0317 (0.07)	0.0556 (0.07)	0.0808 (0.08)
F-statistic	34.657	34.195	33.022	36.806	33.800	32.866
Prob. > F	0.000	0.000	0.000	0.000	0.000	0.000
R-squared	0.429	0.441	0.441	0.445	0.448	0.451
Number of observation	2474	2243	2209	2474	2243	2209

In parentheses robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table A 2 Changes in demand for government price control (modified model, with parental education and distance to college)

	(1)	(2)	(3)	(4)	(5)	(6)
	$Y=\{0;1\}$ sample of youth			$Y\sim N(0;1)$ sample of youth		
Settlement type (1 stands for urban)	-0.1062** (0.05)	-0.1256** (0.05)	-0.1214** (0.05)	-0.2847* (0.16)	-0.3872** (0.17)	-0.3631** (0.17)
Education of mother in 2006	-0.0063 (0.01)		0.0019 (0.01)	-0.0097 (0.04)		0.0032 (0.05)
Education of father in 2006		-0.0078 (0.01)	-0.0086 (0.02)		-0.0086 (0.05)	-0.0087 (0.05)
Possession of higher education	-0.0746 (0.06)	-0.0627 (0.06)	-0.0659 (0.06)	-0.2790 (0.18)	-0.2056 (0.18)	-0.2200 (0.19)
$Y_{2006}$	-0.8476*** (0.09)	-0.8448*** (0.09)	-0.8508*** (0.10)	-0.9181*** (0.08)	-0.9256*** (0.08)	-0.9258*** (0.09)
Business experience	-0.1157 (0.10)	-0.0602 (0.09)	-0.0621 (0.09)	-0.2847* (0.27)	-0.3872** (0.26)	-0.3631** (0.26)
Democratic preferences	0.0123 (0.02)	0.0038 (0.02)	0.0031 (0.02)	0.0086 (0.06)	-0.0142 (0.07)	-0.0161 (0.07)
Economic expectations	-0.0163 (0.03)	-0.0225 (0.03)	-0.0200 (0.03)	-0.0379 (0.08)	-0.0554 (0.09)	-0.0469 (0.09)
Trust	0.0272 (0.04)	-0.0019 (0.04)	-0.0008 (0.04)	0.1224 (0.12)	0.0328 (0.13)	0.0368 (0.13)
Individual income	0.0061 (0.01)	0.0061 (0.01)	0.0070 (0.01)	0.0177 (0.02)	0.0171 (0.02)	0.0195 (0.02)
Average family income in a region	-0.0307 (0.04)	-0.0213 (0.05)	-0.0246 (0.05)	0.0192 (0.16)	0.0698 (0.17)	0.0599 (0.17)
Constant	0.8098*** (0.12)	0.8298*** (0.11)	0.8229*** (0.13)	0.0806 (0.29)	0.1152 (0.32)	0.0806 (0.38)
F-statistic	9.379	9.475	8.588	14.981	14.252	12.717
Prob. > F	0.000	0.000	0.000	0.000	0.000	0.000
R-squared	0.351	0.359	0.358	0.415	0.426	0.424
Number of observation	218	193	190	218	193	190

In parentheses robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table B 1 Changes in demand for government price control (baseline model, general sample divided by gender)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	$Y=\{0;1\}$ general sample (males)		$Y=\{0;1\}$ general sample (females)		$Y\sim N(0;1)$ general sample (males)		$Y\sim N(0;1)$ general sample (females)	
Years of schooling	-0.0034 (0.01)		-0.0021 (0.00)		-0.0003 (0.02)		-0.0056 (0.02)	
Possession of higher education		-0.0897* (0.05)		-0.0294 (0.03)		-0.3010* (0.17)		-0.1083 (0.10)
Business experience	-0.0139 (0.03)	-0.0127 (0.03)	-0.0632** (0.03)	-0.0624** (0.03)	-0.0512 (0.09)	-0.0449 (0.09)	-0.2813*** (0.09)	-0.2775*** (0.09)
Democratic preferences	-0.0251*** (0.01)	-0.0251*** (0.01)	0.0003 (0.01)	0.0005 (0.01)	-0.0849*** (0.03)	-0.0853*** (0.03)	-0.0266 (0.02)	-0.0259 (0.02)
Economic expectations	-0.0158 (0.01)	-0.0154 (0.01)	-0.0250*** (0.01)	-0.0251*** (0.01)	-0.0644* (0.04)	-0.0636* (0.04)	-0.0806*** (0.03)	-0.0812*** (0.03)
Trust	0.0328 (0.02)	0.0331 (0.02)	-0.0239* (0.01)	-0.0246* (0.01)	0.0909 (0.07)	0.0897 (0.06)	-0.0944** (0.05)	-0.0968** (0.05)
Individual income	0.0031 (0.00)	0.0038 (0.00)	-0.0019 (0.00)	-0.0018 (0.00)	0.0071 (0.01)	0.0107 (0.01)	-0.0099 (0.01)	-0.0095 (0.01)
Average family income in a region	-0.0282 (0.02)	-0.0293 (0.02)	-0.0689*** (0.02)	-0.0686*** (0.02)	0.0784 (0.08)	0.0754 (0.08)	-0.0428 (0.07)	-0.0416 (0.07)
Constant	0.0334** (0.01)	0.0365*** (0.01)	0.0397*** (0.01)	0.0406*** (0.01)	0.0568 (0.04)	0.0688 (0.04)	0.0697* (0.04)	0.0736** (0.04)
F-statistic	2.639	3.050	3.905	3.978	2.621	3.177	3.739	3.871
Prob > F	0.010	0.003	0.000	0.000	0.011	0.002	0.000	0.000
R-squared	0.016	0.019	0.018	0.018	0.014	0.019	0.018	0.019
Number of observation	1270	1270	1816	1816	1270	1270	1816	1816

In parentheses robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table B 2 Changes in demand for government price control (baseline model, sample of youth divided by gender)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	$Y=\{0;1\}$ sample of youth (males)		$Y=\{0;1\}$ sample of youth (females)		$Y\sim N(0;1)$ sample of youth (males)		$Y\sim N(0;1)$ sample of youth (females)	
Years of schooling	-0.0119 (0.02)		-0.0113 (0.02)		-0.0163 (0.05)		-0.0470 (0.05)	
Possession of higher education		-0.2211** (0.10)		-0.0715 (0.08)		-0.6544** (0.30)		-0.2845 (0.27)
Business experience	0.1143 (0.13)	0.1512 (0.12)	-0.2551** (0.12)	-0.2367* (0.12)	0.1655 (0.46)	0.2804 (0.41)	-0.7820* (0.43)	-0.7097* (0.43)
Democratic preferences	-0.0336 (0.03)	-0.0325 (0.03)	0.0568* (0.03)	0.0575* (0.03)	-0.1751 (0.12)	-0.1751 (0.11)	0.2052* (0.12)	0.2081* (0.11)
Economic expectations	-0.0177 (0.04)	-0.0098 (0.04)	0.0202 (0.05)	0.0205 (0.04)	0.0594 (0.13)	0.0804 (0.13)	0.0597 (0.15)	0.0609 (0.15)
Trust	0.1731** (0.07)	0.1867*** (0.07)	-0.1351** (0.06)	-0.1256** (0.06)	0.4565* (0.23)	0.4917** (0.23)	-0.2714 (0.20)	-0.2328 (0.21)
Individual income	0.0083 (0.01)	0.0111 (0.01)	0.0030 (0.01)	0.0028 (0.01)	0.0339 (0.03)	0.0433 (0.03)	0.0039 (0.03)	0.0030 (0.03)
Average family income in a region	0.0358 (0.09)	0.0231 (0.08)	-0.1255 (0.09)	-0.1296 (0.09)	0.1870 (0.30)	0.1617 (0.30)	-0.1779 (0.29)	-0.1963 (0.28)
Constant	0.0220 (0.07)	0.0374 (0.06)	0.1213 (0.08)	0.1081 (0.07)	-0.0056 (0.24)	0.0859 (0.21)	0.3625 (0.30)	0.3041 (0.27)
F-statistic	1.571	2.414	1.671	1.607	1.093	1.793	1.309	1.238
Prob. > F	0.151	0.024	0.124	0.141	0.373	0.096	0.253	0.289
R-squared	0.077	0.123	0.102	0.103	0.061	0.102	0.083	0.084
Number of observation	119	119	113	113	119	119	113	113

In parentheses robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



Table B 3 Changes in demand for government price control (baseline model, sample divided by employment type)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	$Y=\{0;1\}$ general sample HW=>HW	$Y=\{0;1\}$ general sample SE=>SE	$Y=\{0;1\}$ general sample HW=>SE	$Y=\{0;1\}$ general sample SE=>HW	$Y\sim N(0;1)$ general sample HW=>HW	$Y\sim N(0;1)$ general sample SE=>SE	$Y\sim N(0;1)$ general sample HW=>SE	$Y\sim N(0;1)$ general sample SE=>HW
Possession of higher education	-0.0306 (0.04)	0.5002*** (0.08)	-0.3606* (0.17)	-0.4579 (0.35)	-0.1685 (0.14)	2.6801** (0.51)	-1.3663*** (0.42)	-0.9596 (1.00)
Business experience	0.0237 (0.03)	-0.2321 (0.28)	0.1923 (0.17)	0.0178 (0.05)	0.0956 (0.09)	-1.7628 (1.67)	0.5058 (0.46)	0.1221 (0.32)
Democratic preferences	-0.0179** (0.01)	-0.3209*** (0.03)	-0.0740 (0.08)	0.0400 (0.03)	-0.0685** (0.03)	-1.1073** (0.22)	-0.2477 (0.17)	0.1205 (0.15)
Economic expectations	-0.0282** (0.01)	-0.3157*** (0.05)	0.1173 (0.11)	-0.0097 (0.03)	-0.1090*** (0.04)	-0.9109** (0.27)	0.3316 (0.30)	0.1446 (0.18)
Trust	0.0278 (0.02)	0.5290*** (0.06)	0.1146 (0.22)	0.1005 (0.07)	0.0542 (0.06)	1.7246** (0.30)	0.7861 (0.56)	-0.1343 (0.23)
Individual income	0.0017 (0.01)	-0.9084** (0.23)	-0.3800** (0.16)	0.0075 (0.01)	0.0088 (0.01)	-3.6588** (0.72)	-1.3771** (0.48)	0.0303 (0.03)
Average family income in a region	-0.0176 (0.04)	5.7537* (1.87)	-0.6684 (0.44)	-0.2943*** (0.08)	0.0641 (0.12)	24.1874** (6.26)	-1.8498* (0.93)	-0.8347 (0.48)
Constant	0.0282 (0.02)	-1.9073* (0.73)	0.4128* (0.23)	0.1056** (0.04)	0.0297 (0.06)	-8.1416** (2.20)	1.2329** (0.56)	0.3021 (0.20)
F-statistic	2.257	.	1.927	7.365	2.994	.	3.697	2.358
Prob. > F	0.028	.	0.140	0.000	0.004	.	0.018	0.074
R-squared	0.013	0.990	0.522	0.584	0.018	0.971	0.684	0.269
Number of observation	1190	11	22	24	1190	11	22	24

In parentheses robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table B 4 Changes in demand for government price control (baseline model, sample divided by employer type)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Y={0;1} general sample PE=>PE	Y={0;1} general sample StE=>StE	Y={0;1} general sample PE=>StE	Y={0;1} general sample StE=>PE	Y~N(0;1) general sample PE=>PE	Y~N(0;1) general sample StE=>StE	Y~N(0;1) general sample PE=>StE	Y~N(0;1) general sample StE=>PE
Possession of higher education	0.0964 (0.07)	-0.1152* (0.06)	-0.2879** (0.14)	0.0238 (0.09)	0.3555 (0.23)	-0.4000* (0.21)	-0.8804** (0.40)	-0.1094 (0.31)
Business experience	-0.0097 (0.03)	0.0345 (0.04)	0.1917* (0.10)	0.0171 (0.10)	-0.0129 (0.12)	0.1097 (0.15)	0.4698 (0.29)	0.1765 (0.30)
Democratic preferences	-0.0291* (0.02)	-0.0160 (0.01)	0.0749** (0.03)	-0.0492** (0.02)	-0.1074** (0.05)	-0.0506 (0.04)	0.1958* (0.11)	-0.2047*** (0.08)
Economic expectations	-0.0258 (0.02)	-0.0404** (0.02)	0.0029 (0.03)	-0.0122 (0.04)	-0.1269 (0.08)	-0.1438*** (0.05)	0.0890 (0.11)	-0.0172 (0.12)
Trust	0.0453 (0.03)	0.0024 (0.03)	0.0809 (0.08)	0.0492 (0.06)	0.0517 (0.11)	-0.0216 (0.08)	0.1686 (0.26)	0.3034 (0.19)
Individual income	0.0096** (0.00)	0.0005 (0.01)	-0.0108 (0.01)	-0.0043 (0.02)	0.0279 (0.02)	0.0070 (0.03)	-0.0222 (0.02)	-0.0084 (0.05)
Average family income in a region	-0.1114* (0.06)	-0.0018 (0.04)	-0.1138 (0.10)	-0.0156 (0.14)	-0.2989 (0.19)	0.0902 (0.16)	-0.1050 (0.33)	0.3592 (0.39)
Constant	0.0842*** (0.03)	0.0056 (0.02)	0.1223** (0.06)	0.0240 (0.08)	0.2231** (0.09)	-0.0191 (0.09)	0.2528 (0.19)	-0.1328 (0.23)
F-statistic	2.246	1.634	2.467	0.755	1.983	2.137	1.689	2.259
Prob. > F	0.030	0.123	0.023	0.626	0.056	0.038	0.121	0.033
R-squared	0.033	0.023	0.210	0.034	0.036	0.029	0.148	0.075
Number of observation	397	539	103	152	397	539	103	152

In parentheses robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table B 5 Changes in demand for government price control (baseline model, sample divided by employment status)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Y=(0;1)	Y=(0;1)	Y=(0;1)	Y=(0;1)	Y~N(0;1)	Y~N(0;1)	Y~N(0;1)	Y~N(0;1)
	general	general	general	general	general	general	general	general
	sample	sample	sample	sample	sample	sample	sample	sample
	UE=>UE	E=>E	UE=>E	E=>UE	UE=>UE	E=>E	UE=>E	E=>UE
Possession of higher education	-0.1054	-0.0281	-0.1042*	0.1141	-0.1758	-0.1374	-0.3417**	0.2804
	(0.07)	(0.04)	(0.05)	(0.08)	(0.22)	(0.13)	(0.17)	(0.29)
Business experience	-0.1523***	0.0181	-0.0655	-0.0936*	-0.5559***	0.0394	-0.3478**	-0.2786
	(0.04)	(0.02)	(0.05)	(0.05)	(0.14)	(0.08)	(0.18)	(0.18)
Democratic preferences	0.0001	-0.0161**	-0.0095	-0.0116	-0.0113	-0.0639***	-0.0627	-0.0902*
	(0.01)	(0.01)	(0.02)	(0.02)	(0.03)	(0.02)	(0.06)	(0.05)
Economic expectations	-0.0082	-0.0273**	-0.0307	-0.0132	-0.0262	-0.1010***	-0.0969	-0.0588
	(0.01)	(0.01)	(0.02)	(0.02)	(0.04)	(0.04)	(0.07)	(0.06)
Trust	-0.0295	0.0237	-0.0486	-0.0085	-0.1100*	0.0590	-0.0873	-0.1224
	(0.02)	(0.02)	(0.05)	(0.03)	(0.06)	(0.06)	(0.14)	(0.11)
Individual income	-0.0018	0.0017	0.0049	-0.0026	-0.0181	0.0004	0.0141	-0.0013
	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	(0.02)	(0.02)
Average family income in a region	-0.0583***	-0.0437	-0.0802*	-0.0412	0.0280	0.0015	-0.0273	0.0085
	(0.02)	(0.03)	(0.04)	(0.05)	(0.07)	(0.11)	(0.15)	(0.17)
Constant	0.0287**	0.0368**	0.0575	0.0236	0.0689	0.0595	0.1211	0.0305
	(0.01)	(0.02)	(0.04)	(0.03)	(0.04)	(0.06)	(0.11)	(0.09)
F-statistic	3.624	2.373	1.663	1.231	3.669	2.659	1.960	1.483
Prob. > F	0.001	0.021	0.117	0.284	0.001	0.010	0.060	0.172
R-squared	0.043	0.012	0.038	0.020	0.035	0.014	0.041	0.026
Number of observation	890	1428	352	416	890	1428	352	416

In parentheses robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table C 1 Support of government restriction of immigration

	(1)	(2)	(3)	(4)	(5)	(6)
	Anti-immigration views					
Individual age	0.0186*** (0.00)	0.0123 (0.02)	0.0109 (0.02)	0.0070 (0.02)	0.0124 (0.02)	0.0124 (0.02)
Square of individual age	-0.0002*** (0.00)	-0.0002 (0.00)	-0.0002 (0.00)	-0.0002 (0.00)	-0.0003 (0.00)	-0.0003 (0.00)
Gender (1 stands for males)	0.0085 (0.03)	-0.0168 (0.06)	-0.0156 (0.06)	0.0110 (0.07)	0.0421 (0.06)	0.0430 (0.06)
Possession of higher education	-0.1489*** (0.03)	-0.2387*** (0.07)	-0.2353*** (0.07)	-0.1980*** (0.08)	-0.1509** (0.08)	-0.1496** (0.08)
Education of father		0.0049 (0.02)	-0.0006 (0.02)	0.0062 (0.02)	0.0131 (0.02)	0.0138 (0.02)
Education of mother		-0.0246 (0.02)	-0.0225 (0.02)	-0.0307* (0.02)	-0.0187 (0.02)	-0.0200 (0.02)
Logarithm of individual income			0.0081 (0.01)	0.0061 (0.01)	0.0170 (0.01)	0.0171 (0.01)
Economic expectations				-0.2014*** (0.05)	-0.1529*** (0.04)	-0.1485*** (0.04)
Trust differential					-0.1378*** (0.01)	-0.1377*** (0.01)
Mean of family members' atts.						-0.0110 (0.04)
Constant	5.7770*** (0.10)	6.2550*** (0.40)	6.2312*** (0.41)	7.0599*** (0.48)	8.0646*** (0.47)	8.0578*** (0.47)
F-statistic	15.192	7.208	7.301	7.311	13.835	13.552
Prob > F	0.000	0.000	0.000	0.000	0.000	0.000
R-squared	0.038	0.071	0.075	0.093	0.166	0.167
Number of observation	16842	4364	4271	3433	3238	3223

In parentheses heteroskedasticity robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table C 2 Support of government regulation of prices for food

	(1)	(2)	(3)	(4)	(5)	(6)
	Food					
Individual age	0.0278*** (0.00)	0.0195 (0.02)	0.0204 (0.02)	0.0173 (0.02)	0.0203 (0.02)	0.0452** (0.02)
Square of individual age	-0.0001* (0.00)	-0.0001 (0.00)	-0.0001 (0.00)	-0.0001 (0.00)	-0.0001 (0.00)	-0.0004* (0.00)
Gender (1 stands for males)	-0.1091*** (0.03)	-0.1220* (0.06)	-0.1194* (0.07)	-0.0723 (0.07)	-0.0819 (0.07)	-0.1175* (0.07)
Possession of higher education	-0.3765*** (0.04)	-0.4221*** (0.08)	-0.4354*** (0.08)	-0.4120*** (0.09)	-0.4050*** (0.09)	-0.3137*** (0.08)
Education of father		-0.0276 (0.02)	-0.0260 (0.02)	-0.0286 (0.02)	-0.0317* (0.02)	-0.0015 (0.02)
Education of mother		-0.0207 (0.02)	-0.0171 (0.02)	-0.0097 (0.02)	-0.0156 (0.02)	-0.0263 (0.02)
Logarithm of individual income			-0.0023 (0.01)	-0.0036 (0.01)	-0.0086 (0.01)	0.0033 (0.01)
Economic expectations				-0.2481*** (0.05)	-0.2593*** (0.05)	-0.1489*** (0.05)
Trust differential					0.0540*** (0.01)	0.0375*** (0.01)
Mean of family members' atts.						1.1719*** (0.06)
Constant	6.8651*** (0.12)	7.5088*** (0.46)	7.4823*** (0.48)	8.5192*** (0.53)	8.0569*** (0.55)	7.3240*** (0.51)
F-statistic	51.504	12.701	12.214	10.046	10.898	25.225
Prob. > F	0.000	0.000	0.000	0.000	0.000	0.000
R-squared	0.090	0.099	0.100	0.110	0.119	0.280
Number of observation	16771	4357	4263	3439	3242	3234

In parentheses heteroskedasticity robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table C 3 Support of government regulation of prices for fuel

	(1)	(2)	(3)	(4)	(5)	(6)
	Fuel					
Individual age	0.0431*** (0.00)	0.0437** (0.02)	0.0442** (0.02)	0.0448** (0.02)	0.0423** (0.02)	0.0631*** (0.02)
Square of individual age	-0.0003*** (0.00)	-0.0003* (0.00)	-0.0003* (0.00)	-0.0004* (0.00)	-0.0004 (0.00)	-0.0006*** (0.00)
Gender (1 stands for males)	-0.0129 (0.03)	0.0071 (0.06)	-0.0013 (0.06)	0.0408 (0.06)	0.0338 (0.06)	0.0106 (0.06)
Possession of higher education	-0.1361*** (0.04)	-0.1952*** (0.07)	-0.2101*** (0.07)	-0.1916** (0.08)	-0.2129*** (0.08)	-0.1242* (0.07)
Education of father		-0.0268* (0.02)	-0.0255* (0.02)	-0.0299* (0.02)	-0.0366** (0.02)	-0.0108 (0.02)
Education of mother		-0.0003 (0.02)	0.0021 (0.02)	0.0058 (0.02)	0.0014 (0.02)	-0.0083 (0.02)
Logarithm of individual income			0.0036 (0.01)	0.0075 (0.01)	0.0031 (0.01)	0.0128 (0.01)
Economic expectations				-0.2457*** (0.05)	-0.2566*** (0.05)	-0.1536*** (0.04)
Trust differential					0.0507*** (0.01)	0.0358*** (0.01)
Mean of family members' atts.						1.0718*** (0.05)
Constant	6.9723*** (0.11)	7.3261*** (0.42)	7.2607*** (0.44)	8.1449*** (0.49)	7.7861*** (0.51)	7.1524*** (0.47)
F-statistic	44.443	10.423	10.059	7.919	8.794	19.500
Prob. > F	0.000	0.000	0.000	0.000	0.000	0.000
R-squared	0.084	0.082	0.081	0.085	0.099	0.271
Number of observation	16837	4384	4292	3455	3255	3249

In parentheses heteroskedasticity robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table C 4 Support of government regulation of mortgage interest rates

	(1)	(2)	(3)	(4)	(5)	(6)
	Mortgage					
Individual age	0.0463*** (0.00)	0.0355* (0.02)	0.0340* (0.02)	0.0307 (0.02)	0.0302 (0.02)	0.0493*** (0.02)
Square of individual age	-0.0003*** (0.00)	-0.0003 (0.00)	-0.0003 (0.00)	-0.0003 (0.00)	-0.0003 (0.00)	-0.0005** (0.00)
Gender (1 stands for males)	-0.0362 (0.03)	-0.0547 (0.06)	-0.0485 (0.06)	-0.0276 (0.06)	-0.0419 (0.06)	-0.0610 (0.06)
Possession of higher education	-0.1137*** (0.04)	-0.2082*** (0.07)	-0.2151*** (0.07)	-0.1469* (0.08)	-0.1555* (0.08)	-0.0628 (0.07)
Education of father		-0.0096 (0.02)	-0.0082 (0.02)	-0.0155 (0.02)	-0.0227 (0.02)	0.0036 (0.02)
Education of mother		-0.0181 (0.02)	-0.0176 (0.02)	-0.0147 (0.02)	-0.0205 (0.02)	-0.0298* (0.02)
Logarithm of individual income			-0.0051 (0.01)	-0.0035 (0.01)	-0.0084 (0.01)	0.0038 (0.01)
Economic expectations				-0.1850*** (0.05)	-0.1818*** (0.05)	-0.0750* (0.04)
Trust differential					0.0363*** (0.01)	0.0211*** (0.01)
Mean of family members' atts.						1.0720*** (0.06)
Constant	6.9091*** (0.12)	7.5539*** (0.43)	7.6200*** (0.45)	8.4964*** (0.49)	8.2376*** (0.50)	7.5925*** (0.47)
F-statistic	39.647	9.883	9.325	7.697	8.361	17.713
Prob > F	0.000	0.000	0.000	0.000	0.000	0.000
R-squared	0.072	0.079	0.079	0.082	0.092	0.261
Number of observation	15915	4216	4128	3330	3161	3157

In parentheses heteroskedasticity robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table C 5 Support of government imposing high tariff to protect Russian companies from competition

	(1)	(2)	(3)	(4)	(5)	(6)
	Tariffs against competition					
Individual age	0.0387*** (0.01)	0.0768*** (0.02)	0.0725*** (0.02)	0.0573** (0.03)	0.0528* (0.03)	0.0658** (0.03)
Square of individual age	-0.0003*** (0.00)	-0.0007*** (0.00)	-0.0007** (0.00)	-0.0005 (0.00)	-0.0004 (0.00)	-0.0006* (0.00)
Gender (1 stands for males)	-0.1245*** (0.04)	-0.1669** (0.08)	-0.1723** (0.08)	-0.1261 (0.09)	-0.1492 (0.09)	-0.1628* (0.09)
Possession of higher education	-0.0075 (0.05)	-0.1278 (0.09)	-0.1685* (0.10)	-0.1258 (0.11)	-0.1496 (0.11)	-0.1205 (0.11)
Education of father		-0.0319 (0.02)	-0.0351 (0.02)	-0.0225 (0.02)	-0.0318 (0.02)	-0.0214 (0.02)
Education of mother		-0.0048 (0.02)	0.0042 (0.02)	-0.0033 (0.02)	-0.0120 (0.03)	-0.0174 (0.03)
Logarithm of individual income			0.0007 (0.02)	-0.0079 (0.02)	-0.0157 (0.02)	-0.0102 (0.02)
Economic expectations				0.1257* (0.07)	0.1112 (0.07)	0.1357* (0.07)
Trust differential					0.0639*** (0.01)	0.0576*** (0.01)
Mean of family members' atts.						0.4278*** (0.06)
Constant	6.1410*** (0.14)	5.6768*** (0.56)	5.7160*** (0.58)	5.5655*** (0.68)	5.2330*** (0.69)	4.9516*** (0.69)
F-statistic	21.178	7.873	7.805	5.913	6.537	7.733
Prob > F	0.000	0.000	0.000	0.000	0.000	0.000
R-squared	0.050	0.067	0.069	0.067	0.079	0.095
Number of observation	15137	4017	3930	3198	3044	3034

In parentheses heteroskedasticity robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



Table C 6 Support of government regulation of prices for utilities

	(1)	(2)	(3)	(4)	(5)	(6)
				Utilities		
Individual age	0.0409*** (0.00)	0.0368** (0.02)	0.0337* (0.02)	0.0247 (0.02)	0.0233 (0.02)	0.0448** (0.02)
Square of individual age	-0.0002*** (0.00)	-0.0002 (0.00)	-0.0002 (0.00)	-0.0002 (0.00)	-0.0001 (0.00)	-0.0004* (0.00)
Gender (1 stands for males)	-0.0207 (0.03)	0.0020 (0.06)	0.0042 (0.06)	0.0341 (0.06)	0.0410 (0.06)	0.0148 (0.06)
Possession of higher education	-0.1170*** (0.04)	-0.1619** (0.07)	-0.1692** (0.07)	-0.1355* (0.08)	-0.1499* (0.08)	-0.0582 (0.07)
Education of father		-0.0171 (0.02)	-0.0156 (0.02)	-0.0228 (0.02)	-0.0290* (0.02)	-0.0004 (0.01)
Education of mother		-0.0048 (0.02)	-0.0027 (0.02)	-0.0017 (0.02)	-0.0034 (0.02)	-0.0133 (0.02)
Logarithm of individual income			-0.0031 (0.01)	0.0014 (0.01)	-0.0037 (0.01)	0.0072 (0.01)
Economic expectations				-0.2174*** (0.04)	-0.2218*** (0.05)	-0.1076** (0.04)
Trust differential					0.0375*** (0.01)	0.0211*** (0.01)
Mean of family members' atts.						1.1416*** (0.06)
Constant	7.1536*** (0.11)	7.5290*** (0.42)	7.6049*** (0.43)	8.5645*** (0.47)	8.2860*** (0.49)	7.6110*** (0.45)
F-statistic	42.037	10.139	9.764	8.159	8.535	20.294
Prob. > F	0.000	0.000	0.000	0.000	0.000	0.000
R-squared	0.076	0.080	0.080	0.089	0.099	0.295
Number of observation	16882	4398	4305	3459	3258	3252

In parentheses heteroskedasticity robust standard errors

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$