Online Appendix for
Cultural Biases in Economic Exchange?

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Table A.1
The Eurobarometer Surveys

The Eurobarometer surveys are the products of a unique program of cross national and cross temporal social science research. The effort began in early 1970, when the Commission of the European Community sponsored simultaneous surveys of the publics of the European Community. These surveys were designed to measure public awareness of, and attitudes toward, the Common Market and other European Community institutions. After 1973, the survey took on a somewhat broader scope in content as well as in geographical coverage, with measures of subjective satisfaction and the perceived quality of life becoming standard features. In 1974, the Commission of the European Community launched the Eurobarometer series, designed to provide a regular monitoring of the social and political attitudes of the publics of the nine member-nations: France, Germany, Great Britain, Italy, the Netherlands, Belgium, Denmark, Ireland, Luxembourg. These Eurobarometer surveys are carried out in the spring and fall of each year. In addition to obtaining regular readings of support for European integration and the perceived quality of life, each survey has explored a variety of special topics. Also, attitudes toward the organization and role of the European Parliament have been explored in each Eurobarometer survey beginning with Barometer 7 in the spring of 1977. The Eurobarometer surveys have included Greece since fall 1980, Portugal and Spain since Autumn 1985, the former German Democratic Republic (East Germany) since 1990, Norway (irregularly) since the fall of 1990, Finland since the spring of 1993, and Sweden and Austria since the fall of 1994. Of these Eurobarometer surveys, we select a sub-sample of those in which the following question was asked to the respondents: "I would like to ask you a question about how much trust you have in people from various countries. For each, please tell me whether you have a lot of trust, some trust, not very much trust or no trust at all." Table A.1 shows the number of observations from each country in our dataset, the number of years the country was sampled and the years in which it was sampled.

Code	Country sampled	Number of observations	N. of years present in survey	Years present
1	France	11,464	8	1970, 1976, 1980, 1986, 1990, 1993, 1994, 1995
2	Belgium	9,693	8	1970, 1976, 1980, 1986, 1990, 1993, 1994, 1995
3	The Netherlands	10,123	8	1970, 1976, 1980, 1986, 1990, 1993, 1994, 1995
4	Germany	11,332	8	1970, 1976, 1980, 1986, 1990, 1993, 1994, 1995
5	Italy	11,016	8	1970, 1976, 1980, 1986, 1990, 1993, 1994, 1995
6	Luxembourg	3,173	7	1976, 1980, 1986, 1990, 1993, 1994, 1995
7	Denmark	7,020	7	1976, 1980, 1986, 1990, 1993, 1994, 1995
8	Ireland	7,014	7	1976, 1980, 1986, 1990, 1993, 1994, 1995
9	Great Britain	7,498	7	1976, 1980, 1986, 1990, 1993, 1994, 1995
10	Northern Ireland	2,158	7	1976, 1980, 1986, 1990, 1993, 1994, 1995
11	Greece	6,014	6	1980, 1986, 1990, 1993, 1994, 1995
12	Spain	5,031	5	1986, 1990, 1993, 1994, 1995
13	Portugal	4,995	5	1986, 1990, 1993, 1994, 1995
14	Norway	994	1	1993
15	Finland	2,065	2	1993, 1995
16	Sweden	1,010	1	1995
17	Austria	1,995	1	1995

Table A.2
Genetic Distance

Measures of genetic distance between two populations, p_1 and p_2, are based on the difference between the frequencies of alleles in the two populations. We use a measure of genetic distance, called Fst (Reynolds, Weir, and Cockerham 1983), that is also called coancestry coefficient. The latter is not an accurate term, because it seems to indicate a measure of similarity, while it is really a measure of distance.

Consider m loci, i alleles and define p_{1mi} the frequency of the ith allele at the mth locus in population 1 and p_{2mi} the frequency of the ith allele at the mth locus in population 2.

Fst for 2 populations is

$$Fst = \frac{\sum_m \sum_i [p_{1mi} - p_{2mi}]^2}{2 \sum_m [1 - \sum_i p_{1mi} p_{2mi}]}, \tag{1}$$

where m is measured over loci, and i over alleles at the mth locus. We use the above formula that has been calculated for 28 population with an average number of 88 genes.

The calculation of the genetic distance between two populations gives a relative estimate of the time that has passed since the populations have existed as single cohesive units, under some assumptions of evolution. When two populations are genetically isolated, the two processes of mutation and genetic drift lead to differentiation in the allele frequencies at selective neutral loci. As the amount of time that two populations are separated increases, the difference in allele frequencies should also increase until each population is completely fixed for separate alleles. The Fst measure assumes that there is no mutation, and that all gene frequency changes are driven by genetic drift alone. However, it does not assume that population sizes have remained constant and equal in all populations.

Table A.3

Somatic Distances

Measures of somatic distance between two populations are based on the distance between anthropometric measures in the two populations. We use anthropometric measures from Biasutti (1954) on three dimensions: heights, cephalic index, and hair color (pigmentation). The data are only available for the European countries in our sample. For heights, cephalic index (the ratio of the length and width of the skull), and hair color (pigmentation), we report the original maps of the prevailing traits in each country in Europe (reported in Figures A.1–A.3). In each trait, European countries fall into three different categories, for example for hair color we have "Blond prevails," "Mix of blond and dark," and "Dark prevails" (The figure shows five categories, but only three are found in European countries). We arbitrarily assign the score of 1 to the first, 2 to the second and 3 to the third. We then compute the somatic distance between two countries as the sum of the absolute value of the difference in each of these traits. The data are available at `http://www.kellogg.northwestern.edu/faculty/sapienza/htm/somaticdistance.zip`

Table A.4

Bilateral Trust and Country-of-Origin and Country-of-Destination Characteristics

Table A.4 shows how much of the trust of the average trust of a country's citizens versus the other country's citizens is explained by observed and unobserved characteristics of the country receiving and giving trust. "Mean trust" is the average trust across individuals of a given country; "median trust" uses the median to aggregate across individuals; "share of individuals trusting a lot" is the fraction of interviewed individuals in a given country that report they trust a lot the citizens of another country. Besides country-of-origin and country-of-destination fixed effects, the regression includes a year fixed effect. The omitted country is Ireland. The standard errors reported in parentheses are corrected for the potential clustering at the country of destination level.

The symbols ***, **, and * mean that the coefficient is statistically different from zero respectively at the 1%, 5%, and 10% level.

	Mean trust	Median trust	Fraction of individuals trusting a lot
Origin country (base=Ireland)			
France	-0.05	-0.03***	-0.00
	(0.04)	(0.05)	(0.00)
Belgium	-0.03	0.08***	0.02**
	(0.03)	(0.00)	(0.01)
NL	0.08	-0.09	0.08***
	(0.05)	(0.01)	(0.00)
Germany	-0.08**	-0.15**	0.02**
	(0.03)	(0.01)	(0.00)
Italy	-0.22***	-0.30**	-0.04***
	(0.04)	(0.10)	(0.00)
Denmark	0.19***	0.07***	0.08***
	(0.05)	(0.00)	(0.00)
UK	-0.06	-0.05***	0.01
	(0.06)	(0.06)	(0.00)
Greece	-0.29***	-0.17***	0.03*
	(0.06)	(0.10)	(0.01)
Spain	-0.22***	-0.20**	0.01
	(0.04)	(0.07)	(0.01)
Portugal	-0.23***	-0.12***	-0.04***
	(0.04)	(0.01)	(0.00)
Norway	0.14**	0.29***	0.12***
	(0.07)	(0.10)	(0.03)
Finland	0.25***	0.17***	0.07***
	(0.06)	(0.07)	(0.03)
Sweden	0.48***	0.41**	0.32***
	(0.05)	(0.03)	(0.03)
Austria	0.01	-0.16	0.06***
	(0.05)	(0.13)	(0.00)
Destination country (base=Ireland)			
France	0.07***	-0.06	0.02***
	(0.01)	(0.01)	(0.01)
Belgium	0.23***	-0.07	0.05***
	(0.00)	(0.04)	(0.00)
NL	0.27***	0.03***	0.03
	(0.01)	(0.06)	(0.02)
Germany	0.06***	0.00	0.04***
	(0.01)	(0.06)	(0.01)
Italy	-0.22***	-0.26***	-0.06***
	(0.01)	(0.01)	(0.01)
Denmark	0.29***	-0.02	0.11***
	(0.01)	(0.04)	(0.02)
UK	0.07***	-0.13**	0.03***
	(0.01)	(0.01)	(0.02)
Greece	-0.19***	-0.33***	-0.05***
	(0.01)	(0.01)	(0.00)
Spain	-0.07***	-0.04***	-0.03***
	(0.01)	(0.01)	(0.00)
Portugal	-0.11***	-0.29***	-0.05***
	(0.01)	(0.05)	(0.01)
Norway	0.35***	0.03	0.13***
	(0.02)	(0.03)	(0.00)
Finland	0.26***	0.13*	0.16***
	(0.02)	(0.03)	(0.01)
Sweden	0.36***	0.11***	0.12***
	(0.02)	(0.14)	(0.00)
Austria	0.21***	0.07**	0.07***
	(0.02)	(0.03)	(0.01)
Constant	2.58***	2.86***	0.09***
	(0.08)	(0.15)	(0.02)
Observations	810	810	810
R-squared	0.62	0.24	0.61

Table A.5

Matrix of Correlations

The cross correlation matrix of the variables included in our basic regressions, obtained after controlling for country-of-origin and country-of-destination fixed effects, is shown in Table A.5.

	Average trust	Log of distance	Common Border	Common Language	Same legal origin	Religious similarity	Genetic distance	Somatic distance	Years at wars (1000-1970)	Linguistic common roots	Transportation costs
Average trust											
Log of distance	-0.42										
P-values	0.00										
Observations	207.00										
Common Border	0.18	-0.61									
P-values	0.01	0.00									
Observations	207.00	207.00									
Common Language	0.10	-0.38	0.49								
P-values	0.15	0.00	0.00								
Observations	207.00	207.00	207.00								
Same origin of the law	0.00	-0.19	0.37	0.33							
P-values	0.98	0.01	0.00	0.00							
Observations	207.00	207.00	207.00	207.00							
Religious similarity	0.16	-0.30	0.28	-0.03	0.30						
P-values	0.03	0.00	0.00	0.70	0.00						
Observations	207.00	207.00	207.00	207.00	207.00						
Genetic distance	-0.32	0.63	-0.30	-0.18	-0.12	-0.33					
P-values	0.00	0.00	0.00	0.01	0.09	0.00					
Observations	207.00	207.00	207.00	207.00	207.00	207.00					
Somatic distance	-0.24	0.30	-0.32	-0.17	-0.47	-0.32	0.17				
P-values	0.00	0.00	0.00	0.02	0.00	0.00	0.01				
Observations	207.00	207.00	207.00	207.00	207.00	207.00	207.00				
Years at war (1000-1970)	0.04	-0.38	0.32	0.08	0.23	0.29	-0.36	-0.05			
P-values	0.56	0.00	0.00	0.27	0.00	0.00	0.00	0.47			
Observations	207.00	207.00	207.00	207.00	207.00	207.00	207.00	207.00			
Linguistic common roots	0.01	-0.45	0.30	0.17	0.24	0.21	-0.48	-0.15	0.29		
P-values	0.92	0.00	0.00	0.02	0.00	0.01	0.00	0.05	0.00		
Observations	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00		
Transportation costs	-0.38	0.78	-0.45	-0.25	-0.24	-0.36	0.60	0.28	-0.40	-0.38	
P-values	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Observations	207.00	207.00	207.00	207.00	207.00	207.00	207.00	207.00	207.00	180.00	
Press coverage	0.00	-0.45	0.50	0.41	0.31	0.17	-0.31	-0.13	0.44	0.23	-0.40
P-values	0.96	0.00	0.00	0.00	0.00	0.02	0.00	0.08	0.00	0.00	0.00
Observations	179.00	179.00	179.00	179.00	179.00	179.00	179.00	179.00	179.00	154.00	179.00

Table A.6

First Stage Regressions for GMM-IV Models

Table A.6 presents the first stage regressions for the GMM-IV model in Tables IV–VI. Panel A has the first stage regressions corresponding to the GMM-IV estimates in Table IV; Panel B has the first stage regressions corresponding to the GMM-IV estimates in Table V; and Panel C contains the first stage regressions corresponding to the GMM-IV estimates in Table VI.

Panel A	
Somatic distance	-0.08***
	(0.01)
Religious diversity	0.15*
	(0.08)
Common language	-0.05
	(0.11)
Log (distance)	0.08
	(0.05)
Common border	-0.02
	(0.05)
Press coverage	-0.33
	(0.36)
Transportation costs	-0.34
	(0.37)
Same legal origin	0.01
	(0.05)
Correlation of consumption	-0.18
between the two countries	(0.29)
Exporting country fixed effects*years	YES
Importing country fixed effects* years	YES
Observations	474
R-squared	0.81
Test of excluded instruments:	F(2,349) =59.66

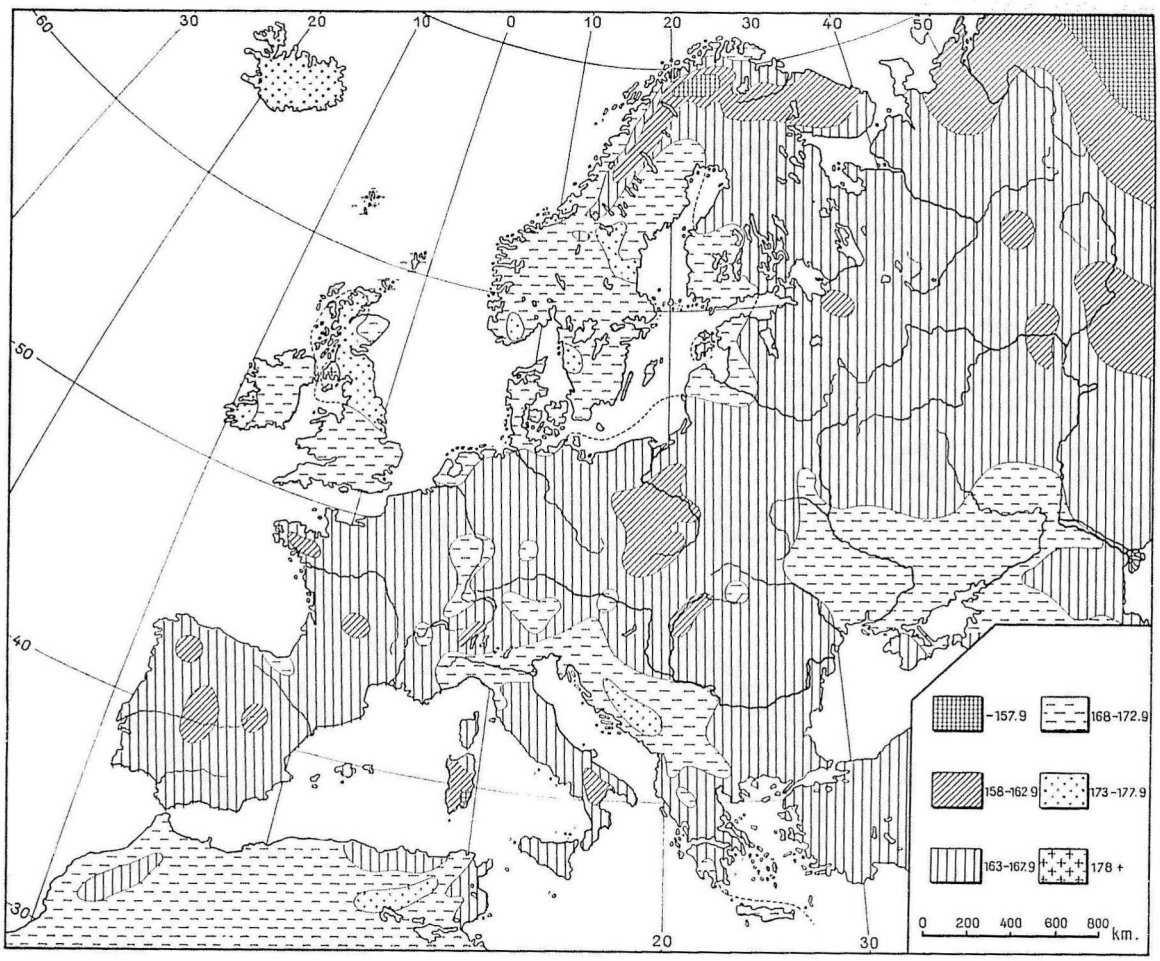
Panel B

Somatic distance	-0.04***
	(0.01)
Religious diversity	0.20***
	(0.04)
Common language	0.29***
	(0.04)
Log (distance)	0.04*
	(0.03)
Common border	-0.03
	(0.02)
Press coverage	-1.11***
	(0.21)
Transportations costs	-0.58***
	(0.19)
Dummy equal to one if countries have same origin of law	-0.07**
	(0.03)
Linguistic common roots	0.21***
	(0.06)
Investing country fixed effects*years	YES
Destination country fixed effects*years	YES
Observations	419
R-squared	0.87
Test of excluded instruments in first stage:	F(2, 328) = 24.34

Panel C

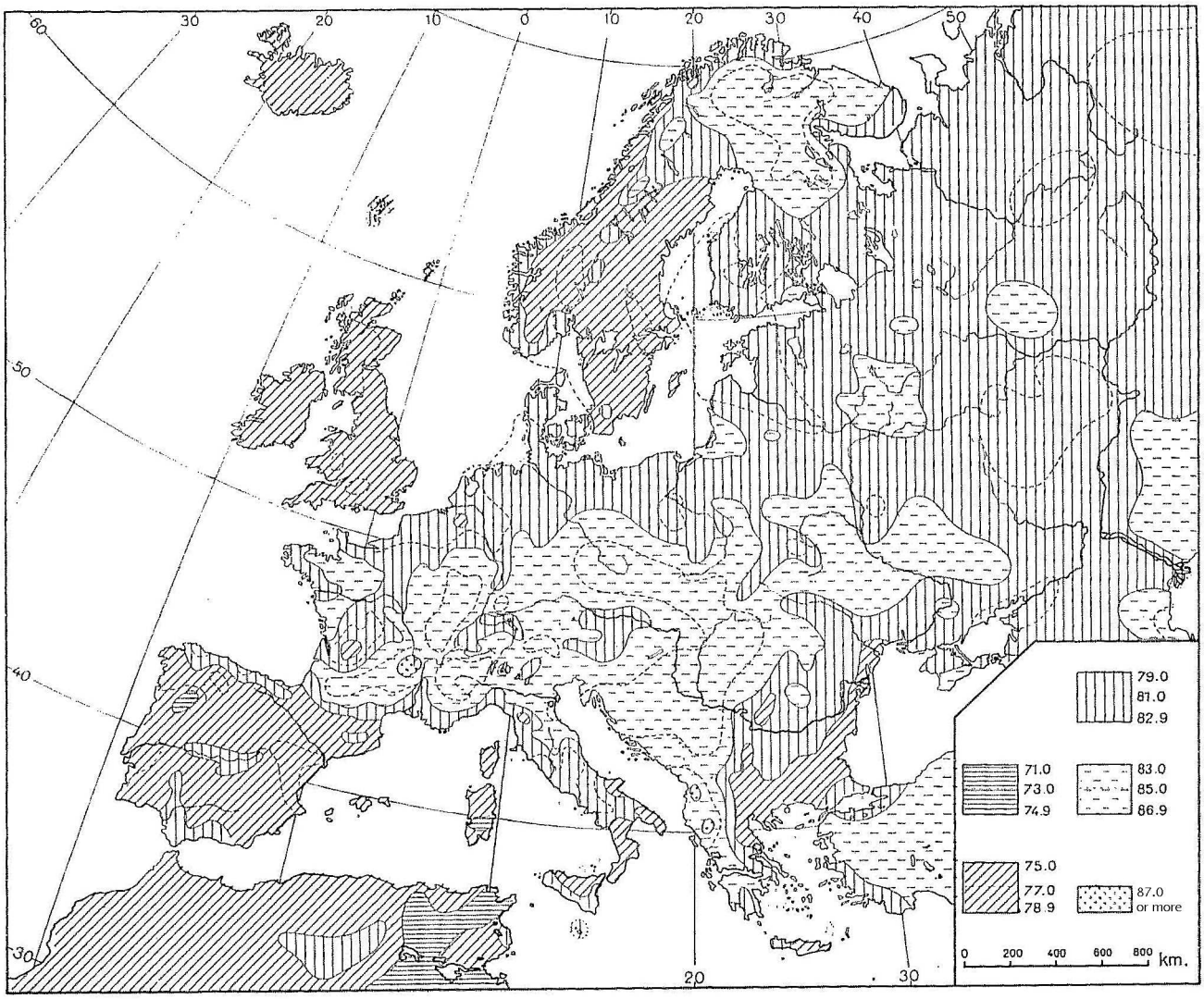
Religious diversity	0.23***
	(0.06)
Somatic distance	-0.02
	(0.02)
Inverse Cov. of stock market returns	-0.29**
of country of origin and destination	(0.11)
Common language	0.20***
	(0.05)
Log (distance)	0.01
	(0.05)
Common border	-0.04
	(0.05
Press coverage	-1.26*
	(0.67)
Distance in security law regulation*100	0.32
	(0.91)
Linguistic common roots	0.27*
	(0.15)
Observations	80
R-squared	0.898
Test of excluded	F(2,44)=
instruments in first stage:	10.18

Figure A.1: Average Heights in Europe



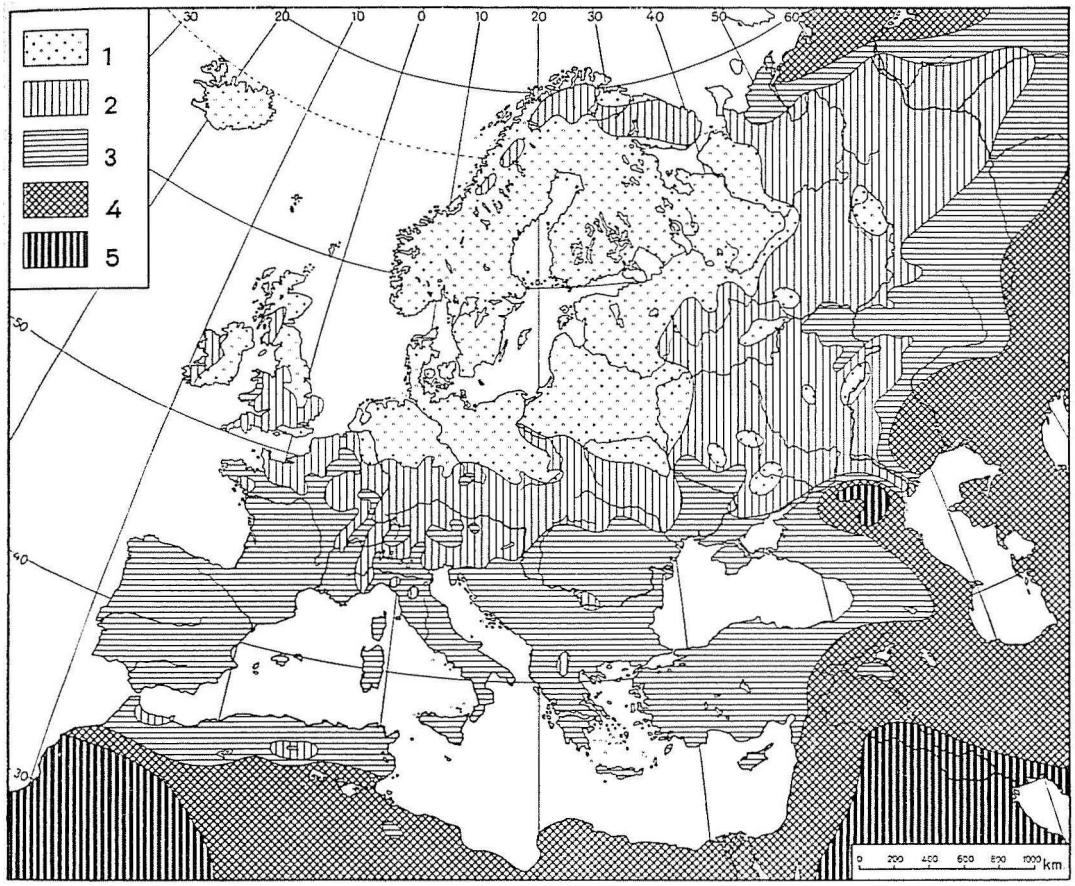
Distribution of average heights in Europe. Source Biasutti (1954).

Figure A.2: Average cephalic index in Europe



Average cephalic index in Europe. Source Biasutti (1954).

Figure A.3: Distribution of hair color in Europe



Distribution of hair color in Europe: 1 = Blond prevails; 2 = Mix of blond and dark; 3 = Dark prevails; 4 = Sporadic presence of blond; 5 = Exclusively dark. Source Biasutti (1954).

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