



The Long-Lasting Effects of Communism on Trust: Evidence from Germany

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Dissertation written under the supervision of
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Dissertation submitted in partial fulfilment of requirements for the MSc in
Economics, at the Universidade Católica Portuguesa, March, 2026

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March 2026

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Abstract

Trust is a key determinant of economic development and plays a central role in modern societies. But what determines trust preferences? This dissertation investigates the long-term effects of exposure to communism on generalized trust, exploiting the natural experiment of German separation and reunification. Using individual-level panel data from the German Socio-Economic Panel, this study compares trust outcomes of individuals who lived in East and West Germany prior to reunification. We find that exposure to the East German communist regime significantly reduced trust, with effects persisting decades after reunification and being strongest for individuals exposed at younger ages. Evidence on potential mechanisms suggests that gender and social ties with West Germany shaped the long-term effect of the regime on trust outcomes. Additional results indicate that the effect of the regime is transmitted across generations, particularly through maternal influence.

Keywords: Trust, Political Repression, Communism, German Democratic Republic, Economic History

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Resumo

A confiança é um determinante fundamental do desenvolvimento económico e desempenha um papel central nas sociedades modernas. Mas o que determina as preferências de confiança? Esta dissertação investiga os efeitos a longo prazo da exposição ao regime comunista na confiança generalizada, analisando a experiência natural da divisão e reunificação da Alemanha. Utilizando dados em painel a nível individual do German Socio-Economic Panel, comparamos os níveis de confiança de indivíduos que residiam na Alemanha Oriental e Ocidental antes da reunificação. Concluimos que a exposição ao regime comunista da Alemanha Oriental reduziu significativamente a confiança, com efeitos que persistem décadas após a reunificação e que são particularmente acentuados entre os indivíduos expostos em idades mais jovens. Evidência sobre potenciais mecanismos sugere que o género e os laços sociais com a Alemanha Ocidental moldaram o efeito do regime nas preferências de confiança a longo prazo. Resultados adicionais indicam que o efeito do regime é transmitido através de gerações, particularmente por influência materna.

Palavras-chave: Confiança, Repressão Política, Comunismo, República Democrática Alemã, História Económica

Acknowledgments

Beginning this journey, I could not have foreseen the emotional roller coaster that lay ahead. The process involved countless hours of writing and rewriting, refining arguments, and attending to the smallest details. As the saying goes, “good things take time,” a sentiment that has never felt more accurate. If I were to describe this experience, I would define it by persistence, logic, realistic expectations, and careful attention to detail. As the process comes to an end, the effort and dedication feel deeply rewarding.

I would like to begin by thanking my supervisor, Professor Anna Bernard, for her academic and emotional support throughout this process. Her availability, readiness to help, and realistic advice were fundamental in bringing this thesis to life. Her guidance and continuous encouragement helped me overcome obstacles and remain motivated to give my best, from beginning to end.

To my parents, who never pressured me but always trusted my work and gave me the strength to continue, no matter the challenges I faced along the way. I must also thank my colleagues, Maria and Pedro, who accompanied me throughout the process. Sharing struggles, doubts, and progress with them made me feel understood and reassured.

Finally, I would like to thank Catarina, Carolina, Margarida, António, Hanna, Beatriz, Paula, Adelina, Tia Sara and Tia Sandra whose constant support helped me through the most challenging moments of the process. They reminded me of the importance of balancing academic and social life, which was essential to completing this thesis.

Contents

1	Introduction	6
2	Related Literature	9
2.1	Determinants of Trust	9
2.2	German Separation and Reunification	9
2.3	Formative-Age Hypothesis	10
3	Institutional Background	12
3.1	The Cold War and the Berlin Wall	12
3.2	Life after Reunification	13
4	Theoretical Mechanisms	14
4.1	Indoctrination	14
4.2	Repression	14
4.3	Gender	15
4.4	Relatives or Friends in the West	16
5	Data and variables	17
5.1	German Socio-Economic Panel (SOEP)	17
5.1.1	Measuring Trust	17
5.1.1.1	Self-Reported Willingness to Take Risk in Trusting Others . . .	17
5.1.1.2	Self-Reported Trust	17
5.1.1.3	Trust Experiment	18
5.1.2	Key Independent Variable and Controls	18
5.1.3	“Life in the former GDR” Module of the SOEP	23
6	Empirical Strategy	24
6.1	German Separation and Reunification as a Natural Experiment	24
6.1.1	Baseline Empirical Model	25
6.1.2	Age-Specific Exposure Index	25
7	Results	27
7.1	Baseline Effects of Communism on Trust	27
7.1.1	Persistence of the East-West Trust Gap over Time	28
7.2	The Effect of Exposure to the East German Communist Regime at Different Ages on the East-West Trust Gap	29

7.3	Place of Living at the Time of the Survey Influences the East-West Trust Gap . . .	30
8	Robustness Checks	33
8.1	Potential Threat to Identification	33
8.2	Selective Migration	33
8.3	East–West Trust Gap Among Individuals Born after 1989 and the Role of Intergen- erational Transmission	35
9	Mechanisms	38
9.1	Indoctrination	38
9.2	Repression	39
9.3	Gender	40
9.3.1	Persistency of the East-West Trust Gap for Women and Men	42
9.4	Relatives or Friends in the West	43
10	Discussion and Conclusion	45
11	References	47
12	Appendix	53

List of Tables

1	Variable Definitions for the Main SOEP Analysis	20
2	Summary Statistics: Dependent Variables	21
3	Summary Statistics: Independent Variables	22
4	Association Between Exposure to the East German Communist Regime and Trust Outcomes	27
5	Association Between Age-Specific Exposure to the East German Communist Regime and Trust Outcomes	29
6	Association Between Exposure to the East German Communist Regime and Trust Outcomes, by East or West Residence at the Time of the Survey	31
7	Association Between Exposure to the East German Communist Regime and Trust Outcomes, Excluding Migrants before and after 1989	34
8	Association Between Exposure to the the East German Communist Regime and Trust Outcomes, Controlling for Parental Education	35
9	Association Between Living in East Germany at Survey Time and Trust Outcomes for Individuals Born after 1989 and the Role of Intergenerational Transmission	36
10	Association between Exposure to the East German Educational System and Trust Outcomes, DID Results for Cohorts Born Between 1971 and 1977	39
11	Association Between Perceived Repression During the East German Communist Regime and Trust Outcomes	40
12	Association Between Exposure to the East German Communist Regime and Trust Outcomes by Gender	41
13	Association Between Social Ties with the West During the East German Communist Regime and Trust Outcomes	43
14	Association Between Exposure to the East German Communist Regime and Trust Outcomes across Survey Years	53
15	Pairwise Wald Tests Comparing Age-Specific Exposure Effects of the East German Communist Regime on Trust Outcomes	54
16	Association Between Exposure to the East German Communist Regime and Trust Outcomes, Controlling for Parental Education	55
17	Association Between Exposure to the East German Communist Regime and Trust Outcomes: Gender Differences across Survey Years	57

List of Figures

1 Trust Gap Between Individuals Who Lived in East and West Germany in 1989,
 across Survey Years 28

2 Gender Differences in the East-West Trust Gap by Survey Years. 42

1 Introduction

Trust is a fundamental aspect of social and economic life. As Arrow (1972) noted, “Virtually every commercial transaction has within itself an element of trust”. In fact, it is a pervasive element in our daily interactions, we rely on pilots when boarding an aeroplane, doctors when seeking medical care, or chefs when dining at a restaurant. Without trust in others to perform specialized roles, individuals would need to undertake all these tasks themselves, and societal progress would be severely constrained (Harari, 2014). In light of this, extending trust beyond closed groups to strangers is a central feature of modern and complex societies (Arrow, 1972).

A growing literature highlights the importance of trust for both social and economic outcomes. Generalized trust is associated with easier, happier, and more confident lives in diverse societies (Uslaner, 2002). Additionally, evidence suggests that trust fosters investment (Zak & Knack, 2001), financial development (Guiso et al., 2004), trade (Guiso et al., 2008), and entrepreneurship (B. Y. Kim & Kang, 2014). Given its societal and economic implications, identifying the determinants of trust is crucial. Prior studies highlight the role of historical, cultural, and institutional factors (Guiso et al., 2008; Heineck & Süssmuth, 2012; Nunn & Wantchekon, 2011; Rainer & Siedler, 2009). However, there is limited causal evidence on how temporary institutional shocks affect long-term trust, and how the age at exposure determines the magnitude of these effects. This dissertation addresses this gap by analysing the long-term impact of exposure to the East German communist regime, focusing on how experiences at different ages shape trust preferences.

To examine the effect of this institutional shock on trust, we consider the quasi-experimental setting created by the German division and reunification. Before separation, East and West Germany were broadly comparable (Alesina & Fuchs-Schündeln, 2007; Fuchs-Schündeln & Hassan, 2016). Following the division, the two sides of Germany followed different paths, West Germany (Federal Republic of Germany/FRG) developed as a capitalist democracy, while East Germany (German Democratic Republic/GDR) was characterized by extensive state control over the economy and constrained individual freedoms, until the fall of the Berlin Wall in 1989. This period became known as the Cold War.

Combining econometric models with individual-level data from the German Socio-Economic Panel (SOEP), this dissertation empirically assesses the long-lasting effect of the East German communist regime on trust preferences by comparing East and West Germans who experienced the Cold War, more than a decade after reunification. The analysis draws on respondents’ willingness to take risks in trusting others from available survey waves between 2004 and 2014, alongside three complementary trust measures collected between 2003 and 2023. We further support the main analysis with experimental trust data from 2003–2005, providing supplementary evidence.

The results indicate that exposure to the East German communist regime had a substantial and lasting negative effect on trust. Specifically, it reduced willingness to take risks in trusting others by approximately 0.20 standard deviations, and trust measured by the PCA-based index by roughly 0.30 standard deviations. Importantly, the age at which individuals were exposed to the communist regime plays a central role in shaping the magnitude of its long-term effect on trust. Exposure during early adolescence is associated with the strongest and most robust reductions in trust, while exposure at later ages produces smaller and less consistent effects. Overall, these patterns are most consistent with the increasing-persistence hypothesis, which posits that attitudes are more malleable at younger ages and that the influence of institutional exposure declines gradually over the life course (Glenn, 1969, 1974; Jennings & Niemi, 1981; Markus, 1979; Sears, 1981, 1983). Additionally, East-West migration after reunification attenuates but does not fully eliminate the trust gap, highlighting the joint influence of formative experiences and adaptation to current social and institutional environments.

This dissertation further investigates the channels through which the regime shaped trust. Exposure to the socialist educational system does not appear to have influenced trust outcomes, suggesting that formal indoctrination through schooling was not a primary driver of the observed East-West trust gap. The estimated association between perceived surveillance under the GDR and long-term trust is negative, although it is not statistically significant in our sample. Given the limited number of observations for this measure and the possibility of recall bias, this result should be interpreted with caution and does not rule out repression as an important channel, as documented by Lichter et al. (2021). In contrast, gender-specific effects and social ties with the West emerge as relevant channels. Women exhibit a persistently larger East–West trust gap, reflecting the combined effects of state-imposed gender roles and post-reunification disadvantages. Furthermore, individuals who had relatives or close friends in West Germany during the regime display higher trust, suggesting that exposure to alternative social norms mitigated the regime’s effect. Together, these findings highlight the roles of gender-specific policies, social isolation, and potentially repression in shaping the long-term effect of the regime on trust.

Robustness checks address concerns raised by Becker et al. (2020), regarding pre-existing East–West differences and selective migration prior to the construction of the Berlin Wall. The results remain stable across alternative specifications. Additionally, the analysis indicates that the effect of the regime on trust is transmitted to cohorts who were not directly exposed, primarily through maternal influence.

This study contributes to three strands of literature. First, it advances research on the determinants of trust, providing causal evidence on the long-term effects of institutional shocks. Second, it contributes to the literature on the legacy of the East German communist regime, extending previous

work with richer panel data and age-specific measures of exposure. Third, it speaks to the debate on the formative-age hypothesis, showing that early exposure to an institutional shock has the strongest impact on long-term preferences.

The dissertation proceeds as follows: Section 2 reviews the related literature on trust, German separation and reunification, and the formative-age hypothesis. Section 3 provides historical context. Section 4 discusses the potential theoretical mechanisms. Section 5 describes the data and variables. Section 6 presents the empirical strategy. Section 7 reports the main results. Section 8 assesses the robustness of the findings. Section 9 investigates the underlying mechanisms, and Section 10 concludes.

2 Related Literature

A growing body of research examines the determinants of trust, the long-term effects of the East German communist regime, and the role of age in shaping formative experiences throughout life. This discussion reviews these three strands of literature, highlighting relevant findings, and situating the contributions of this dissertation.

2.1 *Determinants of Trust*

Prior research identifies several individual, social, and institutional determinants of trust. Alesina and La Ferrara (2002) find that trust can be influenced by not only a variety of individual characteristics, such as age, gender, race, education and religious beliefs, but more importantly by past experiences, discrimination, characteristics of the community and features of the person being trusted.

Moreover, several studies have examined the long-lasting effects of temporary shocks on trust. Guiso et al. (2008) conceptually analyse a general, temporary change in which trusting others suddenly becomes significantly more or less rewarding, demonstrating that it can shift individuals' trust preferences. The authors suggest that these effects may persist over time and become part of the intergenerationally transmitted "culture of trust". Adding to this evidence, Nunn and Wantchekon (2011) document the persistent effects of historical shocks on trust, by finding lower trust levels among descendants of black Africans frequently targeted by slave traders.

While these studies provide a broad understanding of key determinants of trust, evidence on the long-lasting effects of temporary institutional shocks remains limited. This dissertation addresses this gap by strengthening the evidence and deepening the analysis of the persistent effects of the East German communist regime on trust.

2.2 *German Separation and Reunification*

An extensive body of empirical research documents the long-lasting effects of communism on economically relevant behaviours, twenty years after the collapse of the Berlin Wall (Alesina & Fuchs-Schündeln, 2007; Campa & Serafinelli, 2019; Fuchs-Schündeln & Schündeln, 2020; Lange, 2021; Libman & Popova, 2023; Otrachshenko et al., 2023; Schaewitz et al., 2022). This literature identifies persistent differences in preferences and attitudes, between Germans who were exposed to communism and those who were not.

Several studies further investigate the channels through which communist exposure affected individual behaviour, exploring the effects of the educational system (Fuchs-Schündeln & Masella, 2016) and personal experiences under the regime (Nikolova & Popova, 2024).

Within this context, research focusing specifically on trust remains relatively limited. Rainer and Siedler (2009) were the first to examine the effect of the East German communist regime on trust. The authors used a cross-sectional study, drawing on data from different years, but analysing different individuals in each year. This limited their ability to understand the persistency of the effect of the East German communist regime on trust, at the individual level (Heineck & Süßmuth, 2012). Heineck and Süßmuth (2012) addressed this limitation by introducing balanced panel data, allowing them to track the same individuals over time (Cameron & Trivedi, 2005) and investigate the long-lasting effects of the East German communist regime on social trust. Complementing this evidence, Lichter et al. (2021) demonstrate that exposure to higher local spying density during the East German communist regime is associated with lower trust in strangers after reunification, providing evidence on repression as a channel through which the regime influenced trust.

Building on this literature, this dissertation makes three main contributions. First, it provides stronger evidence on the long-lasting effects of the East German communist regime on trust, by extending the number of years available in the panel data. Second, it investigates the formative-age hypothesis as a potential explanatory factor for the magnitude of the East-West trust gap. Third, it empirically examines indoctrination, repression, gender and social ties with the West as mechanisms through which the regime shaped trust.

2.3 Formative-Age Hypothesis

The persistence of East-West trust differences after the collapse of communism raises the question of whether the long-lasting effects of exposure to the regime vary across individuals. This dissertation investigates the role of age at exposure in explaining the magnitude of the long-lasting effect of the East German communist regime on trust preferences.

A large body of literature suggests that personal experiences have a permanent effect on the formation of preferences and beliefs, nonetheless, the susceptibility for these experiences to change attitudes, may vary as individuals progress throughout their life cycle (Krosnick & Alwin, 1989). Previous research identifies three main theoretical frameworks which explain the relevance of different age periods in the formation of preferences and beliefs, the impressionable-years hypothesis, the increasing persistence hypothesis, and the lifelong-openness hypothesis (Giuliano & Spilimbergo, 2024).

According to the impressionable-years hypothesis, socializing experiences during a specific age window, between 18 and 25, have a relevant impact in shaping core attitudes, beliefs, and values, which are unlikely to change significantly afterwards (Krosnick & Alwin, 1989). The increasing-persistence hypothesis argues that individuals are more flexible and responsive to the social environment when they are young, emphasizing a gradual decline in their openness to attitude change over the life course (Glenn, 1969, 1974; Jennings & Niemi, 1981; Markus, 1979; Sears, 1981, 1983). Finally, the lifelong-openness hypothesis suggests that individuals are highly malleable throughout life and constantly change their attitudes in response to the social environment (Brim & Kagan, 1980). Recent empirical work provides support for all three theories, documenting both the lasting influence of experiences in the impressionable years and early-life, while at the same time the continuous flexibility of attitudes (Etchegaray et al., 2019; Kiley & Vaisey, 2020; Roberts et al., 2006).

This dissertation contributes to the debate on the formative-age hypothesis by providing causal evidence on how the age at exposure influences the magnitude of the effect of an institutional shock on long-term trust preferences. The results support the increasing-persistence hypothesis, indicating that exposure to the East German communist regime had the strongest and most robust negative effect on individuals who experienced it during early adolescence, with the impact gradually declining at older ages. This pattern indicates that individuals are particularly susceptible to social and institutional influences at younger ages, while responsiveness diminishes over the life course. The analysis further suggests that sensitivity to institutional environments may begin earlier than the conventional impressionable-years window of early adulthood (ages 18–25), and that the effect of exposure is not uniform across later age intervals, providing limited support for a lifelong-openness hypothesis.

3 Institutional Background

3.1 *The Cold War and the Berlin Wall*

With World War II coming to an end, Germany, as the defeated power, was split amongst the winning Allies (Alesina & Fuchs-Schündeln, 2007). Undergoing negotiations resulted in the allocation of three different zones of roughly equal population to be occupied by the American, British, and Russian armies. Later the protocol was modified to create a small French zone by reducing the size of the British and American areas. Additionally, it was agreed that Berlin, although located in the Soviet zone, would be divided by all four powers (Redding & Sturm, 2008). The city would be governed by a joint council with representatives from the four countries (Ahlfeldt et al., 2015).

Later, contrasting visions for the future of Germany emerged between the Western allies and Russia, leading to some tensions that favoured the formation of the German Democratic Republic (GDR or East Germany) and the Federal Republic of Germany (FRG or West Germany), in 1949. West Germany comprised the British, French, and American sectors, and East Germany was established in the Soviet occupation zone. East Germany was governed by a communist rigid regime, characterized by extensive state control over the economy. In contrast, the West was a market-based democracy (Heineck & Süßmuth, 2012). Furthermore, the division of Germany was reflected at the city level, with the creation of separate administrations for East and West Berlin (Ahlfeldt et al., 2015).

After 1952, the main border between East and West Germany was closed, substantially restricting movement. However, Berlin remained an exception. Although the city was located within East Germany, West Berlin remained connected to West Germany (Ahlfeldt et al., 2015). As a result, West Berlin became a key escape route to West Germany (Harrison, 2011). This remaining channel was closed by the construction of the Berlin Wall in August 1961, which in effect made migration between East and West Germany nearly impossible (Redding & Sturm, 2008). This constraint was particularly severe for East Germans, as the regime not only violated basic rights but also shaped everyday economic and social conditions. They witnessed their freedom being restricted by the German Democratic Republic's State Security Service ("Stasi"), which operated a vast network of civilian informants to monitor politically incorrect behaviour among citizens (Rainer & Siedler, 2009). At the same time, the communist regime intensified East's structural economic disadvantages. Central planning, industrial dismantling and limited productivity growth widened the gap between East and West Germany (Sleifer, 2006).

Combining all these factors, dissatisfaction among East Germans began to grow, which led to large scale demonstrations in 1989, resulting in the fall of the Berlin Wall on 9 November 1989. This

event came largely as a surprise for Germans (Alesina & Fuchs-Schündeln, 2007; Bach & Trabold, 2000; Frijters et al., 2004). The reunification of East and West Germany followed eleven months later, on 3 October 1990. During this process, East Germany was fully integrated into the West German market-based democracy (Becker et al., 2020).

3.2 Life after Reunification

The reunification allowed East Germans to recover from extremely poor living conditions and nearly reach the standards of West Germany (Bach & Trabold, 2000). Importantly, Frijters et al. (2004) show that real household incomes in East Germany increased by over 40% between 1991 and 2001. Average life satisfaction in East Germany also increased considerably, which seems to be attributable to the increase in incomes (Frijters et al., 2004). Moreover, it allowed for personal freedom, improved public services (Frijters et al., 2004) and increased life expectancy, narrowing the gap with West Germany (Becker et al., 2020).

Despite this initial catch up with the West economy, this convergence soon slowed down, and significant economic differences remained (Becker et al., 2020). One factor that played a major role in the slowdown was the decision to convert East German to West German mark at 1:1 exchange rate, which severely overvalued the East German currency (Becker et al., 2020). This policy had a particularly negative effect on wages, which were set to reach parity with West German levels by 1994, independently of economic conditions and productivity developments. The combination of these two measures led to significant employment losses (Franz & Steiner, 1999). In the long term, the East–West ratio in GDP per capita and labour productivity remained stagnant at around 0.8 from the late 1990s to the mid-2000s, even almost two decades after reunification (Fuchs-Schündeln & Izem, 2012).

4 Theoretical Mechanisms

This dissertation examines four potential mechanisms through which the East German communist regime shaped long-term trust preferences, focusing on indoctrination, repression, gender, and family and social ties with the West.

4.1 *Indoctrination*

With respect to the regime's indoctrination, the ideology of the state was reinforced through the media, education, and culture, allowing the regime to dominate many aspects of East Germans' daily life (Costabile-Heming, 2000; Meyen & Fiedler, 2011). This analysis focuses on the educational system as one of the key channels of indoctrination.

Schools were among the most tightly controlled and politicized institutions in the GDR. Socialist norms were embedded across all school subjects, explicitly aimed at fostering a "socialist personality" and discouraging critical thinking and the expression of alternative opinions (Block & Fuchs, 1993; Fuchs-Schündeln & Masella, 2016). Additionally, educational trajectories were strongly shaped by political considerations. Access to upper secondary and higher education (Erweiterte Oberschule) depended not only on academic performance but also on the political and social involvement of the student and their identification with the regime (Fischer, 1992).

Following the fall of the Berlin Wall, the East German education system was restructured to align with West German standards (Fuchs-Schündeln & Masella, 2016). Nonetheless, exposure to the East German school system before reunification may have reduced individuals' levels of trust, as the educational environment emphasized ideological alignment and instilled the belief that others could not necessarily be expected to act fairly or respect their true opinions. Constant surveillance and pressure to conform likely led individuals to be more cautious when trusting others, making longer exposure to the East German schooling system a potential channel through which the regime shaped long-term trust preferences.

4.2 *Repression*

Repression through surveillance constituted a pervasive feature of everyday life in the GDR. The Ministry for State Security (Stasi), relied on an extensive surveillance network of spies, unofficial informants, and secret military units to monitor and persecute civilians, including members of the ruling party to secure total party domination and suppress opposition to the regime (Fulbrook, 2009; Süß, 2014).

Importantly, these informants were neither easily identifiable nor socially distant figures. They were often neighbours, colleagues, or friends who maintained regular professional lives while secretly collecting information within their social and professional circles (Bruce, 2010). This constant threat of surveillance fostered a culture of fear and suspicion (Nikolova & Popova, 2024), potentially shaping the long-term impact of the regime on trust preferences.

4.3 *Gender*

A further mechanism through which the East German communist regime may have affected trust is the differential treatment between women and men. State policies and social expectations uniquely shaped women's experiences, producing gender-specific disadvantages that may have affected long-term trust preferences.

Importantly, women experienced structural inequalities differently in East and West Germany. In the GDR, women's participation in the labour force was mandatory (Trappe, 1996), and mothers continued to work even with young children, strongly influenced by family policies and state propaganda (Rosenfeld et al., 2004; Trappe, 1996). In contrast, West Germany promoted a traditional male-breadwinner model (Rosenfeld et al., 2004; Trappe, 1996), discouraging maternal employment, offering limited public childcare, and reinforcing conventional family arrangements (Rosenfeld et al., 2004; Schönberg & Ludsteck, 2014; Trappe, 1996). Despite the GDR's official commitment to gender equality, this promise was largely symbolic (Kranz, 2005). In addition to full-time employment, East German women remained the primary caregivers and contributors to household production. This "double burden" placed additional demands on women's time and autonomy, reinforcing self-reliance rather than reciprocal household cooperation (Boelmann et al., 2025). Consequently, women's labour market participation in the GDR did not reduce existing inequalities but reinforced structural asymmetries.

While men's social roles and access to power remained broadly comparable across East and West Germany (Fulbrook, 2005; Hagemann & Harsch, 2019), women in the GDR faced a distinctive form of structural disadvantage relative to West German women. Prior research shows that exposure to persistent institutional disadvantage, discrimination or asymmetric social treatment is associated with significant lower generalized trust (e.g., Alesina & La Ferrara, 2002). Consistent with this evidence, these gender-specific experiences provide a plausible mechanism for a stronger long-term effect of the East German communist regime on women's trust.

4.4 Relatives or Friends in the West

While indoctrination, repression and discrimination likely undermined trust, exposure to alternative social norms through social ties with the West may have mitigated the regime's impact on trust preferences. Trust is widely understood as a socially transmitted belief (Alesina & La Ferrara, 2002; Guiso et al., 2006). Accordingly, individuals who maintained close ties to relatives or friends in West Germany prior to reunification were likely exposed to higher-trust behaviours and different expectations about the trustworthiness of others. This exposure may have led to higher levels of trust among East Germans with West German social ties.

5 Data and variables

5.1 German Socio-Economic Panel (SOEP)

The empirical analysis relies on the German Socio-Economic Panel (SOEP), a representative longitudinal study of private households in Germany conducted by the German Institute for Economic Research. The panel began in 1984 in West Germany and was extended shortly after German reunification to include a representative sample of East Germany (Wagner et al., 2007). The core topics of the data include socio-economic and health indicators, as well as information on attitudes, values and personality traits (Goebel et al., 2019).

5.1.1 Measuring Trust

To capture individuals' attitudes towards trust, the analysis relies on four self-reported measures and one experimental measure based on a trust game.

5.1.1.1 Self-Reported Willingness to Take Risk in Trusting Others

The panel includes survey questions assessing respondents' willingness to take risks on a 0–10 scale, where the value 0 indicates “completely unwilling to take risks” and the value 10 indicates “completely willing to take risks”. The question was asked both in a general format (“Are you generally a person who is fully prepared to take risks or do you try to avoid taking risks?”) and in a domain specific format (“How would you rate your willingness to take risks in the following areas?”). The domains include “faith in other people”, which is used in our main analysis. The domain-specific questions are present in the 2004, 2009 and 2014 waves of the SOEP data (“Data structure of SOEP-Core: Datasets”, 2025).

5.1.1.2 Self-Reported Trust

Additionally, the SOEP includes three questions measuring individuals' trust attitudes. Respondents indicate their level of agreement with the following statements on a four-point Likert scale (from 1 = “Strongly agree” to 4 = “Strongly disagree”), (1) “On the whole, one can trust people”, (2) “Nowadays one can't depend on anyone”, and (3) “When dealing with strangers, it is better to be cautious before trusting them” (Naef & Schupp, 2009).

Following the approach of Dohmen et al. (2008), we combine the information from these three trust measures into a single continuous index using the principal component analysis (PCA). The PCA captures the common variation in individuals' responses across the three measures, assigning more weight to the items that better capture the underlying trust domain. Beyond simplifying, the PCA

benefits the analysis with respect to behavioural validity. This composite measure has been tested in a large-scale field experiment and shown to reliably predict actual trusting behaviour (Dohmen et al., 2008).

5.1.1.3 *Trust Experiment*

To validate the results from the self-reported measures, this dissertation further analyses an experimental study on trust conducted in 2003, 2004, and 2005. This experimental setup was developed by Fehr et al. (2003) and has been implemented to measure trust in strangers (Naef & Schupp, 2009).

The experiment includes a one-time investment game between two players interacting anonymously. The first player receives ten points and can assign any number of these to the second player. Each point given is doubled. The second player also receives a credit of ten points, plus the doubled points given by the first player. After this, the second player decides how many of their own points to transfer to the first player, from zero to ten. These points are also doubled. The second player's decision ends the game. Each point corresponds to one euro, and the players are paid a few days later ("Data structure of SOEP-Core: Datasets", 2025).

Trust is measured based on the transfer of the first player, which assigns a value based on their willingness to take risks in trusting the second player ("Data structure of SOEP-Core: Datasets", 2025). If the first player sends 0 €, indicates distrust, suggesting that the first player expects no reciprocity. Sending a positive but partial amount reflects some trust in the second player's fairness, while transferring all 10 points demonstrates full confidence that the second player will reciprocate.

5.1.2 *Key Independent Variable and Controls*

Importantly for this analysis, following Alesina and Fuchs-Schündeln (2007) and Nikolova and Popova (2024), the key independent variable is $East1989_i$. This dummy variable equals 1 if the respondent lived in East Germany (including East Berlin) in 1989, and zero otherwise (respondent lived in West Germany, including West Berlin). As mobility across the GDR–FRG border was strongly restricted between 1961 and 1989, this variable indicates whether individuals were exposed to the communist regime.

Consistent with the approach of Nikolova and Popova (2024) and Schaewitz et al. (2022), the control variable $MoverAfter1989_{it}$, is also included. This dummy variable equals 1 for individuals with an East or West German background who reallocated to the opposite side of Germany after reunification, and 0 otherwise. Adding this control accounts for systematic differences between movers and stayers. Furthermore, the analysis controls for a set of socioeconomic characteristics

including age, biological sex, birthplace, marital status, educational attainment, employment status and net income of the previous month (See Table 1 for detailed variable definitions).

Table 1: Variable Definitions for the Main SOEP Analysis

Variable	Definition
Willingness to Take Risks in Trusting Others	Self-reported willingness to take risks in trusting others, measured on a 0–10 scale, where 0 indicates complete unwillingness to take risks in trusting others and 10 indicates complete willingness.
PCA Trust Index	Index constructed using principal component analysis (PCA) summarizing respondents’ levels of agreement with three SOEP trust statements: (i) “On the whole, one can trust people,” (ii) “Nowadays one can’t depend on anyone,” and (iii) “When dealing with strangers, it is better to be cautious before trusting them.” Responses are recorded on a four-point Likert scale (from 1= “Strongly agree” to 4 = “Strongly disagree”). The index is standardized so that zero corresponds to the sample mean, positive values reflect higher-than-average trust and negative values lower-than-average trust.
Trust Experiment	Behavioural measure from a trust game. The variable represents the number of points (0–10) sent by the first player to the second player. Higher values indicate higher trust.
East1989	Dummy variable equal to 1 if the respondent lived in East Germany (including East Berlin) in 1989, and 0 if the respondent lived in West Germany (including West Berlin).
Age	Age of the respondent in years at the time of the survey.
Biological Sex	Dummy variable coded as 1 if female and 0 if male.
Birthplace	Dummy variable equal to 1 if the respondent was born in Germany, and 0 otherwise.
MoverAfter1989	Dummy variable equal to 1 if the respondent migrated between East and West Germany after 1989, and 0 otherwise.
Log of Net Income of the Previous Month	Natural logarithm of the respondent’s net income from labour in the previous month
Employment Status	Dummy variable coded as 1 if employed and 0 if not employed at the time of the survey.
Marital Status	Categorical variable indicating marital status. 1 = single (no partner), 2 = married, 3 = cohabiting partner, 4 = married but separated, 5 = divorced, or 6 = widowed.
Educational Attainment	Categorical variable based on ISCED international classification. 1 = low education (ISCED 0–2), 2 = medium education (ISCED 3–4), or 3 = high education (ISCED 5–6) (Eurostat, 2023).

Summary statistics for the main variables employed in the analysis are reported in Tables 2 and 3.

Table 2: Summary Statistics: Dependent Variables

Variable	Min	Max	East			West		
			Obs	Mean	SD	Obs	Mean	SD
Willingness to Take Risks in Trusting Others	0.00	10.00	8,878	3.328	2.340	22,284	3.589	2.366
PCA Trust Index	-2.52	2.92	13,953	-0.087	0.939	34,945	0.094	0.987
Trust Experiment (First player given points)	0.00	10.00	187	5.578	2.754	617	5.623	2.566

Notes: The table reports the number of observations, the mean, and the standard deviation for each dependent variable, separately for individuals living in East and West Germany in 1989, based on the regression sample. Minimum and maximum values are also reported for each variable. See Table 1 for variable definitions.

Table 3: Summary Statistics: Independent Variables

	Risk in Trusting Others		PCA Trust Index		Trust Experiment	
	East (N=8,878) Mean / SD	West (N=22,284) Mean / SD	East (N=13,953) Mean / SD	West (N=34,945) Mean / SD	East (N=187) Mean / SD	West (N=617) Mean / SD
Demographics						
Age	42.923 / 11.699	44.123 / 11.665	44.648 / 11.696	46.043 / 11.690	41.994 / 12.426	43.908 / 10.772
Biological Sex						
Male	0.526 / 0.499	0.547 / 0.498	0.520 / 0.500	0.538 / 0.499	0.639 / 0.482	0.572 / 0.495
Female	0.474 / 0.499	0.453 / 0.498	0.480 / 0.500	0.462 / 0.499	0.361 / 0.482	0.428 / 0.495
Birthplace						
Not Born in Germany	0.048 / 0.213	0.064 / 0.245	0.044 / 0.205	0.059 / 0.235	0.106 / 0.309	0.043 / 0.204
Born in Germany	0.952 / 0.213	0.936 / 0.245	0.956 / 0.205	0.941 / 0.235	0.894 / 0.309	0.957 / 0.204
East-West / West-East Mobility After 1989						
Stayer after 1989	0.705 / 0.456	0.978 / 0.148	0.708 / 0.455	0.977 / 0.151	0.756 / 0.431	0.988 / 0.107
Mover after 1989	0.295 / 0.456	0.022 / 0.148	0.292 / 0.455	0.023 / 0.151	0.244 / 0.431	0.012 / 0.107
Labour Market Outcomes						
Not Employed	0.007 / 0.085	0.013 / 0.113	0.006 / 0.079	0.013 / 0.115	0.021 / 0.142	0.011 / 0.104
Employed	0.993 / 0.085	0.987 / 0.113	0.994 / 0.079	0.987 / 0.115	0.979 / 0.142	0.989 / 0.104
Log of Net income of the Previous Month	7.009 / 0.847	7.178 / 0.936	7.094 / 0.918	7.250 / 0.983	6.911 / 0.912	7.066 / 0.757
Marital Status						
Single	0.205 / 0.404	0.209 / 0.407	0.196 / 0.397	0.196 / 0.397	0.190 / 0.393	0.270 / 0.444
Married	0.508 / 0.500	0.555 / 0.497	0.525 / 0.499	0.574 / 0.494	0.628 / 0.485	0.565 / 0.496
Cohabiting partner	0.167 / 0.373	0.122 / 0.328	0.155 / 0.362	0.107 / 0.309	0.056 / 0.231	0.059 / 0.236
Married but separated	0.023 / 0.151	0.022 / 0.148	0.025 / 0.156	0.023 / 0.149	0.022 / 0.147	0.017 / 0.128
Divorced	0.082 / 0.274	0.073 / 0.261	0.085 / 0.279	0.082 / 0.275	0.091 / 0.289	0.066 / 0.249
Widowed	0.015 / 0.120	0.017 / 0.131	0.014 / 0.116	0.018 / 0.132	0.013 / 0.114	0.023 / 0.149
Educational Attainment						
Low Education	0.100 / 0.300	0.323 / 0.468	0.090 / 0.287	0.296 / 0.457	0.133 / 0.340	0.432 / 0.496
Medium Education	0.649 / 0.477	0.422 / 0.494	0.671 / 0.470	0.446 / 0.497	0.680 / 0.468	0.381 / 0.486
High Education	0.250 / 0.433	0.254 / 0.436	0.239 / 0.427	0.258 / 0.437	0.187 / 0.391	0.187 / 0.390

Notes: Columns (1)–(2) report means and standard deviations for the willingness to take risks in trusting others measure. Columns (3)–(4) present the corresponding statistics for the PCA trust index, and columns (5)–(6) for the trust experiment. The results are estimated separately for individuals living in East and West Germany in 1989, based on the regression sample for each dependent variable. See Table 1 for variable definitions.

5.1.3 *“Life in the former GDR” Module of the SOEP*

The analysis further draws on the SOEP module “Life in the former GDR”, which surveys individuals aged 18 or older who resided in East Germany in 1989. Collected in 2018, this module provides information on experiences under the GDR. Drawing on these data, this dissertation assesses whether feeling monitored in daily life or having friends or relatives in West Germany during the GDR shaped the long-term effects of the regime on trust.

6 Empirical Strategy

6.1 *German Separation and Reunification as a Natural Experiment*

Following the empirical approach in the literature (e.g., Alesina & Fuchs-Schündeln, 2007; Bondar & Fuchs-Schündeln, 2023; Cobb-Clark et al., 2023; Fuchs-Schündeln & Hassan, 2016) this analysis exploits the historical separation and subsequent reunification of Germany as a natural experiment, to investigate the long-term causal effect of exposure to the East German communist regime on trust.

This approach relies on the assumption that East and West Germans were broadly comparable before separation and that the border between the two regions was randomly placed, making exposure to different political and economic regimes plausibly exogenous. Fuchs-Schündeln and Hassan (2016) argue that the drawing of the border was determined by the position of the allied armies at the end of World War II. This position was partly influenced by the geographical location of each country, which represents an exogenous factor. Consistent with this interpretation, Alesina and Fuchs-Schündeln (2007) examine the economic situation in Germany before the imposed separation, and show that East and West were largely comparable. The authors further note that destruction during the war was extensive and affected both regions similarly. Taken together, this evidence reinforces the claim that the East–West border was not shaped by pre-existing regional differences and that the two sides of Germany were broadly comparable before separation. Additionally, several authors document that the reunification of Germany took place largely unexpectedly (Alesina & Fuchs-Schündeln, 2007; Bach & Trabold, 2000; Frijters et al., 2004). The unforeseen nature of the reunification further enhances the credibility of the natural experiment setting.

Building on this context, this dissertation restricts the sample analysed to individuals born in 1989 or before, to ensure that all individuals had the potential to be exposed to the East German communist regime. Following the approach of previous studies (e.g., Heineck & Süßmuth, 2012; Nikolova & Popova, 2024; Schaewitz et al., 2022), the results are estimated using a random effects model with standard errors clustered at the individual level.

6.1.1 Baseline Empirical Model

The baseline econometric specification used to compare trust levels between East and West Germany is:

$$T_{it} = \alpha + \beta \text{East1989}_i + \lambda \text{MoverAfter1989}_{it} + \gamma X'_{it} + \delta \text{Year}_t + \eta_i + \varepsilon_{it} \quad (1)$$

where T_{it} denotes the outcome of interest in year t for individual i considering one of the three dependent variables, (i) willingness to take risks in trusting other people, (ii) the PCA-based index on trusting others and (iii) the points transferred by the first player in the trust experiment. East1989_i is a dummy variable that equals 1 if the individual lived in East Germany (including East Berlin) in 1989, and 0 otherwise (West Germany including West Berlin). Year_t denotes the year of survey dummies, which vary according to the dependent variable. $\text{MoverAfter1989}_{it}$ is dummy variable equal to 1 for individuals with an East or West German background who reallocated to the opposite side of Germany after reunification, and 0 otherwise. X'_{it} is the vector of control variables capturing socio-demographic characteristics, including age, age squared, biological sex, birthplace, marital status, educational attainment, employment status and log of net income of the previous month. Finally, η_i denotes the person-specific random effect and ε is the stochastic error term.

The coefficient β captures the difference in trust levels between individuals who lived in East and West Germany in 1989, according to the chosen dependent variable. The coefficient λ captures systematic differences in trust between individuals who moved across the East-West border after reunification and those who remained in their 1989 region of residence. The coefficient δ reflects the differences in trust values over the survey years (i.e., 2009 and 2014 compared to the reference year of 2004).

6.1.2 Age-Specific Exposure Index

To investigate whether age at exposure influences the effect of communism on trust preferences, this dissertation considers the timing at which individuals experienced the East German regime.

This concept is measured empirically through the construction of an exposure index that captures differences in the intensity of exposure within each age interval. As noted above, the Berlin Wall was established in August 1961 (Redding & Sturm, 2008), and dismantled in November 1989 (Becker et al., 2020). Accordingly, the period of potential exposure is defined between 1962 and

1988, ensuring full year exposure. The exposure index is a continuous variable measuring the fraction of an eight-year age window during which an individual was exposed to the East German communist regime.

Building on the baseline specification in equation (1), model (2) examines the East–West trust gap by replacing $East1989_i$ with a set of age-specific exposure indices, $\sum_{[a,b]} \beta_{[a,b]} Exposure_i^{[a,b]}$, where a and b denote the lower and upper bounds of the age interval. The exposure index was calculated for the age intervals between 10 to 17, 18 to 25, 26 to 33, and 34 to 41. The specification includes birth-cohort fixed effects defined in 15-year intervals to account for experiences and unobserved heterogeneity shared by generations, that may influence trust preferences, following Nikolova and Popova (2024). The model also includes year fixed effects and controls for individual characteristics, similarly to model (1). This specification allows us to isolate the age-specific effect of exposure to the East German communist regime on trust.

$$T_{it} = \alpha + \sum_{[a,b]} \beta_{[a,b]} Exposure_i^{[a,b]} + \lambda MoverAfter1989_{it} + \gamma X'_{it} + \delta Year_t + \phi Cohort_i + \eta_i + \varepsilon_{it} \quad (2)$$

The age-specific exposure index, $Exposure_i^{[a,b]}$ measures the fraction of an 8-year age interval $[a, b]$ an individual was exposed to the East German communist regime, based on their birth year and residence in East Germany in 1989. $\beta_{[a,b]}$ represents the expected change in trust associated with being fully exposed to the regime during an age interval (index = 1) compared to no exposure (index = 0, corresponding to residence in West Germany in 1989), while holding exposure in other age intervals constant.

7 Results

7.1 Baseline Effects of Communism on Trust

Table 4 reports the baseline results from regression (1) described in Section 6.1.1. The analysis compares trust outcomes of individuals who resided in East Germany in 1989 with those who lived West Germany in the same year, while accounting for individual characteristics, post-reunification migration, and survey year effects.

Table 4: Association Between Exposure to the East German Communist Regime and Trust Outcomes

	Risk in Trusting Others	PCA Trust Index	Trust Experiment
East1989	-0.476*** (0.036)	-0.300*** (0.012)	-0.466 (0.302)
Year Fixed Effects	Yes	Yes	Yes
Control for Movers After 1989	Yes	Yes	Yes
Observations	32,137	49,417	804
Number of Individuals	20,980	26,499	344
Within R-squared	0.00904	0.00633	0.0436
Overall R-squared	0.0516	0.107	0.0565

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Each column presents the results of regression (1) for a different dependent variable, as indicated in the table header. *East1989* equals 1 if the individual lived in East Germany in 1989 and 0 if lived in West Germany in the same year. The specification includes controls for age, age squared, biological sex, birthplace, marital status, education, employment status, and log net income. It also controls for whether the respondent moved East-West or West-East after 1989. Year fixed effects are included. The results are estimated using a random effects model, with robust standard errors clustered at the individual level (reported in brackets).

The estimates indicate a negative and statistically significant effect of communist exposure on trust. Individuals exposed to the East German regime exhibit a 0.476-point lower willingness to trust others and a 0.300 standard deviation reduction in the PCA trust index relative to West Germans, both significant at the 1 percent level. For the trust experiment, the estimated coefficient is negative and similar in magnitude to the self-reported trust measures, but it is not statistically significant. This lack of significance should be interpreted cautiously, as the small number of observations likely reduces statistical power (Cohen, 1988; Nikolova & Popova, 2024).

Overall, the results indicate that individuals exposed to the East German communist regime exhibit systematically lower levels of trust. This is consistent with prior research documenting persistent trust differences between East Germans, who lived under the regime, and West Germans, who were never exposed, although the estimated gap in the present study is somewhat larger (Heineck & Süssmuth, 2012; Rainer & Siedler, 2009).

7.1.1 Persistence of the East-West Trust Gap over Time

Figure 1 presents the East-West trust gap for each survey year, in the two self-reported trust measures. Results from the trust experiment are excluded, as it was conducted in only a limited set of years (2003–2005), whereas the figures highlight trends in trust across a longer period.

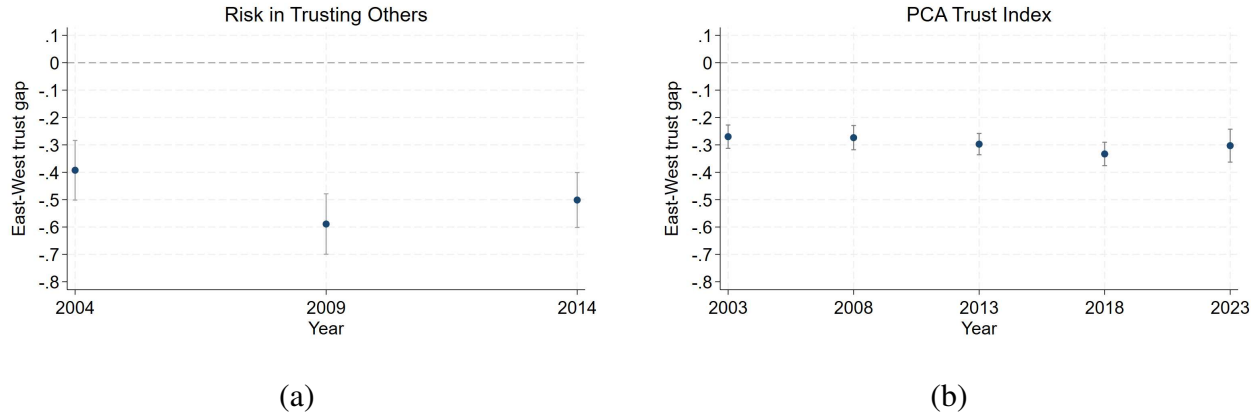


Figure 1: Trust Gap Between Individuals Who Lived in East and West Germany in 1989, across Survey Years

Source: Authors based on SOEP v 40.1. *Notes:* Panel (a) shows willingness to take risks in trusting others and panel (b) shows the PCA trust index. Each point corresponds to the estimated coefficient on *East1989* for the respective survey year, where negative values indicate lower trust among individuals who lived in East Germany in 1989 relative to those who lived in West Germany in the same year. Vertical bars indicate 95% confidence intervals. The dashed horizontal line denotes zero difference between the two groups.

Both measures indicate a persistent trust gap between individuals who lived in East and West Germany in 1989 across multiple survey years. In both self-reported measures, East Germans consistently report lower trust than West Germans. Formal tests for changes in the East–West trust gap across survey waves indicate that the gap remains broadly stable over time, with the exception of a marginally significant increase in 2009 for the 'risk in trusting others' measure (see Appendix Table 14). This suggests that exposure to the East German communist regime shaped trust preferences long after the regime's collapse.

7.2 *The Effect of Exposure to the East German Communist Regime at Different Ages on the East-West Trust Gap*

To further assess the causal impact of exposure to the East German communist regime, this dissertation investigates how the age at which individuals were exposed shapes the magnitude of the long-term effect of the regime on trust preferences. In particular, this dissertation examines whether greater exposure during specific age intervals amplifies the East–West trust gap.

Table 5 reports estimates from regression (2), described in Section 6.1.2. The specification includes exposure indices for four age intervals, 10–17, 18–25, 26–33, and 34–41, each scaled between 0 (no exposure, corresponding to residing in West Germany in 1989) and 1 (full exposure within the respective interval).

Table 5: Association Between Age-Specific Exposure to the East German Communist Regime and Trust Outcomes

	Risk in Trusting Others	PCA Trust Index
Exposure Index (10-17)	-0.494*** (0.073)	-0.210*** (0.025)
Exposure Index (18-25)	-0.009 (0.107)	-0.125*** (0.038)
Exposure Index (26-33)	-0.057 (0.126)	-0.006 (0.047)
Exposure Index (34-41)	-0.126 (0.149)	-0.120** (0.056)
Year Fixed Effects	Yes	Yes
Cohorts Fixed Effects	Yes	Yes
Control for Movers After 1989	Yes	Yes
Observations	34,378	52,178
Number of Individuals	22,900	28,479
Within R-squared	0.00935	0.00550
Overall R-squared	0.0499	0.103

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Each column presents the results of regression (2) for a different dependent variable, as indicated in the table header. The exposure indices (10–17, 18–25, 26–33, 34–41), measure the fraction of the corresponding age interval an individual was exposed to the East German communist regime. An index of 1 corresponds to full exposure within the age interval, while 0 corresponds to individuals who lived in West Germany in 1989. The specification includes controls for age, age squared, biological sex, birthplace, marital status, education, employment status, and log net income, as well as for post-1989 East–West or West–East migration. Year and 15-year cohort fixed effects are also included. Results are estimated using a random effects model, with robust standard errors clustered at the individual level (reported in brackets).

The results in Table 5 show that the effect of exposure to the East German communist regime on trust outcomes varies by age at exposure. This analysis focuses on the two self-reported trust outcomes, (i) willingness to take risks in trusting others and (ii) the PCA trust index, excluding the trust experiment due to the small sample size.

Exposure during ages 10 to 17 is associated with a large and statistically significant reduction in both trust measures. Moving from no exposure to full exposure within this age interval reduces willingness to take risks in trusting others by approximately 0.49 units and lowers the PCA trust index by about 0.21 standard deviations, relative to West Germans. In contrast, exposure during later age intervals has weaker and less consistent effects. For willingness to take risks in trusting others, exposure at ages 18–25, 26–33, and 34–41 does not produce statistically significant effects once early-adolescence exposure is accounted for. For the PCA trust index, exposure during ages 18–25 and 34–41 is associated with smaller but still statistically significant negative effects, while exposure at ages 26–33 is not statistically significant.

Formal Wald tests indicate that the estimated effect of exposure during ages 10–17 on willingness to take risks in trusting others is significantly different than the effects associated with exposure at 18–25, 26–33, and 34–41. For the PCA trust index, the effect of exposure during ages 10–17 differs significantly from exposure at ages 26–33, but not from exposure at ages 18–25 or 34–41 (see Appendix Table 15).

The findings are mostly consistent with the increasing-persistence hypothesis, indicating that exposure during early adolescence has the strongest and most robust association with long-term trust outcomes. This pattern suggests that individuals are particularly susceptible to social and institutional influences at younger ages, with responsiveness to such influences declining gradually over the life course. Additionally, the findings suggest that sensitivity to shocks affecting long-term preferences begins before 18–25 and that the effect of openness to experience on preferences is not constant across the life course.

7.3 Place of Living at the Time of the Survey Influences the East-West Trust Gap

Given the persistence of the East–West trust gap, this dissertation examines whether migration influences trust outcomes among individuals who experienced the Cold War. Migration exposes individuals to different social and cultural contexts, which may shape their trust preferences. This analysis examines whether the trust gap associated with exposure to the East German communist regime is influenced by individuals’ place of residence at the time of the survey.

Table 6 examines individuals living in East or West Germany at the time of the survey, contrasting those who have remained in the same region since 1989 with those who migrated from the opposite region after reunification.

Table 6: Association Between Exposure to the East German Communist Regime and Trust Outcomes, by East or West Residence at the Time of the Survey

	Living in East Germany at Survey	Living in West Germany at Survey
Risk in Trusting Others		
East1989	-1.215*** (0.142)	-0.185*** (0.062)
Year Fixed Effects	Yes	Yes
Control for Movers After 1989	No	No
Observations	7,574	24,563
Number of Individuals	4,850	16,254
Within R-squared	0.0148	0.00744
Overall R-squared	0.0576	0.0498
PCA Trust Index		
East1989	-0.443*** (0.053)	-0.144*** (0.022)
Year Fixed Effects	Yes	Yes
Control for Movers After 1989	No	No
Observations	11,632	37,785
Number of Individuals	6,224	20,482
Within R-squared	0.00771	0.00645
Overall R-squared	0.0792	0.108

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Each panel reports the results of regression (1) for a different dependent variable, as indicated in the panel header. Columns correspond to subsamples defined by place of residence at the time of the survey. *East1989* equals 1 if the individual lived in East Germany in 1989 and 0 if lived in West Germany in the same year. The specification includes controls for age, age squared, biological sex, birthplace, marital status, education, employment status, and log net income. Year fixed effects are also included. The results are estimated using a random effects model, with robust standard errors clustered at the individual level (reported in brackets).

Focusing first on individuals residing in East Germany at the time of the survey, those who also lived in East Germany in 1989 exhibit a 1.215-point lower willingness to take risks in trusting others and 0.443 standard deviations lower on the PCA trust index compared with West German migrants. These results suggest that West German migrants maintain higher levels of trust than their East German counterparts, indicating that trust preferences formed in a high-trust West German environment persist even after migration to a lower-trust East German context. This pattern is consistent with the literature showing that migrants carry their trust preferences to new locations (Algan & Cahuc, 2010; Guiso et al., 2004).

When interpreting these results, it is important to note that migration from West to East Germany was relatively rare (Büchel et al., 2002). Consequently, the available information on the characteristics of this group is limited, and interpretations should be approached with caution.

Turning to individuals residing in West Germany at the time of the survey, East German migrants exhibit a 0.185-point lower willingness to take risks and a 0.144 standard deviation lower score on the PCA trust index compared with West German stayers since 1989. These findings suggest that the East–West trust gap narrows once East Germans migrate to West Germany. Exposure to a high-trust environment appears to mitigate the long-term negative effects of experiencing life under the East German regime. These results align with S. H. Kim (2021), who finds that prolonged residence in the West is positively associated with East German migrants’ trust levels. At the same time, our findings reflect Dinesen (2012), who shows that the trust of immigrants converges toward host society levels but rarely fully equals them, remaining partially shaped by their origin. However, the observed narrowing of the trust gap may partly reflect positive selection. Between the early 1990s and mid-2000s, East–West migrants were, on average, more educated than stayers (Fuchs-Schündeln & Schündeln, 2009; Hunt, 2006). Since education is positively associated with trust (Alesina & La Ferrara, 2002), East-West migrants appear to have been positively selected on characteristics associated with higher trust, which would contribute to reducing differences relative to West German stayers.

8 Robustness Checks

8.1 *Potential Threat to Identification*

For the contrasting political experiences of East and West Germany to be considered a natural experiment, it is assumed that the two regions were identical prior to the division imposed in 1945 and that exposure to different regimes was unrelated to other population characteristics (Becker et al., 2020). Recent work by Becker et al. (2020) raises some concerns about the validity of this assumption, as it provides new evidence on the pre-existing differences between the two sides of Germany.

In fact, the authors argue that differences in economic structures, political preferences, cultural traits, and gender roles influenced the drawing of the East-West border. They further highlight that the East faced substantially higher reparations costs and higher losses of capital equipment compared to the West, after World War II. Additionally, they identify a pattern of selection for East-West and West-East migrants, before the construction of the Berlin Wall, making them systematically different from stayers (Becker et al., 2020). Other papers also emphasize the pattern of selective migration after reunification (Fuchs-Schündeln & Schündeln, 2009; Hunt, 2006). These factors may confound any post-reunification differences observed between East and West Germans and influence the causal interpretation of the effect of exposure to the East German communist regime (Becker et al., 2020).

To address these concerns, this dissertation presents a series of robustness checks. First, we exclude individuals who migrated before and after 1989 and control for parental education, to account for selective migration. Second, we examine the East-West trust gap for those born after 1989, and explore the role of vertical transmission, to assess whether this gap persists among individuals without direct exposure to the communist regime.

8.2 *Selective Migration*

Following a similar empirical approach to Nikolova and Popova (2024), excluding migrants before and after 1989 helps ensure that the analysis compares individuals based on their experience during the Cold War, reducing the concerns on selective migration being the driver of the East-West trust gap. Table 7 addresses this potential source of bias and presents the results after excluding migrants.

Table 7: Association Between Exposure to the East German Communist Regime and Trust Outcomes, Excluding Migrants before and after 1989

	Excluding Migrants before 1989		Excluding Migrants after 1989	
	Risk in Trusting Others	PCA Trust Index	Risk in Trusting Others	PCA Trust Index
East1989	-0.462*** (0.036)	-0.304*** (0.0126)	-0.462*** (0.037)	-0.302*** (0.013)
Year Fixed Effects	Yes	Yes	Yes	Yes
Control for Movers after 1989	Yes	Yes	No	No
Observations	31,378	48,338	29,281	44,916
Number of Individuals	20,589	26,002	19,115	24,156
Overall R-squared	0.0511	0.107	0.0492	0.106
Within R-squared	0.0101	0.00602	0.00956	0.00622

Notes: Each column presents the results of regression (1) for a different dependent variable, as indicated in the table header. The first two columns exclude individuals who migrated between East and West Germany before to reunification, while the last two columns exclude individuals who migrated between East and West Germany after reunification. *East1989* equals 1 if the individual lived in East Germany in 1989 and 0 if lived in West Germany in the same year. The specification includes controls for age, age squared, biological sex, birthplace, marital status, education, employment status, and log net income. Additionally, the first two columns control for post-1989 East–West or West–East migration. Observations in each column reflect the sample used after excluding migrants. Observations excluded due to migration were 759, 2,856, 2,102, and 4,501 from the first through fourth columns, respectively. Year fixed effects are also included. The results are estimated using a random effects model, with robust standard errors clustered at the individual level (reported in brackets).

Table 7 indicates that the main results are robust to the exclusion of migrants, with estimated effects on the two self-reported trust measures remaining largely unchanged. The baseline analysis also controls for whether individuals moved after 1989, further reinforcing this conclusion. Moreover, Friehe and Pannenberg (2020) argue that individuals who migrated before the erection of the Berlin Wall were positively selected on education. Considering this, and following the approach adopted by Nikolova and Popova (2024), Table 8 includes controls for parental education to further address selective migration.

Table 8: Association Between Exposure to the the East German Communist Regime and Trust Outcomes, Controlling for Parental Education

	Risk in Trusting Others	PCA Trust Index
East1989	-0.501*** (0.037)	-0.320*** (0.013)
Controls for Parental Education	Yes	Yes
Year Fixed Effects	Yes	Yes
Control for Movers after 1989	Yes	Yes
Observations	30,003	46,383
Number of Individuals	19,670	24,888
Within R-squared	0.00915	0.00692
Overall R-squared	0.0592	0.120

Notes: Each column presents the results of regression (1) for a different dependent variable, as indicated in the table header. *East1989* equals 1 if the individual lived in East Germany in 1989 and 0 if lived in West Germany in the same year. The specification includes controls for age, age squared, biological sex, birthplace, marital status, education, employment status, and log net income. It also controls for post-1989 East–West or West–East migration, year fixed effects, and parental education. Coefficients for parental education are omitted for brevity but are reported in Appendix Table 16. The results are estimated using a random effects model, with robust standard errors clustered at the individual level (reported in brackets).

The results in Table 8 confirm that controlling for parental education has little impact on the estimated East–West trust gap, suggesting that it is not driven by this variable and further reinforcing that selective migration is unlikely to have biased the main results.

8.3 East–West Trust Gap Among Individuals Born after 1989 and the Role of Intergenerational Transmission

Following the approach of Bondar and Fuchs-Schündeln (2023), Table 9 reports trust outcomes for individuals born after 1989. Examining the East–West trust gap in cohorts without direct exposure to the East German communist regime allows us to assess whether simply residing in East Germany influences trust through regional or cultural influences. Consistent with Nikolova and Popova (2024), the analysis includes a control for having a parent who lived in East Germany in 1989, capturing potential intergenerational transmission of trust preferences.

Table 9: Association Between Living in East Germany at Survey Time and Trust Outcomes for Individuals Born after 1989 and the Role of Intergenerational Transmission

	Born after 1989		Born after 1989 and Parents Lived in East in 1989	
	Risk in Trusting others	PCA Trust Index	Risk in Trusting Others	PCA Trust Index
CurrentlyEast	-0.102 (0.146)	-0.109*** (0.033)	0.099 (0.309)	0.016 (0.090)
FatherEast1989			0.223 (0.405)	0.024 (0.111)
MotherEast1989			-0.514 (0.361)	-0.213** (0.095)
Year Fixed Effects	Yes	Yes	Yes	Yes
Control for Movers after 1989	No	No	No	No
Observations	2,466	6,868	1,378	2,978
Number of Individuals	2,254	5,189	1,187	1,983
Within R-squared	0.0129	0.0116	0.0151	0.0152
Overall R-squared	0.0316	0.0762	0.0415	0.0573

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Each column presents the results of regression (1) for a different dependent variable, as indicated in the table header. *CurrentlyEast* is an indicator equal to 1 if the individual resides in East Germany at the time of the survey, and 0 if residing in West Germany. *FatherEast1989* equals 1 if the individual's father lived in East Germany in 1989 and 0 if he lived in West Germany in the same year. *MotherEast1989* equals 1 if the individual's mother lived in East Germany in 1989 and 0 if she lived in West Germany in the same year. The specification includes controls for age, age squared, biological sex, birthplace, marital status, education, employment status, and log net income. Year fixed effects are included. The results are estimated using a random effects model, with robust standard errors clustered at the individual level (reported in brackets).

Table 9 shows no evidence of an East–West trust gap among individuals born after 1989 when trust is measured by self-reported willingness to take risks in trusting others. In contrast, estimates based on the PCA trust index indicate a statistically significant but smaller trust gap relative to cohorts born before 1989, who experienced the Cold War (see Table 4).

After controlling for parental background, the East-West trust gap among individuals born after 1989 becomes statistically insignificant for both trust measures. The results suggest that the effects of the East German communist regime have been passed from one generation to the next, though attenuated among post-reunification cohorts, suggesting that intergenerational transmission of trust may account for the observed differences. These findings are consistent with a growing literature documenting the intergenerational transmission of trust (Dohmen et al., 2012; Nunn & Wantchekon, 2011), which emphasizes that trust is a slow-moving cultural trait and that shocks experienced by one generation can have persistent effects on the behaviours and attitudes of subsequent generations.

Finally, the results reveal heterogeneity in parental influence on children’s trust preferences. Having a mother who lived in East Germany in 1989 is associated with significantly lower trust, particularly for the PCA trust index, while no statistically significant effect is observed for the father. This pattern is also consistent with the literature, which highlights a stronger maternal influence on intergenerational transmission of trust preferences (Dohmen et al., 2012; Ljunge, 2014).

9 Mechanisms

Building on the theoretical mechanisms described in Section 4, this dissertation investigates empirically whether indoctrination, repression, gender, and social ties with West Germany mediated the East German regime's long-term effects on trust.

9.1 Indoctrination

The potential effect of indoctrination on trust preferences is analysed through exposure to the East German educational system, following the difference-in-differences strategy proposed by Fuchs-Schündeln and Masella (2016). This approach exploits the features of the East German school enrolment, drawing on birth dates to create exogenous variation in the length of exposure to the socialist educational system during the communist regime. Specifically, children who turned six on or before May 31 were enrolled in first grade by September 1 of the same year, whereas those whose birthday was on or after June 1 had to wait an additional year to start school. As a result, individuals who belong to the same cohort but were born before the cut-off received one additional year of socialist education, by the time of the reunification. Individuals born on or before May 31 are considered the treated group, while those born after constitute the comparison group.

The empirical analysis focuses on individuals born between 1971 and 1977, who were in their school years during the reunification period and, therefore, experienced changes in the educational system. The effect of the socialist educational system on trust is estimated using the following specification:

$$T_{it} = \alpha + \beta_1 \text{East1989}_i + \theta \text{Treat}_i + \pi (\text{East1989}_i \times \text{Treat}_i) + \delta \text{Year}_t + \sigma \text{YearOfBirth}_i + \gamma X'_{it} + \eta_i + \varepsilon_{it} \quad (3)$$

where T_{it} denotes individual trust outcomes. East1989_i indicates whether the individual lived in East Germany in 1989. Treat_i is an indicator equal to 1 for respondents born on or before May 31 and 0 for those born on or after June 1. The interaction term $\text{East1989} \times \text{Treat}$ captures the causal effect of an additional year of exposure to the socialist educational system for individuals who lived in East Germany before the reunification. The vector X_{it} includes controls for age, age squared, and biological sex. Year_t and YearOfBirth_i denote Year and birth cohort fixed effects, respectively. η_i is the person-specific random effect and ε is the stochastic error term. The results of regression (3) are presented in Table 10.

Table 10: Association between Exposure to the East German Educational System and Trust Outcomes, DID Results for Cohorts Born Between 1971 and 1977

	Risk in Trusting Others	PCA Trust Index
East1989	-0.270*** (0.097)	-0.160*** (0.034)
Treat	-0.119 (0.079)	0.014 (0.029)
East1989 $\times$ Treat	0.173 (0.145)	-0.031 (0.052)
Year Fixed Effects	Yes	Yes
Birth Cohort Fixed Effects	Yes	Yes
Observations	6,515	11,087
Number of Individuals	4,260	5,534
Within R-squared	0.0127	0.00900
Overall R-squared	0.0145	0.0280

Notes: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. Each column presents the results of regression (3) for a different dependent variable, as indicated in the table header. The sample is restricted to individuals born between 1971 and 1977. *East1989* equals 1 if the individual lived in East Germany in 1989 and 0 if lived in West Germany in the same year. *Treat* equals 1 for respondents born on or before May 31 and 0 for those born on or after June 1. The interaction term $East1989_i \times Treat_i$ captures the causal effect of an additional year of exposure to the socialist educational system for individuals who lived in East Germany before reunification. The specification includes controls for age, age squared, and biological sex. Year and birth cohort fixed effects are also included. The results are estimated using a random effects model, with robust standard errors clustered at the individual level (reported in brackets).

The results in Table 10 show that the interaction term between *East1989_i* and *Treat_i* is statistically insignificant across both self-reported trust measures. The estimates indicate that an additional year of exposure to socialist education is unassociated with lower trust among individuals who lived in East Germany before reunification. This suggests that observed differences in trust are unlikely to be driven by variation in the length of exposure to the socialist education system.

9.2 Repression

To assess whether repression shaped the East German regime's long-term effects on trust, this analysis examines whether perceived surveillance in daily life under the GDR is associated with trust outcomes later in life.

Specifically, model (1) from Section 6.1.1 is re-estimated on the subsample of individuals who lived in East Germany before reunification, replacing the East–West exposure indicator with a measure capturing whether respondents report having felt monitored in their daily lives under the communist regime. The model includes the same set of control variables as in the baseline specification. Given the limited number of observations for the willingness to take risks in trusting others measure, the results are reported only for the PCA trust index.

Table 11: Association Between Perceived Repression During the East German Communist Regime and Trust Outcomes

	PCA Trust Index
Feeling Monitored in Daily Life	-0.019 (0.059)
Control for movers after 1989	Yes
Observations	998
R-squared	0.074

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. The table reports OLS estimates for the PCA trust index using the East German subsample only. The key explanatory variable is an indicator equal to 1 if the respondent reports feeling monitored in daily life under the GDR, and 0 otherwise. Additionally, the specification includes controls for age, age squared, biological sex, birthplace, marital status, employment status, log net income, educational attainment, and post-1989 migration to West Germany. The survey year was conducted only in 2018, therefore, year fixed effects and random effects are not included. Robust standard errors are reported in brackets.

Table 11 shows a negative but statistically insignificant association between feeling monitored in daily life during the GDR and long-term trust, as measured by the PCA trust index. This suggests that perceived surveillance does not explain differences the East-West trust gap. This non-significant result should, however, be interpreted with caution, since the analysis relies on a relatively small subsample of East German respondents, which may reduce statistical power (Cohen, 1988; Nikolova & Popova, 2024). An additional limitation is that the results rely on retrospective self-reports collected in 2018. As such, responses may be subject to recall bias, as individuals' current attitudes or experiences could influence how they remember past exposure to surveillance, potentially attenuating the estimated relationship between perceived repression and trust (Coughlin, 1990). Importantly, this does not rule out repression as a potential mechanism through which the regime shaped trust, as documented in prior research (Lichter et al., 2021).

9.3 Gender

A further mechanism through which the East German regime may have affected long-term trust is gender differences resulting from state policies and social expectations for women and men.

To examine this channel empirically, model (1) from Section 6.1.1 is re-estimated with the inclusion of an interaction term between *East1989* and *Female*. The coefficient on this interaction captures whether the East–West trust gap differs systematically between women and men. Table 12 reports the corresponding estimates.

Table 12: Association Between Exposure to the East German Communist Regime and Trust Outcomes by Gender

	Risk in Trusting Others	PCA Trust Index	Trust Experiment
East1989	-0.372*** (0.049)	-0.272*** (0.017)	-0.269 (0.410)
Female	-0.144*** (0.037)	0.048*** (0.013)	0.092 (0.339)
East1989 $\times$ Female	-0.203*** (0.065)	-0.054** (0.023)	-0.455 (0.563)
Year Fixed Effects	Yes	Yes	Yes
Control for Movers after 1989	Yes	Yes	Yes
Observations	32,137	49,417	804
Number of Individuals	20,980	26,499	344
Within R-squared	0.00903	0.00631	0.0434
Overall R-squared	0.0521	0.107	0.0582

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Each column presents the results of regression (1), including the interaction term between having lived in East Germany in 1989 and being a female (*East1989 $\times$ Female*), for the dependent variable indicated in the table header. *East1989* equals 1 if the individual lived in East Germany in 1989 and 0 if lived in West Germany in the same year. *Female* equals 1 if the respondent is female and 0 if the respondent is male. The interaction term *East1989 $\times$ Female* equals 1 for individuals who are female and lived in East Germany in 1989, and 0 otherwise. The specification includes controls for age, age squared, biological sex, birthplace, marital status, education, employment status, and log net income. It also controls for post-1989 East–West or West–East migration. Year fixed effects are included. The results are estimated using a random effects model, with robust standard errors clustered at the individual level (reported in brackets).

The results in Table 12 indicate that the long-term effect of exposure to the East German communist regime is stronger for women. The estimates for the two self-reported trust measures are statistically significant, whereas the trust experiment exhibits a similar pattern but is not statistically significant. This non-significance should be interpreted with caution, as the smaller sample size may have reduced statistical power (Cohen, 1988; Nikolova & Popova, 2024).

These findings are consistent with the theoretical mechanism outlined in Section 4 and point to women’s experiences under the GDR as an important channel shaping long-term trust. In particular, the “double burden” of full-time employment combined with primary household responsibilities, alongside a symbolic rather than substantive gender equality, may have reinforced self-reliance and reduced trust in others, thus amplifying the regime’s long-term effect on trust.

9.3.1 Persistency of the East-West Trust Gap for Women and Men

Figure 2 illustrates the difference of the East-West trust for women who experienced the Cold War, relative to men, across survey years, based on the two self-reported trust measures. Results from the trust experiment are excluded, as it was conducted in only a limited set of years (2003–2005), whereas the figures highlight trends in trust.

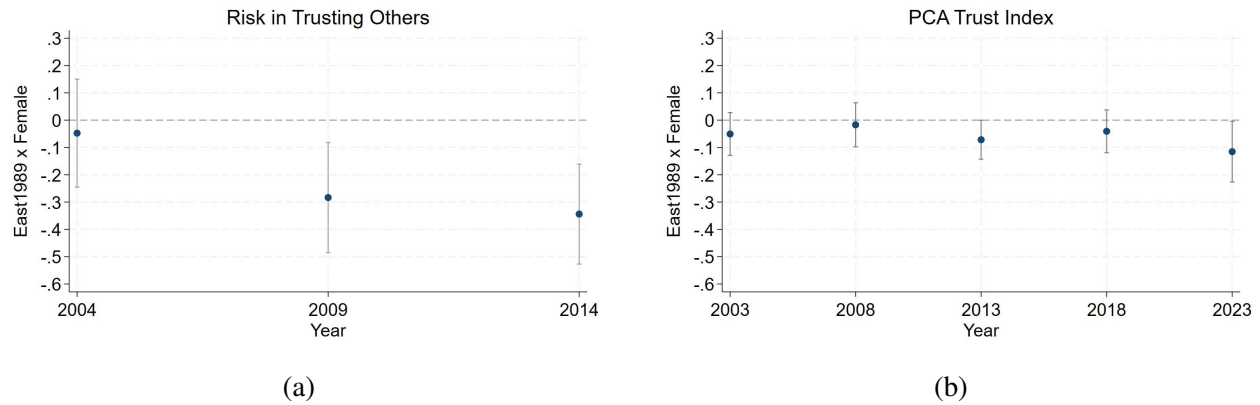


Figure 2: Gender Differences in the East-West Trust Gap by Survey Years.

Source: Authors based on SOEP v 40.1. *Notes:* Panel (a) shows willingness to take risks in trusting others, while panel (b) shows the PCA trust index. Each point represents the coefficient of the interaction term $East1989 \times Female$, indicating how the East-West trust gap differs for women relative to men for the respective survey year. Negative values indicate that the East-West trust gap is larger among women than among men who lived in East Germany in 1989. Vertical bars indicate 95% confidence intervals. The dashed horizontal line represents zero, indicating no gender difference in the East-West trust gap.

Figure 2 shows that, across both self-reported trust measures, the East-West trust gap is consistently larger for women than for men over the survey period. Although the magnitude of the gap fluctuates somewhat over time, there is no evidence of convergence in the East-West trust gap between men and women, suggesting a persistent difference in the effect of the East German regime on trust by gender. Formal tests for changes across survey waves confirm this pattern (see Appendix Table 17).

These patterns may reflect not only the gender-specific policies of the GDR but also post-reunification disadvantages. East German women have been described as the “losers of the reunification process” (e.g., Sommerkorn & Liebsch, 2002), experiencing disproportionately high unemployment (Rosenfeld et al., 2004) and greater difficulties in re-entering the labour market relative to men (Bundesagentur für Arbeit, 2003; Deutscher Bundestag, 2002). Together, these historical and post-reunification experiences may help explain the larger East-West trust gap that persists among women.

9.4 Relatives or Friends in the West

A final mechanism that may have shaped the effect of the East German regime on long-term trust is the presence of social ties with individuals in West Germany during the Cold War.

To empirically assess this channel, model (1) from Section 6.1.1 is re-estimated on the subsample of individuals who lived in East Germany prior to reunification. The $East1989_i$ indicator is replaced with a variable capturing whether respondents had relatives or close friends in West Germany before 1990. One potential concern is that individuals with cross-border social ties may differ systematically in baseline trust or sociability. While information on the number of relatives is not consistently available, the model controls for the number of close friends to partially account for general social connectedness. All other control variables from the baseline specification are also included. Due to the limited number of observations for the willingness to take risks in trusting others measure, the results are reported only for the PCA trust index.

Table 13: Association Between Social Ties with the West During the East German Communist Regime and Trust Outcomes

	PCA Trust Index
Relatives or Friends in the West	0.129** (0.060)
Control for Movers after 1989	Yes
Observations	992
R-squared	0.0883

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. The table reports OLS estimates for the PCA trust index using the East German subsample only. The key explanatory variable is an indicator equal to 1 if the respondent had relatives or close friends in West Germany prior to reunification, and 0 otherwise. The specification includes controls for age, age squared, biological sex, birthplace, marital status, education, employment status, log net income, number of close friends, and post-1989 migration to West Germany. The survey year was conducted only in 2018, therefore, year fixed effects and random effects are not included. Robust standard errors are reported in brackets.

The results presented in Table 13 suggest that exposure to social networks outside East Germany is associated with higher levels of generalized trust. The coefficient on *Relatives or Friends in the West* is positive and statistically significant at the 5% level, indicating that individuals who had relatives or close friends in West Germany exhibit, on average, higher trust than those without such ties.

In fact, trust can be understood as a reciprocal, self-fulfilling behaviour that relies on expectations about others' trustworthiness (Berg et al., 1995; Falk & Kosfeld, 2006; Luhmann, 2000; Naef

& Schupp, 2009). Trusting others tends to elicit trust in return, whereas distrust often leads to defection (Falk & Kosfeld, 2006; Luhmann, 2000). Since West Germans typically display higher levels of trust (Heineck & Süssmuth, 2012; Rainer & Siedler, 2009), exposure to these norms may have encouraged reciprocal behaviour from East Germans. Consequently, these social ties with the West likely shaped expectations of others' trustworthiness and led to higher trust levels among East Germans.

10 Discussion and Conclusion

Trust is essential for the development of societies, as it allows cooperation to extend beyond small, intimate groups and facilitates exchange across larger, impersonal networks (Arrow, 1972).

This dissertation examines whether institutional shocks shape long-term trust preferences. To investigate this, the study compares trust outcomes among individuals who lived in East and West Germany prior to reunification, providing new evidence on the persistent effects of exposure to the East German communist regime. The analysis exploits individual-level panel data from the German Socio-Economic Panel (SOEP) and combines self-reported survey measures with data from a trust experiment.

Although some economists have expressed scepticism about whether self-reported attitudes accurately capture behaviour, existing research shows that well-designed survey instruments can reliably predict real-world outcomes (Dohmen et al., 2012; Naef & Schupp, 2009). In particular, domain-specific self-reported risk preferences have been shown to predict actual risk-taking behaviour (Dohmen et al., 2012), and both the self-reported trust measures and the trust experiment used in our analysis show a strong correlation, supporting the validity of the trust measures employed (Naef & Schupp, 2009).

We find that exposure to the East German regime significantly reduced generalised trust, with effects persisting more than two decades after reunification. Moreover, the negative impact of exposure is strongest for individuals who experienced the regime during adolescence and gradually weakens with age. This pattern indicates that trust preferences are particularly sensitive to institutional shocks experienced earlier in life, in line with the increasing-persistence hypothesis. Furthermore, East-West migration attenuates the trust gap, suggesting that exposure to a high-trust environment can partially mitigate the long-term effects of having lived under the East German communist regime. Additionally, the results indicate that the effect of the regime on trust is transmitted to cohorts who were not directly exposed, primarily through maternal influence.

Evidence on potential mechanisms suggests that gender and limited social ties with West Germans reinforced long-run trust differences. We do not find a significant effect of school-based indoctrination. Similarly, while the estimated association between perceived surveillance under the GDR and long-term trust is negative, it is also not statistically significant in our data. Given the small sample available for this measure and the possibility of recall bias, this finding should be interpreted with caution and does not rule out repression as an important channel, as emphasised in prior work Lichter et al. (2021).

Taken together, these findings carry several important policy implications. First, they highlight the enduring influence of institutional shocks on trust preferences, both within and across generations, suggesting that changes in formal institutions alone may be insufficient to reshape trust preferences formed under past political systems. Second, the increased sensitivity of trust preferences to experiences during adolescence, combined with the gradually diminishing effect with age, suggests that policies targeting young people fostering early exposure to cooperative, high-trust environments, may be particularly effective in shaping long-term preferences. Third, geographic mobility and relocation to higher-trust environments, such as East Germans migrating to the West, can help attenuate persistent trust gaps, though they do not fully eliminate them. Fourth, structural gender differences exacerbated the long-term impact of the regime on trust, underscoring the importance of inclusive policies that promote equal opportunities and more balanced gender roles. Finally, social isolation further reinforced the regime's effects, highlighting the value of fostering interaction and collaboration across regions to increase exposure to higher-trust norms and strengthen generalized trust.

This dissertation opens several promising avenues for future research. First, subsequent work could further investigate additional mechanisms and contextual factors through which the East German communist regime shaped trust. Second, including personality measures, such as the Big Five traits, extraversion, agreeableness, conscientiousness, neuroticism, and openness, could help account for individual predispositions that shape trust and better isolate the institutional impact of the East German regime from personal factors. Third, future research could consider historical and regional factors that might have affected pre-existing differences in trust between East and West Germany, as well as contemporary conditions that may have influenced trust when the survey was conducted. Collectively, these additions may enhance causal inference and provide deeper insights into how the regime shaped long-term trust.

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12 Appendix

Table 14: Association Between Exposure to the East German Communist Regime and Trust Outcomes across Survey Years

	Risk in Trusting Others	PCA Trust Index
East1989	-0.418*** (0.051)	-0.306*** (0.020)
Year 2008	–	-0.008 (0.013)
Year 2009	-0.179*** (0.032)	–
Year 2013	–	0.090*** (0.013)
Year 2014	0.178*** (0.034)	–
Year 2018	–	0.168*** (0.014)
Year 2023	–	0.177*** (0.018)
East1989 × Year 2008	–	0.026 (0.023)
East1989 × Year 2009	-0.102* (0.059)	–
East1989 × Year 2013	–	0.014 (0.023)
East1989 × Year 2014	-0.075 (0.060)	–
East1989 × Year 2018	–	-0.005 (0.025)
East1989 × Year 2023	–	-0.006 (0.031)
Year Fixed Effects	Yes	Yes
Control for Movers after 1989	Yes	Yes
Observations	32,137	49,417
Number of Individuals	20,980	26,499
Within R-squared	0.00900	0.00647
Overall R-squared	0.0518	0.107

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Each column presents the results of regression (1), including the interaction term between *East1989* and *Year_t*, for a different dependent variable, as indicated in the table header. *East1989* equals 1 if the individual lived in East Germany in 1989 and 0 if lived in West Germany in the same year. *Year_t* is a dummy variable equal to 1 if the individual was surveyed in year *t* and 0 otherwise. The interaction term *East1989* × *Year_t* equals 1 for individuals who lived in East Germany in 1989 and were surveyed in year *t*, and 0 otherwise. The omitted reference year is 2004 for *Risk in Trusting Others* and 2003 for the *PCA Trust Index*. The specification includes controls for age, age squared, biological sex, birthplace, marital status, education, employment status, and log net income. It also controls for post-1989 East–West or West–East migration. Year fixed effects are included. The results are estimated using a random effects model, with robust standard errors clustered at the individual level (reported in brackets).

Table 15: Pairwise Wald Tests Comparing Age-Specific Exposure Effects of the East German Communist Regime on Trust Outcomes

Comparison	Coefficient	Std. Err.	z	p-value	95% CI	
					Lower	Upper
Risk in Trusting Others						
10–17 vs 18–25	-0.484	0.167	-2.91	0.004	-0.811	-0.158
10–17 vs 26–33	-0.437	0.144	-3.04	0.002	-0.719	-0.155
10–17 vs 34–41	-0.368	0.148	-2.48	0.013	-0.658	-0.077
PCA Trust Index						
10–17 vs 18–25	-0.085	0.059	-1.45	0.147	-0.200	0.030
10–17 vs 26–33	-0.204	0.052	-3.93	0.000	-0.306	-0.103
10–17 vs 34–41	-0.090	0.055	-1.63	0.104	-0.199	0.018

Notes: Each panel reports results from pairwise Wald tests comparing age-specific exposure effects from Table 5 for the dependent variable indicated in the panel header. Coefficients represent the difference in the effect of full exposure (index = 1) between two age intervals. The p-value indicates whether the difference is statistically significant at conventional levels. The last two columns report 95% confidence intervals.

Table 16: Association Between Exposure to the East German Communist Regime and Trust Outcomes, Controlling for Parental Education

	Risk in Trusting Others	PCA Trust Index
East1989	-0.501*** (0.037)	-0.320*** (0.013)
Father: Compulsory School Certificate (Below Lower Secondary)	-0.386 (0.272)	-0.014 (0.163)
Father: Lower Secondary (Hauptschule)	-0.113 (0.122)	0.096** (0.045)
Father: Intermediate Secondary (Realschule)	0.030 (0.127)	0.153*** (0.046)
Father: Upper Secondary (Abitur)	0.156 (0.131)	0.269*** (0.047)
Father: Other Upper Secondary	0.097 (0.366)	0.126 (0.168)
Father: Entrance Qualification for University of Applied Sciences (Fachhochschulreife)	0.288 (0.244)	0.228*** (0.087)
Father: Other Qualification	-0.334** (0.147)	0.102* (0.058)
Father: Degree Missing	-0.271* (0.144)	0.003 (0.051)
Mother: Compulsory School Certificate (Below Lower Secondary Education)	0.428 (0.303)	-0.046 (0.169)
Mother: Lower Secondary (Hauptschule)	0.226** (0.109)	0.123*** (0.038)
Mother: Intermediate Secondary (Realschule)	0.352*** (0.113)	0.189*** (0.040)
Mother: Upper Secondary (Abitur)	0.612***	0.308***

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Table 16 continued

	Risk in Trusting Others	PCA Trust Index
	(0.125)	(0.043)
Mother: Other Upper Secondary	0.163	-0.044
	(0.589)	(0.262)
Mother: Entrance Qualification for University of Applied Sciences (Fachhochschulreife)	0.877**	0.238**
	(0.343)	(0.108)
Mother: Other Qualification	0.522***	0.051
	(0.150)	(0.058)
Mother: Degree Missing	0.280*	0.078
	(0.148)	(0.050)
Year Fixed Effects	Yes	Yes
Controls for Movers after 1989	Yes	Yes
Observations	30,003	46,383
Number of Individuals	19,670	24,888
Within R-squared	0.00915	0.00692
Overall R-squared	0.0592	0.120

Notes: Each column presents the results of regression (1) for a different dependent variable, as indicated in the table header. *East1989* equals 1 if the individual lived in East Germany in 1989 and 0 if lived in West Germany in the same year. The specification includes controls for age, age squared, biological sex, birthplace, marital status, education, employment status, and log net income. It also controls for post-1989 East–West or West–East migration. Year fixed effects are included. The reference category for both educational variables is *No school degree*. The results are estimated using a random-effects model with robust standard errors clustered at the individual level (reported in brackets).

Table 17: Association Between Exposure to the East German Communist Regime and Trust Outcomes: Gender Differences across Survey Years

	Risk in Trusting Others	PCA Trust Index
East1989	-0.373*** (0.049)	-0.272*** (0.017)
Female	-0.146*** (0.037)	0.048*** (0.013)
East1989 $\times$ Female	-0.066 (0.080)	-0.091*** (0.030)
Year 2008	—	-0.011 (0.012)
Year 2009	-0.187*** (0.030)	—
Year 2013	—	0.086*** (0.012)
Year 2014	0.189*** (0.031)	—
Year 2018	—	0.161*** (0.013)
Year 2023	—	0.173*** (0.017)
East1989 $\times$ Female $\times$ Year 2008	—	0.074** (0.029)
East1989 $\times$ Female $\times$ Year 2009	-0.153** (0.075)	—
East1989 $\times$ Female $\times$ Year 2013	—	0.053* (0.030)
East1989 $\times$ Female $\times$ Year 2014	-0.230*** (0.076)	—
East1989 $\times$ Female $\times$ Year 2018	—	0.037 (0.032)
East1989 $\times$ Female $\times$ Year 2023	—	0.014 (0.038)
Year Fixed Effects	Yes	Yes
Controls for Movers after 1989	Yes	Yes
Observations	32,137	49,417
Number of Individuals	20,980	26,499
Within R-squared	0.00928	0.00665
Overall R-squared	0.0523	0.107

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Each column presents the results of regression (1), including the interaction term $East1989 \times Female$ and $East1989 \times Female \times Year_t$, for the dependent variable indicated in the table header. $East1989$ equals 1 if the individual lived in East Germany in 1989 and 0 if lived in West Germany in the same year. $Female$ equals 1 if the respondent is female and 0 if the respondent is male. The interaction term $East1989 \times Female$ equals 1 for individuals who are female and lived in East Germany in 1989, and 0 otherwise. $Year_t$ is a dummy variable equal to 1 if the individual was surveyed in year t and 0 otherwise. The interaction term $East1989 \times Female \times Year_t$ equals 1 for individuals who are female, lived in East Germany in 1989, and were surveyed in year t , and 0 otherwise. The omitted reference year is 2004 for *Risk in Trusting Others* and 2003 for the *PCA Trust Index*. The specification includes controls for age, age squared, biological sex, birthplace, marital status, education, employment status, and log net income. It also controls for post-1989 East–West or West–East migration. Year fixed effects are included. The results are estimated using a random effects model, with robust standard errors clustered at the individual level (reported in brackets).