Table A1: Data sources and main variables

Panel A. Data sources

- (i) BRO: Brokerage data, 299,923 retail investors, personal characteristics as of December 2012 and monthly holdings from June 2004 to December 2012,
- (ii) BAC: Bank account data: 6,903 clients, personal characteristics as of August 2017, account balances are monthly averages over the time period from January 2016 to August 2017,
- (iii) BS: Bank survey, 2,133 respondents, conducted in the first quarter of 2017,
- (iv) GFSO: German Federal Statistic Office,
- (v) ECB: European Central Bank,
- (vi) MC: Manually collected,
- (vii) Wiki: Wikipedia,
- (viii) KAF: Konrad Adenauer Foundation, http://www.kas.de/wf/de/71.6604/,
- (ix) GMEA: German Ministry of Environmental Affairs,
- (x) MS: Morningstar,
- (xi) CFR: Center for Financial Research, Cologne,
- (xii) KFL: Kenneth French's data library,
- (xiii) DB: Deutsche Bundesbank,
- (xiv) SAVE: SAVE Household Panel conducted by the Munich Center for the Economics of Aging, a department of the Max Planck Institute for Social Law and Social Policy, wave of 2009 with 2,222 respondents across Germany,
- (xv) ID: Infratest dimap, 1,022 respondents across East German, survey conducted by the polling institute in 2014
- (xvi) BC: Bursztyn and Cantoni (2016),

Table A1: Panel A cont'd

- (xvii) YouGov: Panel Data provided by the international data and analytics group YouGov on brand perception of various companies in Germany,
- (xviii) Sentix: Stock market expectations data based on a survey conducted by the German market research institute Sentix Behavioral Indices GbR on a weekly basis among 1,8999 respondents,
- (xix) DS: Datastream.
- (xx) Norstat I: Data of a representative survey among 1,598 Germans in July 2018 conducted with the help of the German polling institute NorStat.
- (xxi) Norstat II: Data of a representative survey among 1,600 East Germans in December 2018 conducted with the help of the German polling institute NorStat.

Table A1: cont'd

Variable name	Description	Source
Above 50	Indicator equal to one if an investor is 50 years old, and zero otherwise.	BRO, BAC
Chinese, Russian, Viet- namese firms	Fraction of Chinese, Russian, or Vietnamese companies (stocks) in an investor's portfolio identified via the datastream geography code, specifying the home or listing country of a security.	BRO, DS
Credit score	A client's default probability in the bank's internal scoring.	BAC
Distance	Indicator equal to one if the shortest distance between an East German county and the former border to West Germany exceeds 100 km, i.e., it is outside the "local border traffic" zone.	MC
East	Indicator equal to one if an individual lives in East Germany (i.e., Brandenburg, Mecklenburg-Western Pomerania, Saxony, Saxony-Anhalt, Thuringia).	GFSO
East Berlin	Indicator equal to one if an investor lives in East Berlin (GDR) before Reunification (i.e., Friedrichshain, Lichtenberg, Marzahn- Hellersdorf, Mitte, Pankow, Treptow-Köpenick).	MC
Election year	Indicator equal to one for federal election years (2005 and 2009 during our sample period).	MC
Employed $(1=yes)$	Indicator equal to one if a client is employed.	BAC
Familiarity	County-level average of responses to bank survey question on how much individuals agree with the following statement: "The stock market is a closed book to me." Answers are on a 7 point Likert scale (7=I fully agree).	BS
Financial literacy	County-level average of financial-literacy scores. The score uses the three questions of van Rooij, Lusardi, and Alessie (2011) on inflation, interest rates, and risk diversification. It counts the number of correct answers, from 0 (low) to 3 (high literacy).	BS
Financial firms	Fraction of financial-industry firms in an investor's portfolio. Single stock holdings were classified using ICBIC industry code "8000" for financials.	BRO, DS
Fraction of bank-owned	Share of funds in mutual fund holdings that is issued by the	BRO
products	bank's own investment company	
Fraction of bonds	Fraction of bonds in an investor's portfolio.	BRO
Fraction of stocks if par-	Fraction of stocks in an investor's portfolio conditional on par-	BRO, BAC
ticipant	ticipating in the stock market.	

Panel B. Main Variables

Table A1: Panel B cont'd

Variable name	Description	Source
Fund face	Among a fund for (total amonga natio) on investor pour for all	
Fund lees	Average fund lee (total expense ratio) all investor pays for all-	DRU, MS
CDP por capita	CDP per capita on the county level	CESO
Conder (1-male)	Indicator equal to one if a client is male	BBO
Gender (1-male)	indicator equal to one if a chent is male.	BAC
High-school degree	Share of high-school graduates in a county acc. to the 2011 census	GESO
HML Global	Monthly Fama-French value factor for the global stock market	KEL
Income	Self-reported monthly income of an investor ranging from 1 (below	BRO
Income	1,000 Euro) to 4 (above 3,000 Euro).	Dito
Income (in Euro)	Client's income as proxied by the bank based on regular monthly	BAC
	inflows to the current account.	
Investor age	Age of a client in years.	BRO,
		BAC
Investor age squared	Squared age of a client in years.	BRO,
		BAC
Liked GDR politics	Fraction of survey respondents in a county who agree that the	ID
	political system of the GDR had its strengths. The exact wording	
	is: "If you compare today's social and political conditions to those	
	in the former GDR - Do you think the the GDR had particular	
	strengths with regard to the political system?". Respondents could	
- (2))	agree, not agree, or choose "don't know."	
Ln(GDP per capita)	Natural logarithm of GDP per capita on the county level.	GFSO
Ln(Income)	Natural logarithm of 'Income (in Euro)'.	BAC
Ln(Number of local banks)	Natural logarithm of ('Number of local banks' plus one).	DB
Ln(Number of local firms)	Natural logarithm of ('Number of local firms' plus one).	GFSO
Ln(Portfolio value)	Natural logarithm of total end-of-year value of a client's portfolio	BRO,
	(in Euro). End-of-year values are first winsorized at the top and	BAC
	bottom 1%.	C LLTE
Ln(Real-estate wealth)	Natural logarithm of ('Real estate wealth' plus one)	SAVE
Ln(Savings)	Natural logarithm of 'Savings (in Euro)'.	BAC
Ln(Total population)	Natural logarithm of "lotal population".	GFSO
Married (1=yes)	Indicator equal to one if the client is married, and zero otherwise.	BRO,
NUZTDDClobal		BAC
	Montniy Fama-French global market factor.	KFL DAC
Mortgage $(1 = yes)$	indicator equal to one if the client holds a mortgage with the bank, and zero otherwise.	BAC

Table A1: Panel B cont'd

Variable name	Description	Source				
Mover	Indicator equal to one if the client has moved from East to West Ger- many after the fall of the Berlin Wall in 1989, and zero otherwise. Clients were asked whether and when they have lived in East Germany.					
Moved 20 years ago	Indicator equal to one if an investor has moved from East to West Germany at least 20 years ago, and zero otherwise.	BS				
No West TV	Indicator equal to one for the GDR municipalities that did not receive West German TV signals: Dresden Stadt, Altentreptow, Niesky, An- klam, Ribnitz-Damgarten, Malchin, Bautzen, Neubrandenburg Stadt, Ueckermuende, Teterow, Lobau, Pirna, Greifswald Land, Demmin, Go- erlitz Land, Grimmen, Wolgast, Greifswald Stadt, Zittau, Goerlitz Stadt, Stralsund Land, Stralsund Stadt, Ruegen.	BC				
N. of assets in portfolio	Number of assets in an investor's portfolio in a given year.	BRO				
Number of local banks	Number of local bank branches in a given county and year.	DB				
Number of local firms	Number of registered firms in a given municipality and year.	GFSO				
Olympic champion	Indicator equal to one if there is an Olympic champion in the same municipality than an East German investor. Olympic champions are defined according to wikipedia's lists for East German athletes at both, summer games (https://de.wikipedia.org/wiki/Liste_ der_erfolgreichsten_Sommerolympioniken) and winter games (https://de.wikipedia.org/wiki/Liste_der_erfolgreichsten_ Winterolympioniken). We only consider athletes who started for the GDR, not the united German team. The indicator is multiplied by 1-(total population/max(total population)) to account for the fact that Olympic champions are more visible in smaller municipalities.	MC, Wiki				
Online banking (1=yes)	Indicator equal to one if the client has access to online banking, and zero otherwise.	BAC				
Passive investments	Indicator equal to one if an investor holds index funds or ETFs in her portfolio in a given year.	$\operatorname{Broker},$ MS				
Pollution	Indicator equal to one for the most polluted municipalities in the GDR. According to a press release of the German Ministry of Environmen- tal Affairs (1990), these are: Bad Blankenburg, Bad Dürrenberg, Bit- terfeld, Buna, Dessau, Dresden, Dresden-Kaditz, Erfurt-Kühnhausen, Freiberg, Leuna, Magdeburg, Röblingen, Schmilka, Thierbach, Witten- berg/Piesteritz, Zehren.	GMEA				
Portfolio concentra- tion	Herfindahl index of an investor's stock holdings in a given year.	BRO				
Portfolio value	Total end-of-year value of a client's portfolio (in Euro).	BRO, BAC				
Real estate $(1=yes)$	Indicator equal to one if the client owns a house, and zero otherwise.	BS				

Table A1: Panel B cont'd

Variable name	Description	Source
Real-estate wealth	Average self-reported real-estate wealth in a county, elicited by the SAVE household survey.	SAVE
Relationship with bank	Number of years the client has a business relation with the bank.	BAC
Religion	Fraction of Catholics and Protestants in an investor's county ac- cording to the 2011 census.	
Renamed city	Indicator equal to one if an investor lives in one of the cities renamed during the GDR regime: Chemnitz (Karl-Marx-Stadt), Kriegsdorf (Friedensdorf), Neuhardenberg (Marxwalde), Wer- minghof (Knappenrode), and Eisenhuettenstadt (Stalinstadt).	Wiki
Retiree $(1=yes)$	Indicator equal to one if the client is retired, and zero otherwise.	BAC
Risk attitude	Client's answer to the question how much she agrees with the statement "I do not mind taking risk regarding investments" on a 1 to 7 scale (7="I fully agree").	BS
Risk tolerance	Client's self-reported individual risk tolerance on a scale from 1 (low) to 3 (high) assessed when her brokerage account is opened.	BRO
Savings (in Euro)	Client's average positive balance on her savings account.	BAC
SMB^{Global}	Monthly Fama-French size factor for the global stock market.	KFL
STASI	Fraction of voluntary collaborators (Informelle Mitarbeiter, IM) of the secret police (Staatssicherheit, STASI) in an investor's county during the GDR regime.	ECB
State-owned firms	A dummy variable indicating the largest formerly state-owned companies in Germany: Deutsche Telekom, Deutsche Lufthansa, Deutsche Post. Deutsche Postbank, and Fraport.	MC
Stock-market participa- tion	A dummy variable equal to one if an investor holds stocks or equity funds in her portfolio. For the bank data set (BAC), we use a dummy variable equal to one if an investor holds stocks, since we can not distinguish equity and hond funds in the data	BRO, BAC
	set.)	
Time account is open	Number of months since a brokerage account was opened.	BRO
Total population	The number of inhabitants per municipality.	GFSO
Trainee (1=yes)	Indicator equal to one if the client is a trainee, and zero otherwise.	BAC
Trust	County-level average of responses to the statement "I have confidence in securities markets." on a 1-7 scale ($7 = I$ fully agree).	BS
US firms	Fraction of US companies in an investor's portfolio identified via the datastream geography code, specifying the home or listing country of a security.	BRO, DS
WML ^{Global}	The monthly momentum factor for the global stock-market.	KFL

Table A2: Fraction of Stocks in Portfolio (not conditional on participation)

All estimates are from pooled OLS regressions, where the dependent variable is the fraction of stocks in an investor's portfolio. In column (1), we use the brokerage data from June 2004 to December 2012 and the same set of control variables as in column (2) of Table 2. In column (2), we use the cross-sectional bank data from June 2017 and the same set of control variables as in column (3) of Table 3. However, in both cases, we do not condition on investors participating in the stock market. Instead, we set the fraction of stocks in an investors' portfolio to zero if an investor does not participate in the stock market. The main independent variable, East, is equal to one if an investor lives in East Germany. All variables are described in detail in Appendix-Table A1, Panel B. The t-statistics are based on standard errors clustered by county.

	Broker data		Bank data
	(1)		(2)
East	-0.195***	East	-0.030***
	(-11.22)		(-4.26)
Gender $(1=male)$	0.090***	Gender $(1=male)$	0.041^{***}
	(20.23)		(8.30)
Investor age	-0.081	Investor age	0.003***
	(-8.08)		(3.83)
Married $(1=yes)$	0.056^{***}	Married $(1=yes)$	-0.000
	(15.32)		(-0.65)
Ln(Portfolio value)	-0.041	Ln(Portfolio value)	0.043^{***}
	(-26.23)		(30.24)
Time account is open	0.091^{***}	Relationship with bank	-0.001***
	(19.44)		(-3.42)
Ln(Real-estate wealth)	-0.006***	Mortgage $(1=yes)$	-0.027***
	(-3.70)		(-3.19)
High-school degree	0.048	Credit score	-0.224***
	(0.47)		(-3.76)
Ln(N. of local banks)	-0.014	Online banking $(1=yes)$	0.061^{***}
	(-1.40)		(8.15)
Ln(N. of local firms)	-0.003	Ln(Income)	-0.005***
	(-0.56)		(-4.49)
Ln (GDP per capita)	-0.005	Ln(Savings)	-0.002**
	(-0.25)		(-2.17)
Ln(Total population)	0.010**	Employed $(1=yes)$	0.005
	(2.23)		(-0.77)
		Trainee $(1=yes)$	-0.026***
			(-3.39)
		Retiree $(1=yes)$	-0.015
			(-1.02)
		Investor age squared	-0.000***
			(-3.60)
$\mathrm{Adj.}\ \mathrm{R}^2$	0.168		0.406
Observations	$828,\!492$		6,903

Table A3: Differences between East and West Berlin

All estimations use the brokerage data from June 2004 to December 2012. The coefficients are average marginal effects from a logit regression in column (1), and OLS estimates in columns (2) and (3). Stock-market participation (in column 1) is an indicator equal to one if an investor holds stocks or equity funds in her portfolio in a given year. Fraction of stocks (in column 2) is conditional on stock-market participation. The main independent variable, East Berlin, is equal to one if an investor lives in a zip-code area belonging to the former GDR, i.e., East Berlin, before Reunification, and zero if an investor lives in West Berlin. All variables are described in detail in Appendix-Table A1, Panel B. The z-statistics (in column 1) and the t-statistics (in columns 2 and 3) are based on standard errors clustered by municipality.

Sample:		Brokerage Sample	
Dependent Variable:	Stock-market participation	Fraction of stocks if participant	Fraction of bonds
	(1)	(2)	(3)
East Berlin	-0.054^{***}	0.006	0.023***
	(-5.73)	(0.45)	(3.27)
Gender $(1=male)$	0.035^{***}	0.012	-0.059^{***}
	(3.74)	(0.92)	(-7.80)
Investor age	-0.042^{*}	0.044	0.047^{**}
	(-1.90)	(1.42)	(2.11)
Married $(1=yes)$	0.030^{***}	0.011	-0.013^{*}
	(3.16)	(0.80)	(-1.88)
Ln(Portfolio value)	-0.007^{***}	-0.036^{***}	0.019^{***}
	(-3.61)	(-16.59)	(15.59)
Time account is open	0.092^{***}	0.012	-0.069^{***}
	(14.67)	(0.94)	(-9.39)
Ln(Number of local firms)	0.003	-0.024^{*}	-0.008
	(0.36)	(-1.82)	(-1.08)
Year FE	yes	yes	yes
$Pseudo/Adj. R^2$	0.14	0.13	0.14
West mean	0.935	0.784	0.046
Observations	16,207	$14,\!595$	$16,\!204$

Table A4: Summary Statistics (Bank Sample)

Panel A shows the number of observations, mean, standard deviation (sd), median (p50), 1^{st} percentile (p1), and 99^{th} percentile (p99) of all variables in the bank sample. Bank data are from 2016 to 2017. Panel B shows East and West averages, the differences, and the corresponding *p*-values. All variables are defined in Appendix-Table A1, Panel B.

Panel A: Summary statistics	Obs. (1)	$\begin{array}{c} \text{Mean} \\ (2) \end{array}$	sd (3)	$\begin{array}{c} p50\\ (4) \end{array}$	p1 (5)	$p99 \\ (6)$
Bank data (individual level)						
East	6,903	0.180	0.384	0.000	0.000	1.000
Portfolio value (in Euro)	$1,\!445$	50,014	$174,\!830$	$3,\!074$	0.000	1.000
Stock-market participation $(1=yes)$	$6,\!903$	0.125	0.331	0.000	0.000	1.000
Fraction of stocks if participating	866	0.712	0.353	0.940	0.004	1.000
Portfolio (1=yes)	$6,\!903$	0.209	0.407	0.000	0.000	1.000
Gender $(1=male)$	$6,\!903$	0.556	0.497	0.000	0.000	1.000
Investor age (in years)	$6,\!903$	47.25	15.92	47.00	11.00	87.00
Married $(1=yes)$	$6,\!903$	0.420	0.494	0.000	0.000	1.000
Employed $(1=yes)$	$6,\!903$	0.411	0.492	0.000	0.000	1.000
Trainee $(1=yes)$	$6,\!903$	0.094	0.292	0.000	0.000	1.000
Retiree $(1=yes)$	$6,\!903$	0.061	0.239	0.000	0.000	1.000
Online banking $(1=yes)$	$6,\!903$	0.675	0.468	0.000	0.000	1.000
Mortgage $(1=yes)$	$6,\!903$	0.078	0.269	0.000	0.000	1.000
Relationship with bank (in years)	6.90	15.28	10.56	13.000	1.000	46.00
Credit score (default prob.)	$6,\!903$	0.006	0.021	0.001	0.000	0.070
Income (in Euro)	$6,\!903$	6,811	$83,\!169$	$1,\!326$	0.000	$77,\!489$
Savings (in Euro)	$6,\!903$	11,789	$71,\!527$	$1,\!630$	0.000	$141,\!956$
Risk attitude $(1 = averse, 7 = prone)$	276	3.333	1.999	3.000	1.000	7.000
Financial literacy (0=low, 3=high)	274	2.65	0.676	3.000	0.000	3.000
Real estate (1=yes)	276	0.496	0.501	0.000	0.000	1.000

Panel B: Differences	East	West	Difference	<i>p</i> -value
	German	German		
	(1)	(2)	(3)	(4)
Bank data				
Portfolio value (in Euro)	$32,\!217$	$52,\!488$	-15,231	0.225
Stock market participation $(1=yes)$	0.080	0.135	-0.055	0.000
Fraction of stocks if participating	0.627	0.724	-0.096	0.010
Portfolio (1=yes)	0.186	0.214	-0.028	0.025
Gender $(1=male)$	0.512	0.564	-0.052	0.005
Investor age (in years)	47.28	47.25	0.030	0.961
Married $(1=yes)$	0.400	0.424	-0.024	0.115
Employed $(1=yes)$	0.411	0.411	0.000	0.999
Trainee (1=yes)	0.079	0.098	-0.019	0.038
Retiree (1=yes)	0.066	0.059	0.007	0.377
Online banking $(1=yes)$	0.659	0.678	-0.019	0.206
Mortgage $(1=yes)$	0.069	0.080	-0.011	0.19
Relationship with bank(years)	14.93	15.36	-0.430	0.201
Credit score (Default Probability)	0.006	0.006	0.000	0.976
Income (in Euro)	$3,\!897$	$7,\!450$	-3,553	0.173
Savings (in Euro)	8,225	$12,\!571$	-4,346	0.052
Risk attitude $(1 = averse, 7 = prone)$	2,511	$3,\!485$	-974	0.000
Financial literacy $(0=low, 3=high)$	2.61	2.65	-0.032	0.780
Real estate (1=yes)	0.447	0.528	-0.081	0.313

Table A4: cont'd

Table A5: Non-linear Income and Wealth Controls

All estimations use the cross-sectional bank data from June 2017. The table reports average marginal effects from logit regressions in columns (1) to (4), and OLS estimates in column (5). Stock-market participation (in columns 1 to 4) is an indicator equal to one if an investor holds stocks in her portfolio in a given year. Stock-market participation in column (4) is conditional on having a portfolio, and fraction of stocks in column (5) is further conditional on stock-market participation. East is an indicator equal to one if an investor lives in East Germany. We include the same set of control variables as in Table 3. Additionally, we include income, savings, and portfolio values to the power of two and three to capture a potential non-linear impact of wealth on stock market participation. All variables are described in detail in Appendix-Table A1, Panel B. The z-statistics (in columns 1 to 4) and the t-statistics (in column 5) are based on standard errors clustered by county.

Sample:	Bank Sample				
Dependent Variable:	Stock-	market partici	pation	Participation if portfolio	Fraction stocks if participant
	(1)	(2)	(3)	(4)	(5)
East	-0.055***	-0.052***	-0.049***	-0.133***	-0.142***
	(-4.23)	(-3.96)	(-3.80)	(-3.93)	(-4.76)
Ln(Income)	-0.013***	-0.036***	0.010	-0.014	-0.059*
	(-9.93)	(-7.53)	(0.54)	(-0.42)	(-1.87)
$Ln(Income)^2$		0.002^{***}	-0.007*	0.001	0.008
		(5.11)	(-1.82)	(0.08)	(1.23)
$Ln(Income)^3$			0.001^{**}	0.000	-0.000
			(2.34)	(0.25)	(-0.97)
Ln(Savings)	0.026^{***}	0.029^{***}	0.073^{***}	0.197^{***}	0.090^{***}
	(15.07)	(5.41)	(4.15)	(3.81)	(2.88)
$Ln(Savings)^2$		-0.000	-0.009***	-0.032***	-0.013**
		(-0.87)	(-2.84)	(-3.49)	(-2.30)
$Ln(Savings)^3$			0.000^{***}	0.001^{***}	0.001^{*}
			(2.74)	(3.13)	(1.72)
Ln(Portfolio Value)				0.293^{***}	0.272^{***}
				(8.32)	(9.00)
$Ln(Portfolio Value)^2$				-0.046***	-0.041***
				(-7.14)	(-7.48)
$Ln(Portfolio Value)^3$				0.002^{***}	0.002^{***}
				(6.92)	(6.61)
Control variables	yes	yes	yes	yes	yes
Pseudo /Adj. \mathbb{R}^2	0.157	0.164	0.171	0.186	0.210
Observations	6,903	6,903	6,903	1,445	1,340

Table A6: Alternative Explanations: Fractions of stocks and bonds

All estimations use the brokerage data from June 2004 to December 2012. The coefficients are OLS estimates, where the dependent variable is the fraction of stocks, conditional on stock-market participation (Panel A) or the fraction of bonds (Panel B). East is an indicator equal to one if an investor lives in East Germany. We include the same set of control variables as in Table 2, and in addition risk tolerance, ranging from 1 (conservative) to 3 (speculative), in column 1; trust, ranging from 1 (low) to 7 (high), in column 2; familiarity with the stock market, ranging from 1 (high) to 7 (low), in column 3; financial literacy ranging from 0 (low) to 3 (high) in column 4; or income ranging from 1 (below 1,000 Euro per month) to 4 (above 3,000 Euro per month) in column 5, as well as all additional variables jointly in column 6. Risk tolerance and income are measured at the investor level, and trust, familiarity, and financial literacy at the county level. All variables are described in detail in Appendix-Table A1, Panel B. The t-statistics are based on standard errors clustered by municipality.

	(1)	(2)	(3)	(4)	(5)	(6)
East	-0.145^{***}	-0.093^{***}	-0.094^{***}	-0.091^{***}	-0.152^{***}	-0.164^{***}
	(-8.53)	(-6.11)	(-6.51)	(-6.39)	(-8.30)	(-8.17)
Risk tolerance	0.164^{***}					0.156^{***}
	(23.02)					(17.68)
Trust		-0.001				0.037^{***}
		(-0.15)				(3.17)
Familiarity			0.001			0.028^{***}
			(0.21)			(3.93)
Financial literacy				0.021^{***}		0.022
				(2.60)		(0.90)
Income					0.018^{***}	0.009**
					(5.62)	(2.36)
Control variables	yes	yes	yes	yes	yes	yes
Year FE	yes	yes	yes	yes	yes	yes
Adj. \mathbb{R}^2	0.34	0.09	0.09	0.09	0.32	0.35
West Mean	0.578	0.739	0.740	0.740	0.577	0.576
Observations	$95,\!317$	$565,\!122$	$577,\!823$	$577,\!148$	$93,\!145$	$61,\!196$

Panel A: Fraction of stocks in portfolio

Table A6: cont'd

	(1)	(2)	(3)	(4)	(5)	(6)
East	0.167***	0.217***	0.205***	0.201***	0.206***	0.178***
	(6.45)	(9.92)	(9.92)	(9.53)	(7.70)	(6.22)
Risk tolerance	-0.245^{***}					-0.234^{***}
	(-23.93)					(-30.24)
Trust	, , , , , , , , , , , , , , , , , , ,	0.008^{*}				-0.002
		(1.87)				(-0.16)
Familiarity			-0.008^{**}			-0.064^{***}
			(-2.09)			(-7.24)
Financial literacy				-0.034^{***}		-0.081^{***}
				(-3.00)		(-3.14)
Income					-0.056^{***}	-0.031^{***}
					(-14.50)	(-7.81)
Control variables	yes	yes	yes	yes	yes	yes
Year FE	yes	yes	yes	yes	yes	yes
Adj. \mathbb{R}^2	0.27	0.24	0.24	0.24	0.20	0.28
West Mean	0.406	0.095	0.094	0.094	0.407	0.397
Observations	$176,\!026$	684,099	698,774	698,021	$172,\!256$	$117,\!099$

Panel B: Fraction of bonds in portfolio

Table A7: Definition of Survey Questions in Figure 5

This table contains the survey items included in our July 2018 (Panel A) and December 2018 (Panel B) surveys conducted by Norstat and employed in Figure 5. Answers were given on a four point scale with 1="completely true"; 2="rather true"; 3="rather wrong"; 4="completely wrong".

Question Abbreviation	Wording
Panel A	
Capitalism creates inequality	In a capitalist system, the rich get richer and the poor become poorer.
Capitalism creates coldness	Capitalism creates coldness among people.
Capitalism should be restricted	Capitalism should be restricted.
Communism is preferable	If the communist ideal was realizable, I would prefer it.
Investing is Immoral	Investing in the stock market is immoral.
Rejecting Stock Markets in general	I generally reject investing in the stock market.
Panel B	
Capitalism creates inequality	In a capitalistic system, the rich get richer and the poor become poorer.
Capitalism rewards hard-working	In a capitalistic system, the diligent and hard-working are rewarded because they deserve more.
Everybody better-off in capitalism	Although there are large differences in income and wealth in a capitalistic system, everybody is better off.
Capitalism creates chaos	In capitalism, everyone can decide freely, but this results in chaos.
Communism is unrealizable	The past shows that communism is unrealizable.
Capitalism is superior	Capitalism is the superior economic system and that's why it prevailed worldwide.
Capitalism creates coldness	Capitalism creates coldness among people.

Table A8: Top 10 Holdings of Finance, US, and Communist-Country Stocks

Panel A contains the Top 10 holdings of stocks belonging to the financial industry and of US companies in investors' portfolios. Panel B contains the Top 10 holdings of Russian and Chinese firms, as well as the top holding of Vietnamese firms, as well as a description of the main business field and whether the firm is state-owned.

Financial industry	US stocks
Deutsche Bank	Cisco Systems
Commerzbank	Mircosoft
Allianz	General Electric
Munich Re	Intel
Deutsche Postbank	EMC
WCM Beteiligungs und Grundbesitz	Pfizer
MLP	Worldcom (delisted)
Comdirect Bank	Yahoo
Hypo Real Estate Hldg. (delisted)	Commerce One (delisted)
Deutsche Boerse	Dell

Panel A: Financial industry and US stocks

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Panel B: Stock	s of formerly	communist	countries

Russia	Description
OAO Gazprom	Energy, Oil & Gas (state-owned)
Lukoil OAO	Energy, Oil & Gas
Rosneft	Energy, Oil and Gas (state-owned)
Rostelecom	Communication & Telecom Services
Norlisk Nickel	Basic Materials, Industrial Metal & Minerals
Yukos Oil (delisted)	Energy, Oil & Gas
Gazprom Neft	Energy, Oil & Gas (maj. shareh. Gazprom; state-owned)
Mosenergo	Utilities (maj. shareh. Gazprom; state-owned)
Trade House Gum	Consumer Cyclical
Surgutneftegaz	Energy, Oil & Gas

Table A8: cont'd

Panel B (cont'd): Stocks of formerly communist countries

China	Description
Petrochina	Energy, Oil & Gas
BYD	Consumer Cyclical, Auto Manufacturers
China Life Insurance	Financial Services, Insurance-Life (state-owned)
China Petroleum Chemical	Energy, Oil & Gas (maj. shareh. Sinopec; stowned)
ICBC	Financial Services, Banks Global
China Telecom	Communication & Telecom Services (maj. shareh.
	China Telecommunication Corp.; state-owned)
Tsingtao Brewery	Beverages Brewers (min. shareh. Chinese State)
China Construction Bank	Financial Services, Banks Global (maj. shareh. SH
	Central Huijin Investment; state-owned)
Bank of China	Financial Services, Banks Global (maj. shareh. SH
	Central Huijin Investment; state-owned)
China Cosco Shipping	Industrials, Shipping & Ports (state-owned)
Vietnam	Description
Vietnam Holding	Financials, Asset Management (operates a closed-end
-	fund investing in former state-owned enterprises and
	private enterprises in Vietnam

Table A9: Correlations between proxies for exposure to communist ideology

This table shows correlations of all proxies for intensity and emotional tagging of experiencing communism. All variables are described in detail in Appendix-Table A1, Panel B. *p*-values are provided in parentheses.

Variables	Investor age	Dis- tance	Renamed city	Religion	Poll- ution	No West TV	STASI	Liked GDR politics	Emp- loyed	GDP p. cap.	Olym. champ.
Investor age	1.000										
Distance	0.104 (0.000)	1.000									
Renamed city	0.069 (0.000)	$0.205 \\ (0.000)$	1.000								
Religion	-0.114 (0.000)	-0.251 (0.000)	-0.120 (0.000)	1.000							
Pollution	-0.064 (0.000)	-0.045 (0.000)	-0.064 (0.000)	-0.060 (0.000)	1.000						
No West TV	-0.089 (0.000)	0.093 (0.000)	-0.045 (0.000)	0.012 (0.000)	0.393 (0.000)	1.000					
STASI	0.187 (0.000)	0.214 (0.000)	0.051 (0.000)	-0.270 (0.000)	-0.243 (0.000)	-0.349 (0.000)	1.000				
Liked GDR pol.	0.097 (0.000)	$0.338 \\ (0.000)$	0.104 (0.000)	-0.276 (0.000)	-0.091 (0.000)	-0.079 (0.000)	$0.092 \\ (0.000)$	1.000			
Employed	-0.041 (0.000)	0.058 (0.000)	0.095 (0.000)	-0.002 (0.461)	-0.038 (0.000)	0.006 (0.016)	0.048 (0.000)	0.198 (0.000)	1.000		
GDP p. capita	-0.167 (0.000)	-0.109 (0.000)	$0.034 \\ (0.000)$	-0.022 (0.000)	0.432 (0.000)	$0.263 \\ (0.000)$	-0.169 (0.000)	-0.121 (0.000)	$0.267 \\ (0.000)$	1.000	
Olympic champion	0.036 (0.000)	0.109 (0.000)	0.801 (0.000)	-0.098 (0.000)	-0.078 (0.000)	-0.027 (0.000)	0.083 (0.000)	$0.049 \\ (0.000)$	0.155 (0.000)	0.094 (0.000)	1.000

Table A10: Intensity of Exposure: Fractions of stocks and bonds

All estimations use the brokerage data from June 2004 to December 2012. The coefficients are OLS estimates, where the dependent variable is the fraction of stocks in an investor's portfolio conditional on stock market participation (Panel A), or the fraction of bonds in an investors' portfolio (Panel B). East is an indicator equal to one if an investor lives in East Germany. In addition to the full set of control variables from Table 2, we include interactions of the East dummy with an indicator for being 50 years of age or older (in column 1), and with an indicator for locations outside the "Small Border Traffic" zone (Kleiner Grenzverkehr) (in column 2). In column 3, we include both interactions. In columns 2 and 3, we also add the baseline indicator for being age 50 and above. The t-statistics are based on standard errors clustered by municipality and presented in parentheses.

	Age	Distance	All
	interaction	interaction	interactions
	(1)	(2)	(3)
East	-0.021^{**}	-0.050^{***}	-0.000
	(-2.39)	(-3.83)	(-0.04)
East \times Above 50	-0.069***		-0.068***
	(-6.46)		(-6.48)
East \times Distance		-0.036^{**}	-0.033^{**}
		(-2.23)	(-2.09)
Above 50	0.032^{***}		0.031^{***}
	(6.55)		(6.47)
Control variables and Year FE	yes	yes	yes
$\mathrm{Adj.}R^2$	0.093	0.092	0.093
West Mean	0.735	0.735	0.735
Observations	$687,\!464$	$685,\!630$	$685,\!630$
Danal D. Exaction of hands			
Faller D: Fraction of bolids			
East	0.086***	0.112***	0.044***
	(7.92)	(5.83)	(2.70)
East \times Above 50	0.094^{***}		0.090***
	(8.03)		(8.14)
East \times Distance		0.078^{***}	0.073^{***}
		(2.78)	(2.71)
Above 50	-0.024^{***}		-0.023^{***}
	(-5.58)		(-5.56)
Control variables and Year FE	yes	yes	yes
$\mathrm{Adj.}R^2$	0.251	0.253	0.255
West Mean	0.107	0.107	0.107
Observations	$839,\!272$	836,714	836,714

Panel A: Fraction of stocks

Table A11: Emotional Tagging: Fractions of stocks and bonds

All estimations use the brokerage data from June 2004 to December 2012. The coefficients are OLS estimates. The dependent variable in Panel A is the fraction of stocks in an investor's portfolio conditional on stock-market participation. The dependent variable in Panel B is the fraction of bonds in an investor's portfolio. The sample in Panel B is restricted to accounts with non-missing information on bond holdings. East is an indicator equal to one if an investor lives in East Germany. In addition to the full set of control variables from Table 2, we include interactions of the East dummy with different proxies for negative or positive emotional tagging. The proxies for negative emotional tagging are: an indicator for heavily polluted GDR counties according to the 1990 report of the German ministry of environmental affairs (in column 1), the fraction of Catholics and Protestants in a county according to the 2011 census (in column 2), and an indicator for counties in the former GDR that did not receive West German TV signals (in column 3). The proxies for positive emotional tagging are: an indicator for cities that were renamed during the GDR regime (in column 4), namely, Chemnitz (Karl-Marx-Stadt), Kriegsdorf (Friedensdorf), Neuhardenberg (Marxwalde), Werminghoff (Knappenrode), and Eisenhüttenstadt (Stalinstadt); the fraction of voluntary STASI participation in county during the GDR regime (column 5), the fraction of survey respondents in a county who state that the former political system of the GDR had many positive aspects (column 6), and an indicator for counties that had an Olympic medal winner as of the Wikipedia list of the GDR's Olympic champions (column 7). We multiply the Olympic medal indicator with the inverse population ratio to account for higher visibility in smaller areas. All variables are described in detail in Appendix-Table A1, Panel B. The t-statistics are based on standard errors clustered by municipality.

	Neg. I	Emotional T	agging		r		
	$(\overline{1})$	(2)	(3)	(4)	(5)	(6)	(7)
East	-0.079^{***}	-0.088^{***}	-0.070^{***}	-0.069^{***}	-0.056^{***}	-0.029^{**}	-0.071^{***}
	(-8.43)	(-4.34)	(-7.31)	(-7.66)	(-4.65)	(-2.45)	(-8.03)
East×Pollution	0.059^{**}						
$East \times Religion$	(2.09)	0.001					
		(1.13)					
$East \times No$ West TV			(-0.031)				
$East \times Renamed \ city$			(-1.27)	-0.112^{**}			
$East \times STASI$				(2.11)	-0.044^{*}		
East×Liked GDR politics					(1.00)	-0.198^{***} (-4.46)	
$East \times Olympic \ champion$						(1110)	$-0.017 \ (-0.19)$
$Adj.R^2$	0.092	0.092	0.092	0.092	0.092	0.093	0.092
Observations	$687,\!464$	$687,\!464$	$687,\!464$	$687,\!464$	$687,\!464$	$687,\!291$	$687,\!464$
West Mean	0.735	0.735	0.735	0.735	0.735	0.735	0.735

Panel A: Fraction of stocks

Table A11: cont'd

	Neg. Emotional Tagging			Р	ıg		
	$\overline{(1)}$	(2)	(3)	(4)	(5)	(6)	(7)
East	0.163^{***}	0.205^{***}	0.163^{***}	0.152^{***}	0.128^{***}	0.060***	0.153^{***}
	(9.60)	(5.64)	(9.67)	(9.90)	(6.42)	(3.12)	(9.96)
East \times Pollution	-0.030						
	(-0.49)						
East \times Religion		-0.002^{*}					
		(-1.79)					
East \times No West TV			-0.088^{***}				
			(-3.42)				
East \times Renamed city				0.192^{***}			
				(3.46)			
East \times STASI					0.081^{*}		
					(1.66)		
East \times Liked GDR politics						0.426^{***}	
						(5.72)	
East \times Olympic champion							0.144
							(1.20)
$\mathrm{Adj.}R^2$	0.092	0.092	0.092	0.252	0.092	0.093	0.250
Observations	$839,\!272$	$839,\!272$	$839,\!272$	$839,\!272$	839,272	$839,\!053$	$839,\!272$
West Mean	0.735	0.735	0.735	0.735	0.735	0.735	0.735

Panel B: Fraction of bonds