

A Presentation to Observatoire de l'Erpagne Européenne

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- Document participation rates and asset holdings of households towards retirement in 13 countries
 - Using new internationally comparable, household-level data
- Offer new perspective to economic integration
- Propose methodological cross-fertilization between labor economics and household finance:
 - Point out a common thread between analysis of discrimination in labor markets and of household behavior in asset markets

DataSurveys

- Three comparable data sets
 - sharing common design
 - about 37000 households
- HRS: US Health and Retirement Survey 2004
- ELSA: English Longitudinal Survey on Ageing 2004
- SHARE: Survey on Health, Ageing, Retirement
 - First wave took place in 2004 in Sweden, Denmark, Germany, the Netherlands, France, Switzerland, Austria, Italy, Spain, and Greece; 2005 in Belgium.

Data Focus in this paper

- 'Mature' Portfolios: portfolios of those 50+
 - In principle, all portfolios interesting
 - New, internationally comparable data for these
 - 'Mature':
 - More time to accumulate
 - Greater experience
 - Influenced by retirement prospects
- Mature portfolios are topical to study
 - Financing retirement in view of demographic transition
 - Evaluate prospects of 'asset meltdown'



- Financial: Stocks
 - held directly or indirectly (through mutual funds or retirement accounts)
 - no occupational DC plans
- Real assets:
 - Private businesses
 - Primary residence

Main Approaches in Integration Literature

- International flows across markets
 - goods, capital
- Prices:
 - In a fully integrated market for goods, the law of one price should hold.
 - In a fully integrated asset market, the price of risk should be the same:
 - Equal expected returns for assets with the same covariance with world risk
- Consumption behavior: international risk sharing.
 - In a fully integrated world, consumption growth rates would move closely together internationally even if output growth rates did not.

This paper

- Observed asset market participation and holdings are influenced by
 - Household preferences and characteristics
 - Market conditions:
 - Opportunities and constraints governed by
 - institutional environment
 - government policies

This paper (ctd)

- With greater integration, greater similarity in 'market conditions' facing households of given characteristics and attitudes
 - greater similarity in institutional framework
 - harmonization of government policies
 - greater access to foreign markets

This paper (ctd)

- Controlling for differences in population characteristics and attitudes, we examine differences in the *relationship* between household characteristics and attitudes and:
 - Participation in asset markets
 - Asset holdings among market participants

Empirical Approach

- Point: Link between characteristics and outcomes is analogous to discrimination literature
 - Market segmentation:
 - Wage women of given characteristics would get if they were men
 - What asset market behavior would households of country i and given characteristics exhibit if they faced conditions in the base country?
- Counterfactual analysis using econometric methods
 - for participation
 - for asset holdings among holders
- Since reduced forms:
 - link results to indicators of institutional and policy environment



- Comparisons:
 - US versus each European country examined
 - Within US (Midwest as benchmark)
 - Within Europe (Germany as benchmark)

Participation Rates Observed Differences among Older HHs

Ownership Rates									
	Obs.	Stocks	Business	Residence					
	Obs.	%	%	%					
US	13,050	49.6	9.8	77.3					
MW	3,228	54.5	13.8	80.9					
NE	2,158	54.7	6.8	70.6					
S	5,250	42.6	9.3	78.3					
W	2,433	52.1	8.6	76.9					
EUR	25,394	26.3	6.3	68.3					
SE	2,140	71.1	12.8	69.0					
DK	1,176	56.0	9.5	69.0					
DE	2,002	24.1	6.3	51.1					
NL	1,954	24.0	6.7	55.3					
BE	2,532	37.5	5.4	80.0					
FR	2,110	42.9	5.9	72.2					
СН	712	35.7	10.8	55.1					
AT	1,409	9.8	4.1	56.6					
IT	1,778	10.1	6.4	75.2					
ES	1,753	11.1	7.0	86.9					
GR	1,982	10.6	6.8	84.3					
EN	5,846	39.4	2.5	76.1					



Counterfactual decomposition

Decomposition is of the following form:

$$pr^{US} - pr^{i} = \left\{ pr^{US} - \hat{p}^{i,US} \right\} + \left\{ \hat{p}^{i,US} - pr^{i} \right\}$$

Actual difference

Effects of characteristics

Effects of market conditions



Decomposing Effects on Participation

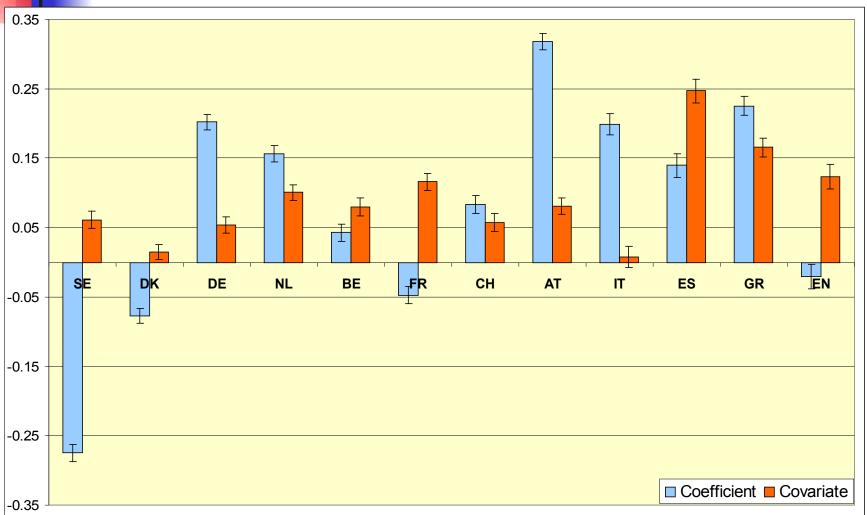
What we control for

- Age
- household size
- education (high school dropout; high school; College)
- recall ability
- self-reported bad health (includes responses 'fair' and 'poor' in HRS)
- number of Activities of Daily Life
- work status (retired/working/unemployed-other inactive)
- marital status (couple/widow/never married)
- subjective probability to leave a positive bequest
- whether has received an inheritance
- whether HH provides help to relatives/neighbors, whether is involved in voluntary activities,
- income quartile
- wealth quartile

Results on Europe-US comparisons

- Stockholding:
 - In most European countries: The market conditions faced by households are not as conducive to participation as those in US
 - In all European countries: Population characteristics are not as conducive to participation in stockholding as those of the US.

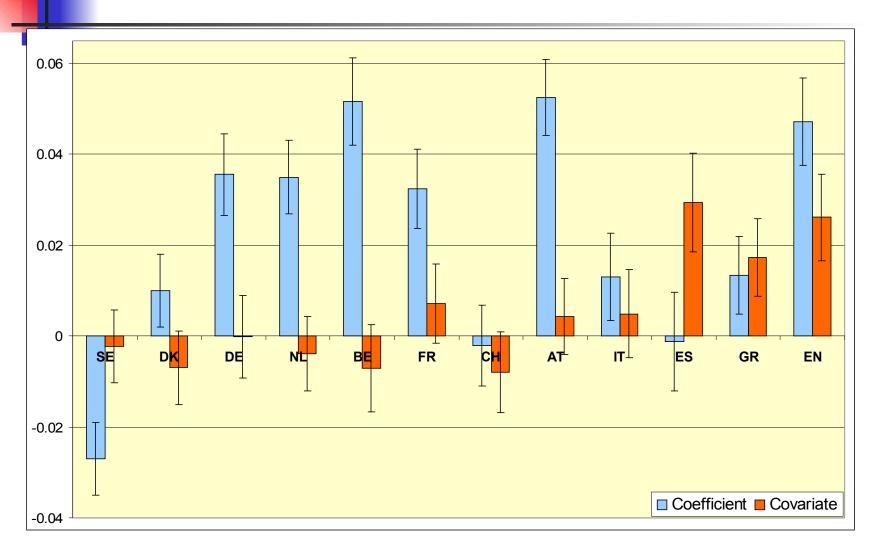
Stockholding Participation



Results on Europe-US comparisons

- Private business:
 - Market conditions are largely responsible for lower participation in private business in Europe than in the US.
 - Most European older populations are estimated to have characteristics just as conducive to participation as in the US.

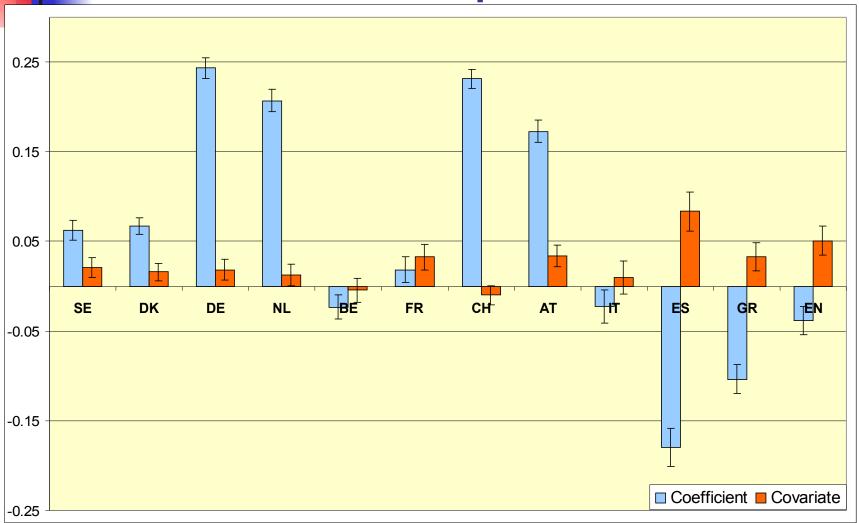
Participation in Private Business



Results on Europe-US comparisons

- Homeownership:
 - In most cases favorable US market conditions
 - Exceptions: southern countries, EN (and small for BE) where households would have lower probabilities if faced with US market conditions.
 - All population characteristics favor the US.

Participation in Homeownership



Economic Environment Indicators Financial Markets

- US is the country with the:
 - lowest transactions costs in the stock market
 - greatest spending on information and communication technology as a percentage of GDP
 - highest stockholder protection
- The four EU countries with estimated better market conditions have special features in pension systems:
 - Mandatory retirement accounts contribute to findings for Denmark and Sweden
 - Extremely high internet penetration in the case of Sweden
 - UK privatization
 - The European countries in our sample where defined contribution plans exist (along with Spain) in the second tier of pensions: spillovers to other stockholding likely

Indicators Relevant for Financial Markets

Country	Equity Market Size Index	Equity Market Stability Index	Equity Return Volatility (%)	Equity Mkt. Turnover Ratio (%)	Market Cap to GDP Ratio (%)	Transaction Costs (%)	Trade Volume to GDP ratio (%)	Shareholder Rights	Internet Connections (per thousand)	Information and communicatic Technology Expenditure (% of GDP)
Austria	5.3	5.264	10.043	33.962	29.58	3.469	8.215	2	486	5.5
Belgium	6.428	5.07	19.349	14.925	219.643	2.637	20.094	0	458	5.8
Denmark	6.329	4.984	15.996	71.403	62.27	3.349	40.096	2	89	5.3
France	6.626	4.676	22.783	81.651	92.742	3.922	65.499	3	430	6.3
Germany	6.485	4.344	27.068	123.688	44.006	5.327	51.8	1	455	6.1
Greece	5.574	5.159	15.798	37.474	61.574	3.073	21.379	2	180	4.1
Italy	6.469	5.002	17.654	114.546	47.214	1.508	48.098	1	478	4.3
Netherlands	7.313	4.584	23.798	108.772	107.8	2.54	104.665	2	739	6.3
Spain	7.663	4.89	18.812	143.338	94.879	1.532	120.497	4	348	3.7
Sweden	7.604	4.76	23.052	123.731	108.769	4.065	119.061	3	764	7.4
Switzerland	8.98	4.843	19.438	93.656	229.744	2.238	202.284	2	498	7.5
UK	8.567	4.952	18.276	140.531	131.53	6.345	173.161	5	473	7.3
USA	8.345	5.016	18.219	126.544	139.908	1.266	165.887	5	630	8.8



Economic Environment Indicators

Business Ownership

- The US is where it is 'easiest to do business'
 - The index takes a straight average of rankings across different criteria
- Sweden ranks above the US in
 - dealing with licenses
 - registering property
 - trading across borders
 - enforcing contracts
- Plausible that such issues have considerable weight in the decision of older Swedish households to own business

Indicators Relevant for Business Ownership

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
United											
States	3	3	18	1	10	7	5	55	10	4	16
United											
Kingdom	5	8	42	16	19	1	9	11	14	22	10
Denmark	7	15	8	14	31	19	18	19	3	1	24
Sweden	14	20	17	95	б	33	114	37	9	2	17
Switzerland	16	30	36	23	11	19	156	7	47	9	32
Belgium	20	41	43	41	157	41	12	62	38	21	9
Germany	21	53	30	129	33	3	81	70	б	29	29
Netherlands	22	42	81	86	20	13	96	81	16	30	8
Austria	30	68	45	104	26	19	141	102	13	14	19
Spain	38	94	54	163	36	19	81	103	24	41	15
France	47	12	34	135	158	96	58	92	81	17	31
Italy	69	46	109	102	50	41	81	112	103	147	43
Greece	111	134	53	166	146	76	156	100	119	48	³³ 24

SOURCE: WORLD BANK, Doing Business (http://www.doingbusiness.org). Rankings for 2005,

Indicators Relevant for Business Ownership

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
United States	3	3	18	1	10	7	5	55	10	4	16
	J	٠	10	1	10	,	,))	10	4	10
United											
Kingdom	5	8	42	16	19	1	9	11	14	22	10
Denmark	7	15	8	14	31	19	18	19	3	1	24
Sweden	14	20	17	95	б	33	114	37	9	2	17
Switzerland	16	30	36	23	11	19	156	7	47	9	32
Belgium	20	41	43	41	157	41	12	62	38	21	9
Germany	21	53	30	129	33	3	81	70	б	29	29
Netherlands	22	42	81	86	20	13	96	81	16	30	8
Austria	30	68	45	104	26	19	141	102	13	14	19
Spain	38	94	54	163	36	19	81	103	24	41	15
France	47	12	34	135	158	96	58	92	81	17	31
Italy	69	46	109	102	50	41	81	112	103	147	43
Greece	111	134	53	166	146	76	156	100	119	48	³³ 25

SOURCE: WORLD BANK, Doing Business (http://www.doingbusiness.org). Rankings for 2005,



- Market conditions in the Midwest are more conducive to participation in any of these asset classes.
 - Exception: the South is estimated to have even more favorable conditions for homeownership than the Midwest.
- Though statistically significant, estimated differences are rather small.



- Differences in participation rates arise mainly from differences in market conditions rather than in population characteristics.
- With very few exceptions, effects of market conditions are statistically significant and often quite large
 - small for business ownership

Results on Within-Integration

		STOCKS			BUSINESS		НОМЕ			
	Difference	Coefficient	Covariate	Difference	Coefficient	Covariate	Difference	Coefficient	Covariate	
USA										
NE	-0.002	-0.021 ***	0.020 **	0.070	0.052 ***	0.018 ***	0.102	0.079 ***	0.024 ***	
S	0.119	0.083 ***	0.036 ***	0.045	0.028 ***	0.017 **	0.025	-0.004	0.029 ***	
W	0.025	0.024 ***	0.001	0.053	0.043 ***	0.009	0.041	0.026 ***	0.015 **	
Europe										
SE	-0.469	-0.456 ***	-0.013	-0.065	-0.069 ***	0.004	-0.178	-0.227 ***	0.048 **	
DK	-0.318	-0.277 ***	-0.041 ***	-0.032	-0.031 ***	-0.002	-0.178	-0.190 ***	0.012	
NL	0.001	-0.001	0.002	-0.004	-0.013 *	0.008	-0.042	-0.093 ***	0.051 ***	
BE	-0.133	-0.133 ***	0.000	0.009	0.006	0.003	-0.289	-0.304 ***	0.015	
FR	-0.187	-0.213 ***	0.026 *	0.004	-0.009 *	0.013 **	-0.211	-0.276 ***	0.066 ***	
СН	-0.116	-0.080 ***	-0.036 **	-0.046	-0.046 ***	0.001	-0.040	-0.049 ***	0.009	
AT	0.144	0.131 ***	0.013	0.021	0.015 ***	0.006	-0.055	-0.120 ***	0.065 ***	
IT	0.140	0.082 ***	0.058 **	-0.001	-0.024 ***	0.023 ***	-0.241	-0.334 ***	0.093 ***	
ES	0.131	0.058 **	0.072 ***	-0.007	-0.039 ***	0.031 ***	-0.358	-0.495 ***	0.137 ***	
GR	0.135	0.109 ***	0.026	-0.005	-0.010	0.006	-0.332	-0.417 ***	0.085 ***	
EN	-0.153	-0.179 ***	0.026	0.038	-0.001	0.039 ***	-0.249	-0.410 ***	0.160 ***	



Counterfactual decomposition

Levels of Asset Holdings

Decomposition is of the following form:

$$f(y^{US}) - f(y^{i}) = \left\{ f(y^{US}) - f^{*}(y; X^{i}b^{US}) \right\} + \left\{ f^{*}(y; X^{i}b^{US}) - f(y^{i}) \right\}$$
Actual difference

Effects of characteristics

Effects of market conditions

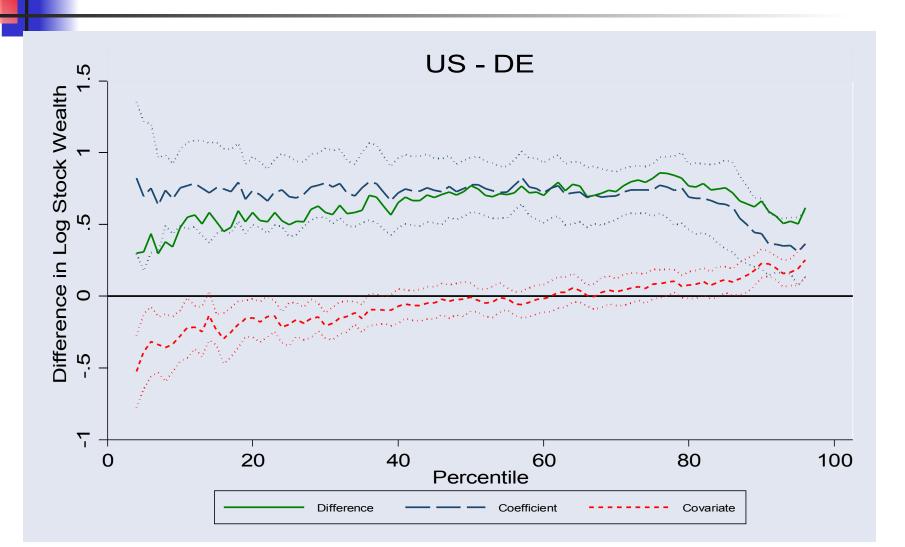


- Based on recent quantile regression techniques
- Controls: same as for participation
- Provide
 - estimates
 - tests for statistical significance

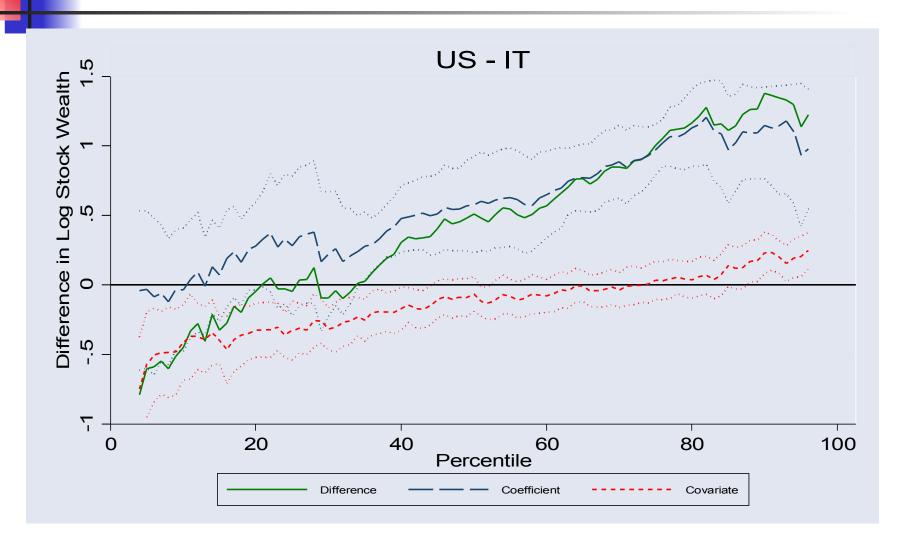


- Strong effects of market conditions:
 - European stockholders would achieve considerably higher levels of stock holdings if they were confronted with US market conditions.
- Effects of population characteristics are small and mostly insignificant across percentiles.

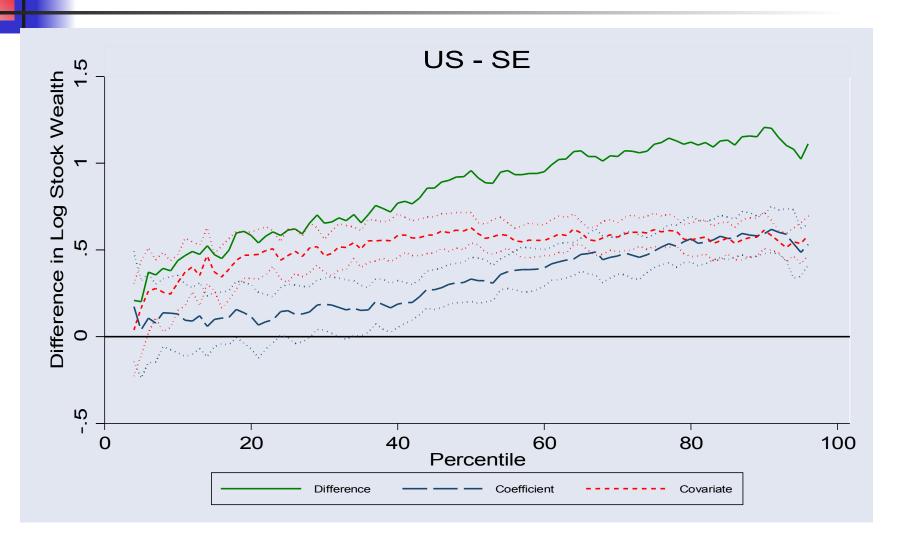
Counterfactuals Stockholding Levels, Direct and Indirect (similar pictures for FR, EN)



Counterfactuals Stockholding Levels, Direct and Indirect (similar pictures for ES, GR)



Counterfactuals Stockholding Levels, Direct and Indirect

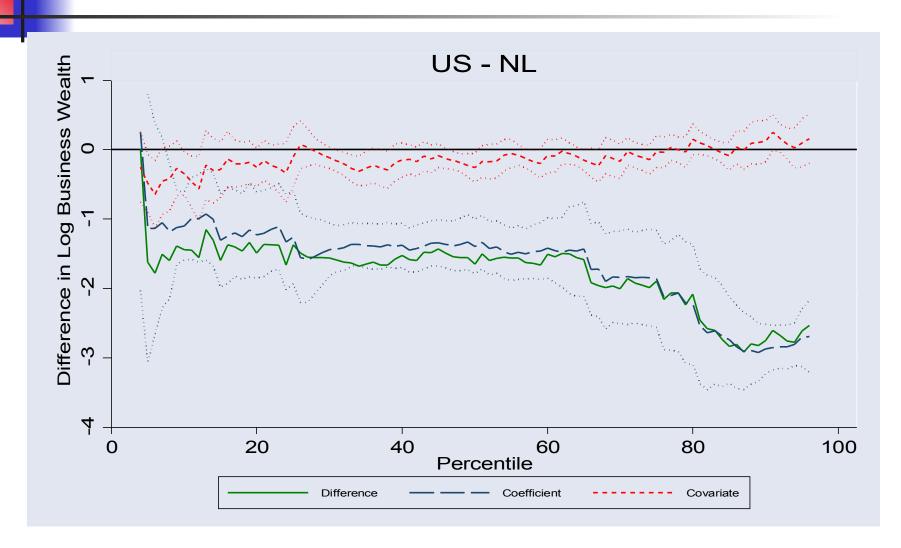




- Most of the differences can be accounted for by differences in market conditions.
 - If European private business holders were faced with US markets conditions, they would be holding lower amounts in private businesses.
 - England represents the only case where business holders (in particular small ones) would hold higher amounts.
- Effects of population characteristics are insignificant.

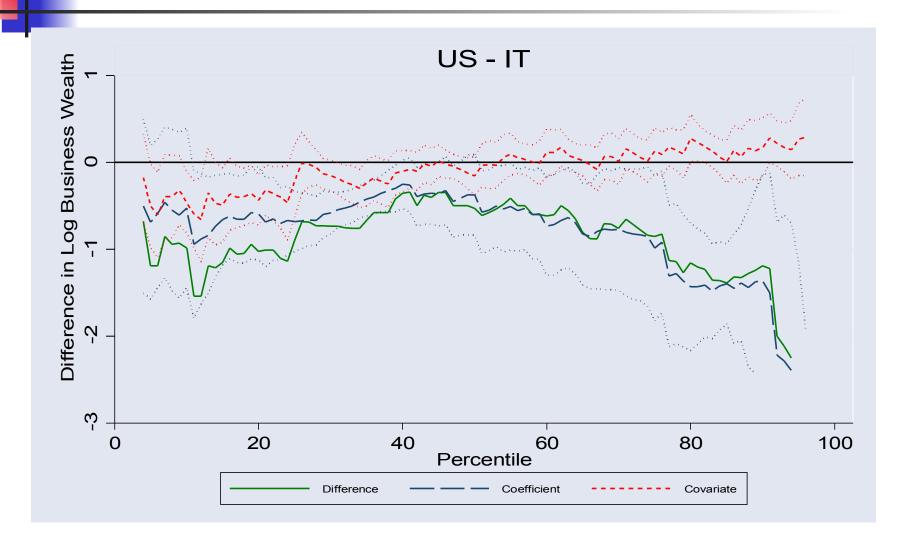
Counterfactuals Private Business Wealth

(similar pictures for SE, DE)

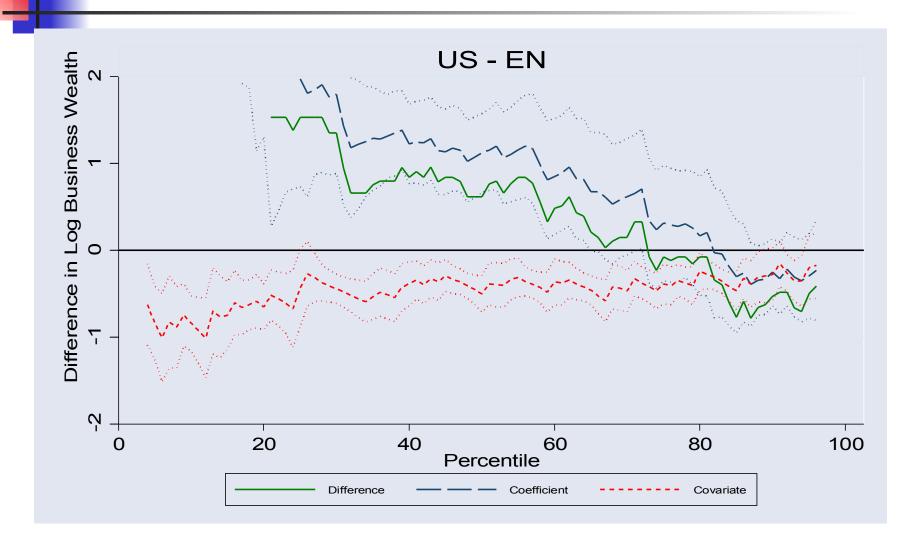


Counterfactuals Private Business Wealth

(similar pictures for ES, GR)



Counterfactuals Private Business Wealth



Market Conditions Indicators

- Ease of Doing Business: the US does not rank top in:
 - paying taxes
 - dealing with licenses
 - trading across borders
 - registering property
- Quality of governance:
 - 8 European countries rank above the US in terms of governance indicator
- However, complete reversal of ranking between participation and levels:
 - US older business owners hold smaller amounts probably because they perceive other investment alternatives as more attractive compared to Europeans: stockholding?

Indicators of Governance

Country	Percentile	Rule of	StdI	Percentil	eRegulatory	StdI	ercentile	ePolitical	Std I	ercentil	e Control	Std
	Rank	Law	Error	Rank	Quality	Error	Rank	Stability	Error	Rank	Of	Error
		Jovernance			Governance			fovernanc	е		Corruption	
		Score			Score			Score			Governance	
											Score	
	(0-100)(-2.5 to +2.5)	(0-100)	-2.5 to +2.5)	(0-100ÿ-	2.5 to +2.:	5)	(0-100)	-2.5 to +2.5)
Austria	95.2	1.81	0.14	91.7	1.49	0.2	80.8	0.97	0.22	97.1	2.13	0.15
Belgium	92.4	1.51	0.14	90.7	1.43	0.2	70.7	0.78	0.22	91.7	1.51	0.15
Denmark	98.1	1.97	0.14	97.1	1.79	0.2	83.7	1.03	0.22	99	2.42	0.15
France	91.4	1.41	0.14	83.4	1.16	0.2	63.5	0.51	0.22	90.3	1.39	0.15
Germ any	93.3	1.73	0.14	90.2	1.42	0.2	67.8	0.69	0.22	93.2	1.9	0.15
Greece	73.8	0.81	0.14	76.6	0.87	0.2	60.1	0.4	0.22	70.9	0.55	0.15
Ital y	68.6	0.65	0.14	80	1.05	0.2	57.2	0.27	0.22	71.4	0.56	0.15
Netherlands	94.3	1.77	0.14	97.6	1.81	0.2	80.3	0.95	0.22	95.1	2.04	0.15
Spain	87.1	1.2	0.14	87.3	1.31	0.2	57.7	0.3	0.22	89.8	1.39	0.15
Sweden	96.7	1.87	0.14	96.1	1.73	0.2	93.3	1.31	0.22	97.6	2.17	0.15
Switzerland	99.5	1.98	0.14	93.7	1.58	0.2	94.2	1.33	0.22	96.6	2.12	0.15
United	93.8	1.73	0.14	96.6	1.76	0.2	59.6	0.4	0.22	94.2	1.99	0.15
Kingdom												
United	91.9	1.48	0.14	91.2	1.47	0.2	52.9	0.12	0.22	92.7	1.76	0.13
States												

Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2007), "Governance Matters VI: Governance Indicators for 1996-2006", World Bank governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen an expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, in governmental organizations, and international organizations.



- European homeowners in virtually all countries would have smaller holdings if they faced US market conditions.
 - Effects are particularly strong and well exceed the overall differences in home values observed in England and in southern countries.
- By contrast, US homeowners have characteristics more conducive to large home equity values than European homeowners.

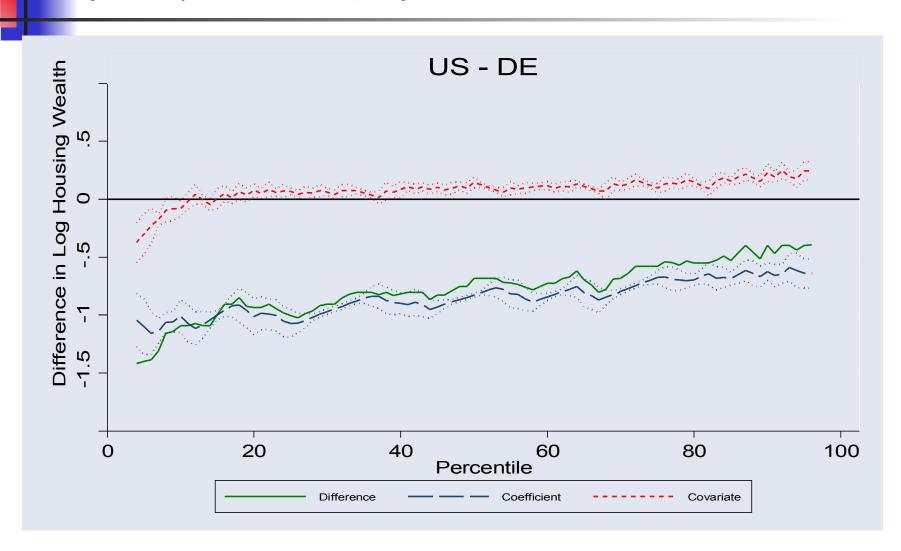
Smaller Holdings does not mean Smaller Homes!

Country	Year	Average m ² for total dwellings
Austria	2004	97
Denmark	2005 ^a	111
France	2002	90
Germany	2002	90
Italy	2001	92
Spain	2001	93
United Kingdom	2003	85
United States	2003	165

Source: United Nations Statistics. Note: ^aData refer to average living floor space.

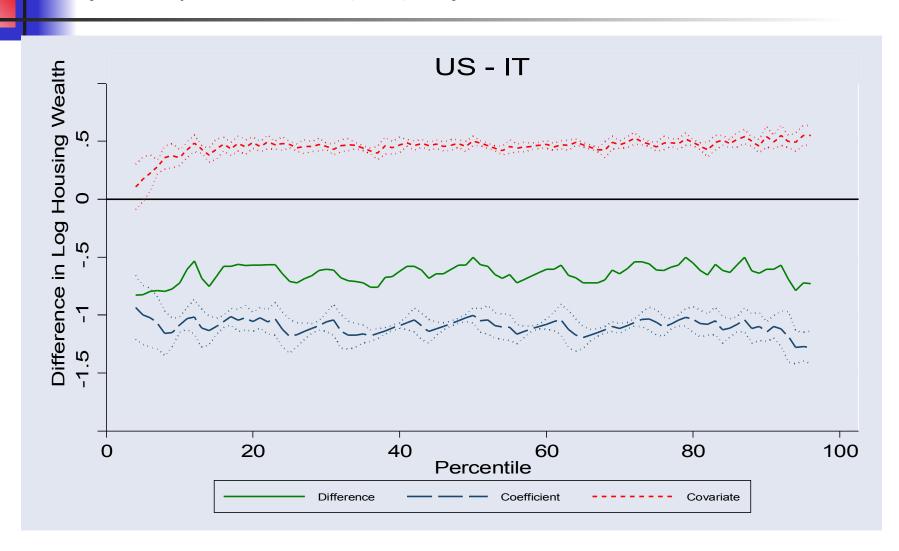
Counterfactuals Housing Wealth

(similar pictures for BE, AT)



Counterfactuals Housing Wealth

(similar pictures for ES, GR, EN)



Why larger European holdings in housing?

- Boom in real housing prices in the first half of the decade?
 - Especially Spain, UK, and Italy
 - However, not all countries in Europe experienced such strong trends
- A more favorable tax treatment of housing in Europe?
 - No noticeable difference, except perhaps in not taxing capital gains in some European countries
- Availability of bigger mortgages in Europe?
 - Loan to value ratios in mortgage markets are generally lower –or at least no higher - in Europe compared to the US
- Reversal of results with respect to participation
- More likely: home versus risky financial assets

Characteristics of Mortgage Markets

Country	Mortgage debt to GDP (ratio)	Home ownership ratio*	Loan to value ratio**	Interest rate a djustment***	duration (years)
BE	31%	72%	80-85%	F(75%) M(19%) V(6%)	20
DE	52%	39%	≈70%	Mainly F and M	≤30
DK	67%	59%	80%	F (75%) M (10%) V (15%)	30
GR	21%	80%	70-80%	F(5%) M(15%) V(80%)	15-20
ES	46%	85%	≈80%	V(≥75%) Rest mainly M	15-25
FR	26%	58%	80%	F/M/Other(86%) V(14%)	15
IT	15%	69%	50%	F(28%) Rest mainly M	10-25

53%

56%

70%

69%

NL

ΑT

UK

US

111%

20%

73%

69%

112%

60%

70%

80%

F(74%)

M(19%) V(7%)

F(75%)

V(25%) M(28%)

V(72%)

F(85%)

M(15%)

Typical

10

20-30

30

^{*} Share of owner-occupied dwelling. ** Estimated average loan-to-value ratio on new mortgage loans. *** Breakdown of new loans by type. Fixed (F): Interest rate fixed for more than five years or until expiry; Mixed (M): Interest rate fixed between one and five years; Variable (V): Interest rate renegotiable after one year or tied to market rates or adjustable at the discretion of the lender. Source: Alessandro Calza, Tommaso Monacelli and Livio Stracca (2007). "Mortgage Markets, Collateral Constraints, and Monetary Policy: Do Institutional Factors Matter?"



- Estimated effects of market conditions suggest that households in different regions face:
 - Similar market conditions with respect to stockholding
 - Greater incidence of statistically significant effects of market conditions for private businesses
 - Even greater for the primary residence

Housing Markets within the US

Madian Asking Salas Prica (dollars)									
Median Asking Sales Price (dollars)									
Year and		North-							
quarter	US	east	Midwest	South	West				
2004									
1Q	126700	232100	111000	111700	183600				
2Q	124700	125000	128800	99200	192300				
3Q	113600	135000	115000	94000	178400				
4Q	121800	123500	82900	122900	206200				
Annual 122100		150000 11100		104500	189600				
Quarterly Ho	Quarterly Homeowner Vacancy								
2004									
1Q	1.7	0.9	2.1	2	1.3				
2Q	1.7	1.1	1.7	2	1.4				
3Q	1.7	1.2	2.1	1.9	1.4				
4Q 1.8 1.2 2.2 2 1.5									
Source: Current Population Survey/Housing Vacancy Survey,									
Series H-111, Bureau of the Census, Washington, DC 20233.									

Amounts: Within Europe

Stockholding:

 Vast majority of countries exhibit strongly significant effects of market conitions relative to Germany

Private Business:

- Households with small or medium holdings tend to face comparable market conditions across European countries
- Statistically and economically significant differences are observed for those with the largest holdings

Homes:

- Effects of markets conditions are statistically significant
 - but their estimated size and sign exhibit considerable variation across European countries when compared to Germany
- A number of statistically significant effects of population characteristics

Results on Within- Integration

Stocks											
		.25			.50		.75				
	Diff	Coeff	Cov	Diff	Coeff	Cov	Diff	Coeff	Cov		
NE	-0.10	0.10	-0.19 **	-0.14	-0.04	-0.11	-0.14	-0.02	-0.12		
S	0.00	0.10	-0.10	0.03	0.02	0.01	-0.02	0.04	-0.06		
W	-0.34	0.07	-0.41 ***	-0.17	0.19 *	-0.36 ***	-0.20	0.14 *	-0.33 ***		
SE	0.12	-0.69 ***	0.81 ***	0.19	-0.58 ***	0.76 ***	0.29	-0.45 ***	0.74 ***		
DK	0.51	0.32 ***	0.19	0.55	0.36 ***	0.19	0.52	0.31 **	0.21 *		
NL	-0.57	-0.76 ***	0.19	-0.52	-0.58 ***	0.06	-0.62	-0.74 ***	0.12		
BE	-0.32	-0.32 *	0.00	-0.74	-0.67 ***	-0.07	-1.01	-1.0 ***	0.03		
FR	-0.06	-0.51 ***	0.45 **	-0.19	-0.51 ***	0.32 **	-0.12	-0.35 ***	0.23 **		
CH	-0.87	-0.98 ***	0.11	-0.79	-0.80 ***	0.01	-0.82	-0.90 ***	0.08		
AT	-0.06	0.13	-0.19	0.13	0.25	-0.12	0.15	0.13	0.02		
IT	-0.55	-0.64 ***	0.09	-0.26	-0.41 **	0.15	0.18	0.12	0.06		
ES	-0.24	-0.54 **	0.30	0.01	-0.14	0.15	0.45	0.29 *	0.15		
GR	0.42	0.14	0.28	0.58	0.28 *	0.30 **	0.79	0.53 ***	0.26 **		
EN	0.03	-0.39 ***	0.42 **	0.04	-0.18 *	0.21	0.01	-0.20 *	0.21		
					Business						
		.25			.50			.75			
	Diff	Coeff	Cov	Diff	Coeff	Cov	Diff	Coeff	Cov		
NE	0.22	0.35	-0.13	0.40	0.41 **	-0.01	0.29	0.26	0.03		
S	0.69	0.86 ***	-0.17*	0.51	0.52 ***	-0.01	0.47	0.41 ***	0.06		
W	0.51	0.69 **	-0.18	0.41	0.49 **	-0.08	0.29	0.33	-0.04		
SE	0.86	0.95 ***	-0.09	0.29	1.03 ***	-0.75 **	0.92	1.84 ***	-0.92 **		
DK	0.38	0.33	0.05	-0.49	0.02	-0.51 *	0.85	1.30 ***	-0.45		
NL	-0.37	-0.38	0.01	-0.56	-0.09	-0.47	-0.23	0.24	-0.47		
\mathbf{BE}	-0.67	-0.47	-0.20	-0.42	0.16	-0.58 **	0.49	0.89 ***	-0.40		
FR	0.08	0.04	0.04	0.08	0.57 **	-0.49	1.36	1.71 ***	-0.35		
CH	0.21	0.41	-0.20	0.01	0.52	-0.51	0.28	0.63 *	-0.35		
AT	-0.06	-0.49	0.43 *	0.60	0.26	0.34	2.06	1.76 ***	0.30		
IT	0.11	0.39	-0.28	0.56	1.53 ***	-0.97 ***	0.81	1.61 ***	-0.80 *		
ES	0.32	0.00	0.32	0.50	0.77 **	-0.27	1.63	1.93 ***	-0.30		
GR	0.58	0.63 **	-0.05	0.38	0.69 **	-0.31	1.56	1.80 ***	-0.24		
EN	2.54	2.84 ***	-0.30	1.70	2.23 ***	-0.53	1.59	1.97 ***	-0.38		

Results on Within- Integration (ctd)

Main Home										
		.25			.50		.75			
	Diff	Coeff	Cov	Diff	Coeff	Cov	Diff	Coeff	Cov	
NE	-0.12	-0.09 *	-0.03	-0.36	-0.34 ***	-0.02	-0.53	-0.50 ***	-0.03 *	
S	0.26	0.17 ***	0.09***	0.28	0.20 ***	0.08 ***	0.10	0.05 *	0.05 **	
W	-0.53	-0.50 ***	-0.03	-0.64	-0.62 ***	-0.02	-0.69	-0.66 ***	-0.03	
SE	1.08	1.02 ***	0.06	0.69	0.71 ***	-0.02	0.63	0.67 ***	-0.04	
DK	0.52	0.46 ***	0.06	0.39	0.43 ***	-0.04 ***	0.32	0.37 ***	-0.05 *	
NL	-0.32	-0.35 ***	0.03	-0.32	-0.25 ***	-0.07***	-0.30	-0.23 ***	-0.07 **	
BE	0.16	0.09 ***	0.07	0.13	0.18 ***	-0.05 ***	0.17	0.24 ***	-0.07 **	
FR	0.13	0.04	0.10**	-0.02	-0.01	-0.01	-0.11	-0.09	0.02	
CH	-0.50	-0.45 ***	-0.05	-0.53	-0.39 ***	-0.14***	058	-0.44 ***	-0.14 ***	
AT	0.34	0.17 ***	0.18***	0.06	0.02	0.04 **	-0.4	-0.07 ***	0.03	
IT	0.29	0.12 *	0.17***	0.18	0.11 **	0.07**	-0.04	-0.07	0.03	
ES	0.50	0.27 ***	0.23 ***	0.27	0.21 ***	0.06	0.16	0.18 ***	-0.02	
GR	0.77	0.60 ***	0.17***	0.61	0.57 ***	0.04	0.38	0.39 ***	-0.01	
EN	-0.21	-0.41 ***	0.20***	-0.27	-0.30 ***	0.03	-0.23	-0.17 ***	-0.06	

Note: All decompositions for US Regions refer to differences from the Mid West, while for European countries to differences from Germany. The actual difference in the (log) asset levels, 'diff', is decomposed into two parts: one reflecting the effect of coefficients ('coeff') and one due to the effect of covariates ('cov'). ***, **, * denote significance at 1%, 5% and 10% statistical level, respectively. Standard errors have been computed using 100 bootstrap replications.

Concluding remarks

- Evidence of quite limited integration between US and major European countries, but also within Europe
- Effects of market conditions:
 - US conditions tend to encourage participation in all assets
 - European tendency towards larger real asset holdings and lower stock holdings
 - Market conditions typically more important than household characteristics
 - consistent with indicators of institutional factors
- Positive rather than normative analysis
 - Promoting certain types of asset holding can be a policy choice
 - Are findings consistent with integration rhetoric/EU objectives?
 - No evidence of a European, let alone of a transatlantic, 'village'
 - Can be extended to other assets/debts/regions for further testing