For online publication

Online Appendix to "The Long-Term Impacts of Mixing the Rich and Poor: Evidence from Conscript Dorms"

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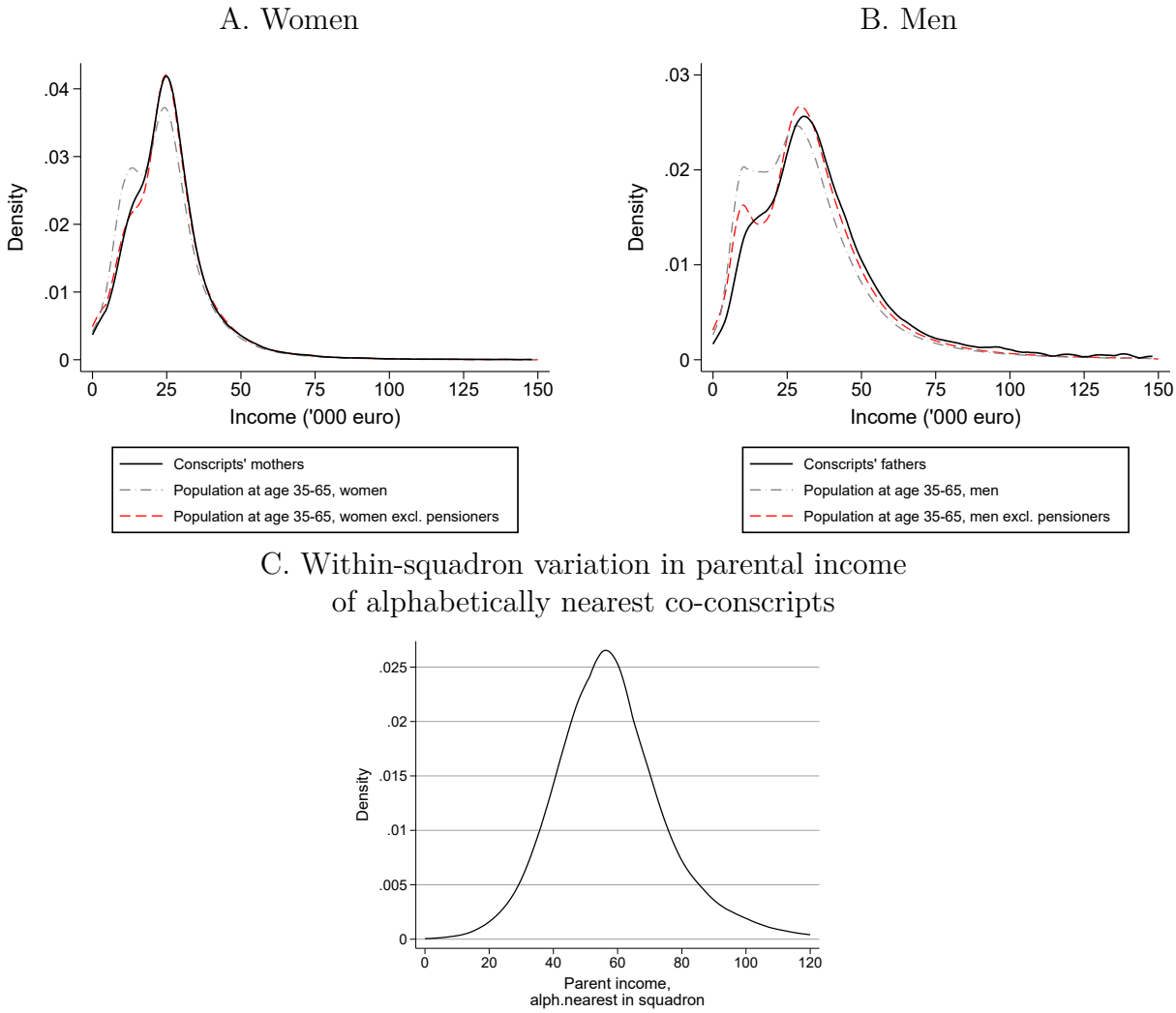
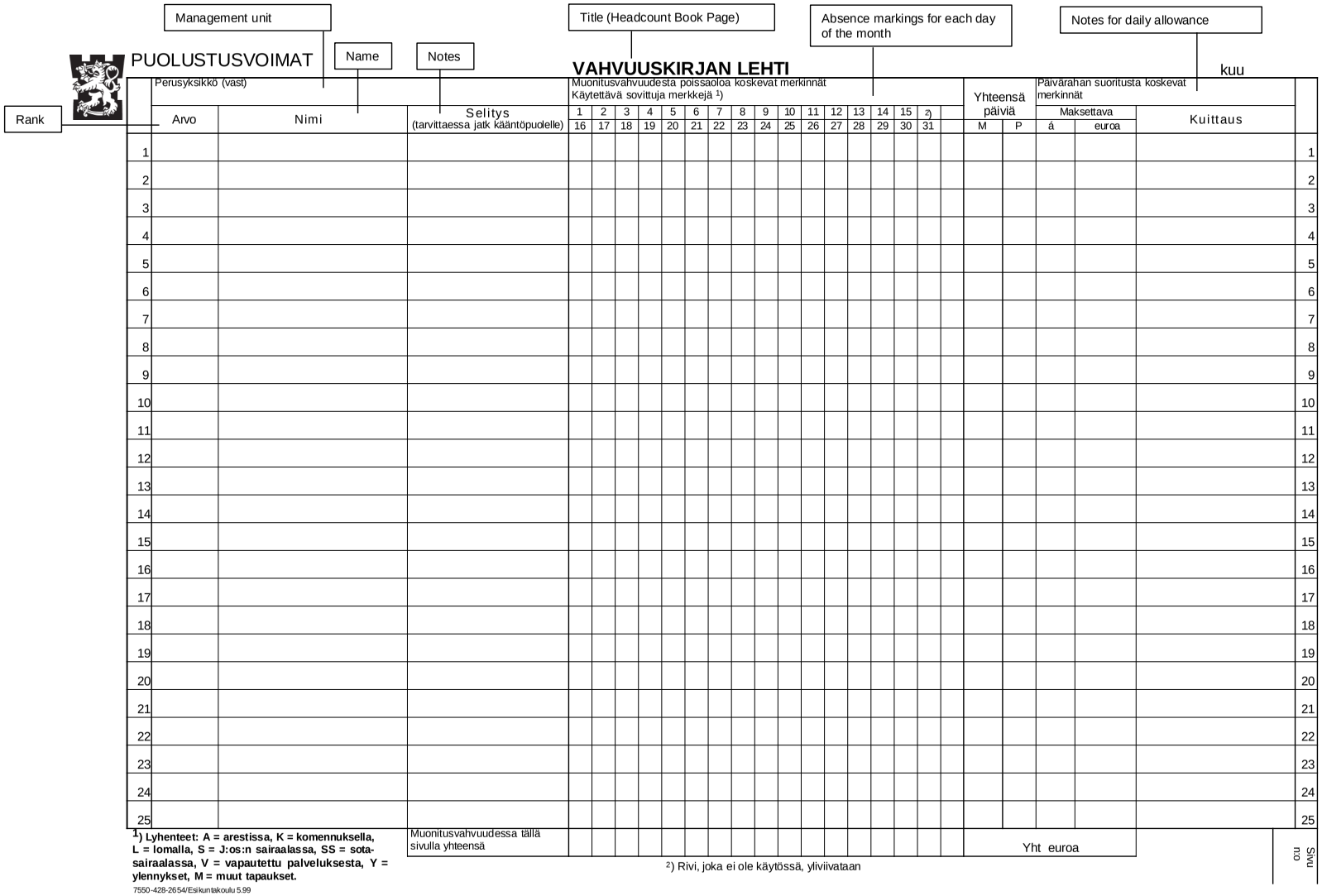
Figure A1: Income distributions of conscripts' parents and population at age 35-65



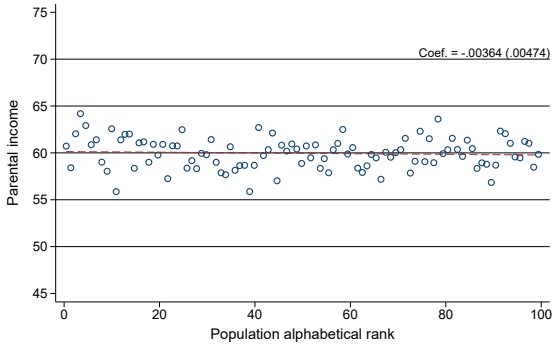
Notes: The figures show income distributions for conscripts' parents and for population at age 35-65, separately for women and men. Income is in thousand euros, deflated to 2012 prices with the CPI, and averaged over three years. For all groups, we use the years 1996-2006, which correspond to the initial service years in our CR sample. Numbers of observations are 49,836 for conscripts' mothers and 47,781 for fathers. Numbers of observations in the population panel are 12,384,571 for women and 12,035,595 for men. Observations with zero or negative income are excluded. Panel C shows the within-squadron variation in the average parental income of a conscript's two alphabetically nearest co-conscripts in the squadron. It uses residuals from a regression of the average parental income of the two alphabetically nearest conscripts in the squadron on parental income and squadron fixed effects. Parental income is the sum of mother's and father's income and in thousand euros. The distribution is centered at the sample mean (59,880 euros). The standard deviation is 17.78.

Figure A2: Standard Page in an FDF Headcount Book



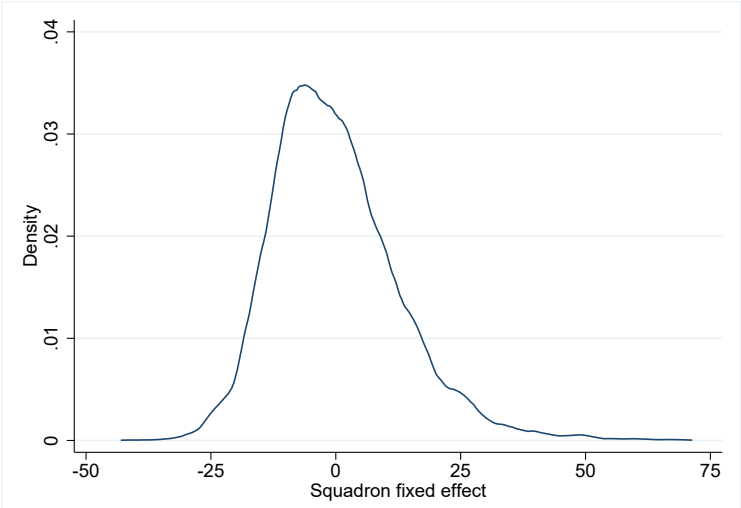
Notes: The figure displays a standard page in an FDF headcount book used in the daily counting of present and absent conscripts. Explanations in English are added by the authors.

Figure A3: Alphabetical rank and parental income



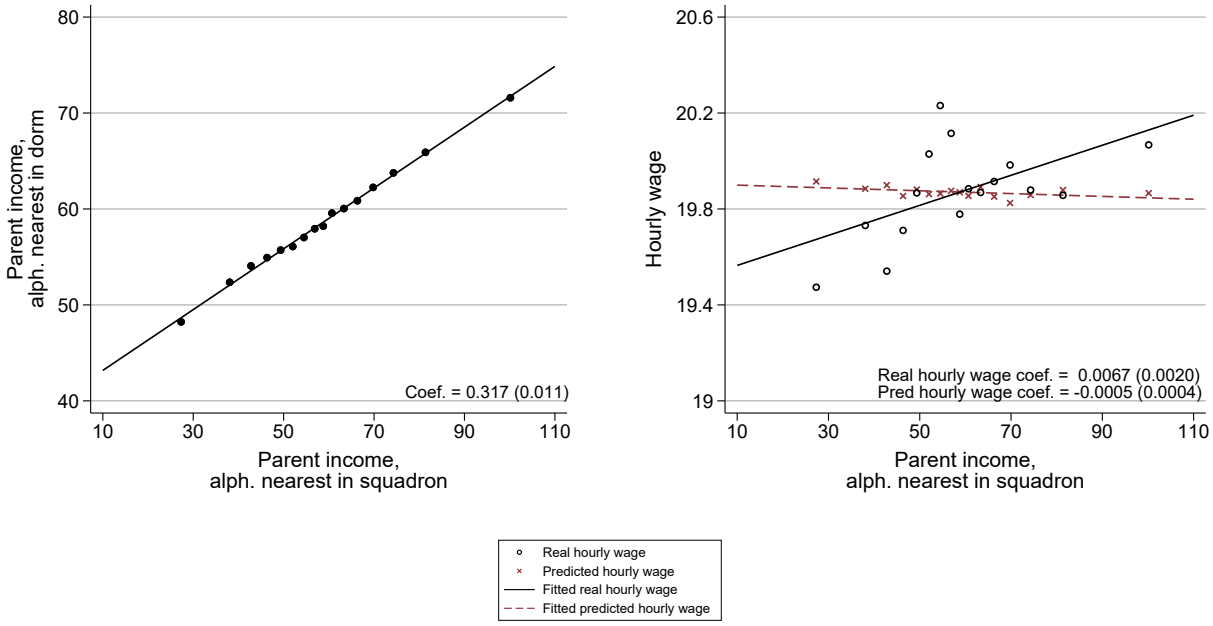
Notes: The figure displays a scatter plot of parental income on the conscript's alphabetical rank percentile. Data include 50,578 conscripts in the baseline sample. Income is in thousand euros. Standard errors allowing for clustering at the level of squadron are in parentheses.

Figure A4: Between-squadron variation in parental income



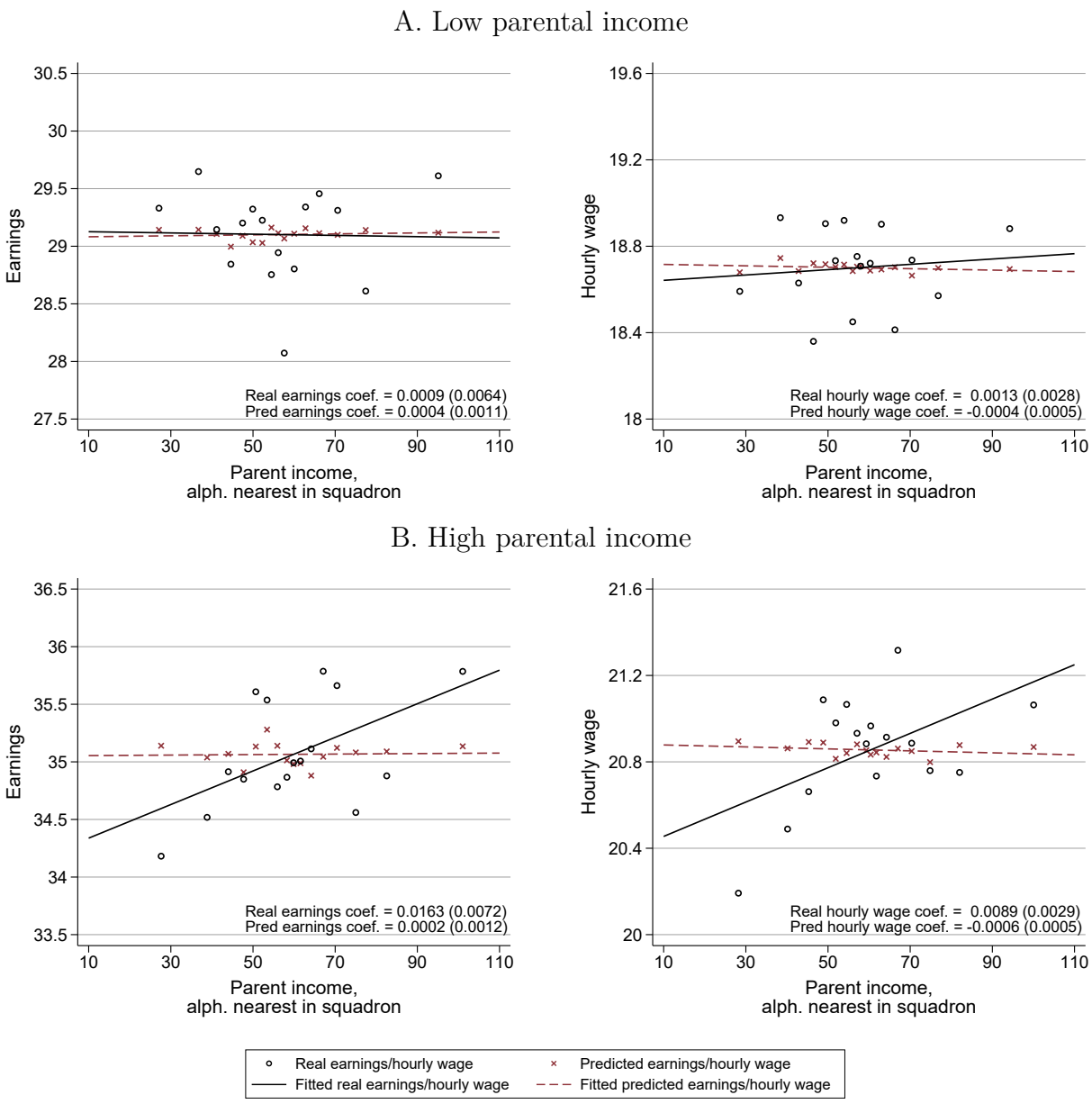
Notes: The figure displays the distribution of squadron fixed effects for parental income estimated from a squadron-fixed effects regression without any control variables. Data include 50,578 conscripts in the baseline sample. Income is in thousand euros. The standard deviation is 16.7.

Figure A5: First-stage and reduced-from effects for hourly wage



Notes: The figure on the left displays the first-stage estimate from a regression of the average parental income of the two alphabetically nearest dormmates on the average parental income of the two alphabetically nearest conscripts in the squadron. The figure on the right displays the reduced-form estimates from separate regressions of realized and predicted hourly wages at age 28-42 on the average parental income of the two alphabetically nearest conscripts in the squadron. Predicted hourly wage is constructed as the best linear prediction of hourly wage at age 28-42 based on the pre-service characteristics in Panel A of Table 1. The figures plot the residuals from separate regressions of the x- and y-axis variables on parental income, dummies for calendar year, and squadron fixed effects. The lines pass through coordinates corresponding to the sample means of the variables on the horizontal and vertical axes. Data include 165,180 conscript-year observations (32,688 conscripts). Parental income is in thousand euros. Standard errors allowing for clustering at the level of squadron are in parentheses.

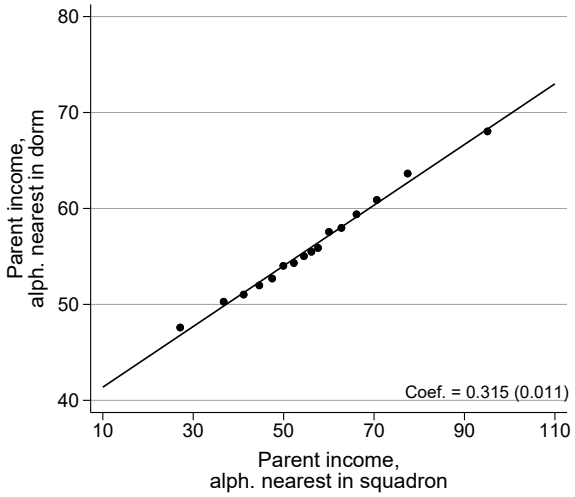
Figure A6: Reduced-form effects on earnings and hourly wages by parental income



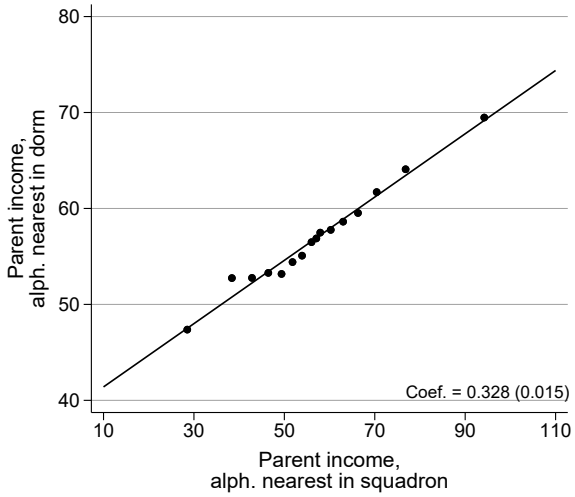
Notes: The figure displays the reduced-form effects of the average parental income of the two alphabetically nearest conscripts in the squadron on realized and predicted earnings and hourly wages at age 28-42, separately for conscripts whose parental income is below and above the median. The specifications correspond to the reduced-form graphs in Figure 1 (earnings) and Appendix Figure A5 (hourly wage). Numbers of observations in Panels A and B are 188,853 and 188,110 for earnings and 75,470 and 89,710 for hourly wages, respectively. Parental income is in thousand euros. Standard errors allowing for clustering at the level of squadron are in parentheses.

Figure A7: First-stage effects for earnings and hourly wages by parental income

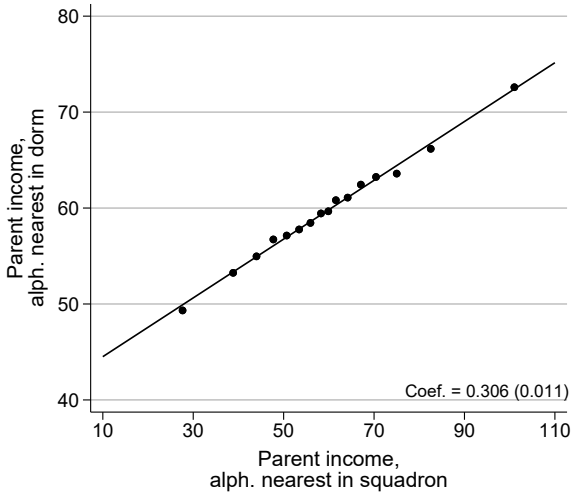
A. Low parental income, baseline sample



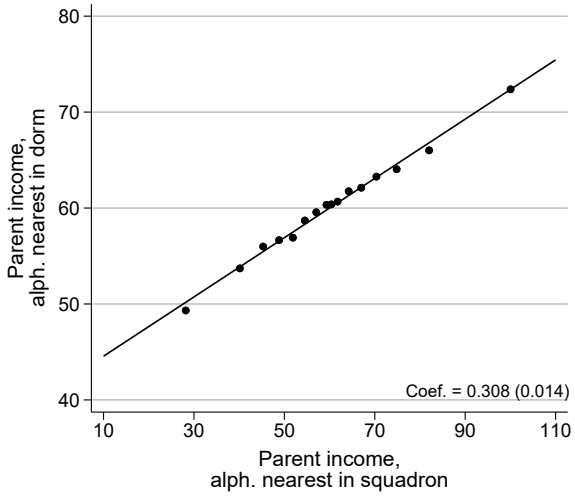
B. Low parental income, wage sample



C. High parental income, baseline sample

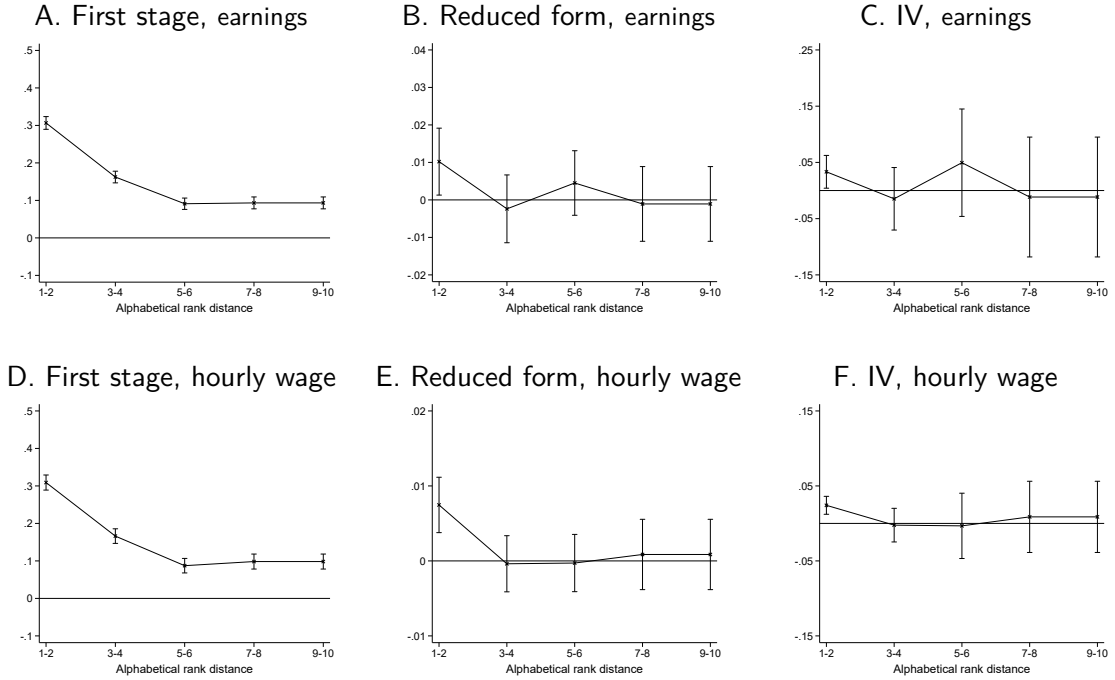


D. High parental income, wage sample



Notes: The figure shows the first-stage coefficients mirroring Appendix Figure A6. The specifications correspond to the first-stage graphs in Figure 1 (earnings) and Appendix Figure A5 (hourly wage). Standard errors allowing for clustering at the level of squadron are in parentheses.

Figure A8: IV estimates for earnings and hourly wages by the alphabetical rank distance between a conscript and his peers



Notes: The figure shows first-stage, reduced-form, and IV estimates and the corresponding 95% confidence intervals by the alphabetical rank distance between a conscript and his peers. In each graph, the first estimate on the left labeled "1-2" corresponds to the baseline specification using the two alphabetically nearest conscripts in the squadron and the two alphabetically nearest dormmates. In the subsequent models, the alphabetical rank distance is increased. The last estimate labeled "9-10" is for a specification where the peers included in the instrument and in the peer mean are the 9th and 10th alphabetically nearest conscripts in the squadron and dorm, respectively. Confidence intervals are based on standard errors allowing for clustering at the level of squadron. **Panels A to C:** Numbers of observations used for estimates from left to right in each graph are 376,963, 355,631, 309,898, 256,262, and 198,337. **Panels D to F:** Numbers of observations used for estimates from left to right in each graph are 165,042, 155,766, 135,508, 111,568, and 111,568.

Table A1: Summary statistics

	All			Below-median parental income			Above-median parental income		
	Mean	SD	N	Mean	SD	N	Mean	SD	N
A. Pre-service characteristics									
Age	19.74	0.67	50,578	19.74	0.69	25,291	19.74	0.66	25,287
Earnings	5.00	5.79	50,578	4.83	5.75	25,291	5.16	5.83	25,287
Employed	42.29	49.40	50,578	41.33	49.24	25,291	43.25	49.54	25,287
Years of schooling	10.43	1.52	50,578	10.43	1.52	25,291	10.42	1.51	25,287
University degree (%)	0.01	0.99	50,578	0.01	1.09	25,291	0.01	0.89	25,287
Married (%)	0.27	5.20	50,578	0.37	6.05	25,291	0.17	4.17	25,287
Foreign (%)	0.00	0.63	50,578	0.00	0.63	25,291	0.00	0.63	25,287
Primary language Finnish	95.78	20.10	50,578	95.92	19.78	25,291	95.64	20.42	25,287
Unemployment benefits	0.28	0.85	50,578	0.39	0.99	25,291	0.17	0.67	25,287
General housing allowance	0.26	0.89	50,578	0.39	1.09	25,291	0.13	0.61	25,287
Parental income	59.96	30.39	50,578	38.49	12.38	25,291	81.43	27.79	25,287
Number of parents employed	1.49	0.67	50,578	1.20	0.71	25,291	1.77	0.48	25,287
Parents' years of schooling	23.96	6.13	50,578	21.21	4.97	25,291	26.72	5.95	25,287
Parental pension income	2.23	6.52	50,578	2.97	6.65	25,291	1.48	6.30	25,287
Parental unemployment benefits	1.89	4.01	50,578	2.90	4.71	25,291	0.88	2.81	25,287
Parental general housing allowance	0.39	1.40	50,578	0.63	1.75	25,291	0.15	0.85	25,287
Parental income, two alph. nearest conscripts in the squadron	59.88	22.61	50,578	57.98	21.67	25,291	61.77	23.36	25,287
Parental income, two alph. nearest dormmates	59.71	22.65	50,578	57.73	21.66	25,291	61.69	23.43	25,287
B. Outcomes 1-3 years after service									
Studies at a university (%)	41.15	49.21	148,742	30.02	45.83	74,377	52.28	49.95	74,365
Earnings-based index of program quality	26.57	5.82	148,742	25.27	4.71	74,377	27.88	6.51	74,365
Hourly-wage-based index of program quality	18.16	2.33	148,742	17.62	1.82	74,377	18.70	2.65	74,365
Economics and business program (%)	10.05	30.07	148,742	6.75	25.09	74,377	13.36	34.02	74,365
STEM program (%)	29.50	45.60	148,742	24.59	43.06	74,377	34.40	47.51	74,365
Medicine (%)	2.21	14.69	148,742	1.70	12.92	74,377	2.71	16.25	74,365

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Table A1 continued

	All			Below-median parental income			Above-median parental income		
	Mean	SD	N	Mean	SD	N	Mean	SD	N
C. Outcomes at ages 28-42									
Earnings	32.08	20.60	376,963	29.10	18.86	188,853	35.07	21.81	188,110
Hourly wage	19.87	6.58	165,180	18.7	5.71	75,470	20.86	7.08	89,710
Work hours	163.42	24.33	165,180	163.50	23.81	75,470	163.36	24.76	89,710
Employed (%)	84.27	36.41	376,963	81.98	38.43	188,853	86.56	34.10	188,110
Employment days	315.09	112.08	374,769	309.01	117.79	187,743	321.20	105.69	187,026
Unemployment benefits	1.04	3.06	376,963	1.27	3.31	188,853	0.81	2.76	188,110
General housing allowance	0.19	0.81	376,963	0.23	0.89	188,853	0.15	0.72	188,110
Completed years of schooling	13.77	3.23	376,963	13.06	2.93	188,853	14.48	3.37	188,110
Holds a university degree (%)	34.70	47.60	376,963	24.98	43.29	188,853	44.46	49.69	188,110

Notes: The table displays summary statistics for the baseline sample and for samples by parental income. Background characteristics in Panel A are measured one year before the start of service, except age, which is measured in the initial service year. Nominal values are deflated to 2012 euros. The data includes conscripts who entered service in 1996-2006. Numbers of observations vary across rows in Panel C due to differences in availability of data: hourly wages and work hours are available in the wage sample; employment days are available from 2005 onward.

Table A2: Distribution of service age by parental income

Age	All	Low-income	High-income
18	1.0	1.2	0.8
19	33.7	33.4	34.0
20	57.5	57.3	57.7
21	5.7	5.7	5.6
22	2.1	2.4	1.9
Observations	50,578	25,291	25,287

Notes: The table displays percentages of conscripts by service age separately for all conscripts in the baseline sample and for conscripts from low- and high-income families.

Table A3: Additional reduced-form regressions for earnings and own parental income

Dependent variable:	(1) Earnings (baseline)	(2) Earnings	(3) Own parental income
	A. No additional controls		
Parental income:			
two alphabetically nearest in the squadron	0.0096	-0.0030	-0.1404
	(0.0047)	(0.0048)	(0.0104)
own	0.0904	-	-
	(0.0036)	-	-
	B. With additional controls		
Parental income:			
two alphabetically nearest in the squadron	0.0102	0.0086	-0.0520
	(0.0046)	(0.0045)	(0.0051)
own	0.0306	-	-
	(0.0056)	-	-

Notes: The data include 376,963 panel observations for 50,578 conscripts in the baseline sample. The table displays additional reduced-from estimates for earnings at age 28-42 and own parental income. All regressions include dummies for the year of outcome measurement and squadron fixed effects. Income and earnings are in thousand euros. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A4: Heterogeneity of peer effects in the wage sample

Dependent variable	All	Low parental income	High parental income
A. Earnings	0.0608	0.0189	0.0737
	(0.0148)	(0.0217)	(0.0231)
B. Hourly wage	0.0242	0.0061	0.0301
	(0.0061)	(0.0087)	(0.0095)
C. Work hours	0.0275	0.0192	0.0379
	(0.0203)	(0.0289)	(0.0319)
D. Employed (%)	-0.0022	0.0053	0.0006
	(0.0102)	(0.0196)	(0.0118)
E. Employment days	0.0111	-0.0480	0.0608
	(0.0236)	(0.0435)	(0.0296)
F. Unemployment benefits	-0.0013	-0.0001	-0.0031
	(0.0009)	(0.0017)	(0.0012)
G. General housing allowance	-0.0007	-0.0004	-0.0006
	(0.0003)	(0.0005)	(0.0003)
Observations:			
Panels A-D and F-G	165,180	75,470	89,710
Panel E	164,232	75,026	89,206

Notes: The table shows estimates of peer effects on long-term outcomes for the hourly wage sample. The specifications mirror Table 5. The number of observations in Panel E is lower because employment days are available only from 2005 onward. Income, earnings, and benefits are in thousand euros. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A5: First-stage estimates for different samples

	All	Low parental income	High parental income
A. Baseline sample	0.3066	0.3074	0.2997
	(0.0087)	(0.0108)	(0.0108)
N	376,963	188,853	188,110
B. Baseline sample, 2005 onward (employment days observed)	0.3063	0.3072	0.2995
	(0.0087)	(0.0108)	(0.0108)
N	374,769	187,743	187,026
C. Hourly wage sample	0.3090	0.3231	0.3024
	(0.0103)	(0.0151)	(0.0140)
N	165,180	75,470	89,710

Notes: The table shows first-stage estimates for different samples denoted by the row and column titles. Each cell displays a coefficient from a separate regression of the average parental income of the two alphabetically nearest dormmates on the average parental income of the two alphabetically nearest conscripts in the squadron. All regressions include the same control variables as the baseline specification in Panel B of Table 2. The sample of individuals with low (high) parental income includes conscripts whose parental income is below (above) the median. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A6: Heterogeneity of peer effects by parental income, IV regressions without additional control variables

Dependent variable	All	Low parental income	High parental income	Dependent mean, all
A. Earnings	0.0308	0.0029	0.0532	32.08
	(0.0150)	(0.0202)	(0.0236)	
B. Hourly wage	0.0212	0.0041	0.0289	19.87
	(0.0062)	(0.0087)	(0.0095)	
C. Work hours	0.0223	0.0192	0.0405	163.42
	(0.0199)	(0.0288)	(0.0311)	
D. Employed (%)	0.0270	0.0246	0.0202	84.27
	(0.0217)	(0.0359)	(0.0295)	
E. Employment days	0.0789	0.0547	0.0883	315.09
	(0.0738)	(0.1187)	(0.1012)	
F. Unemployment benefits	-0.0029	-0.0032	-0.0027	1.04
	(0.0015)	(0.0026)	(0.0019)	
G. General housing allowance	-0.0010	-0.0007	-0.0010	0.19
	(0.0005)	(0.0008)	(0.0006)	
Observations:				
Panels A, D, F, and G	376,963	188,853	188,110	
Panels B and C	165,180	75,470	89,710	
Panel E	374,769	187,743	187,026	

Notes: The table shows IV estimates of peer effects on long-term outcomes, mirroring Table 5, except specifications are based on the IV model without additional controls, corresponding to Panel A of Table 2. First-stage estimates range from 0.299 to 0.323 across specifications and are all statistically significant at the 1% risk level. Income, earnings, and benefits are in thousand euros. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A7: Heterogeneity of peer effects by parental income, IV estimates for squadrons with strong alphabetical rule

Dependent variable	All	Low parental income	High parental income	Difference high - low	Dependent mean, all
A. Earnings	0.0251	0.0020	0.0584	0.0564	32.20
	(0.0111)	(0.0152)	(0.0173)	(0.0233)	
B. Hourly wage	0.0164	0.0014	0.0282	0.0268	19.90
	(0.0045)	(0.0064)	(0.0068)	(0.0093)	
C. Work hours	0.0233	0.0031	0.0373	0.0342	163.66
	(0.0143)	(0.0220)	(0.0214)	(0.0306)	
D. Employed (%)	0.0252	0.0300	0.0202	-0.0098	84.50
	(0.0159)	(0.0270)	(0.0218)	(0.0345)	
E. Employment days	0.0704	0.0877	0.0561	-0.0315	315.90
	(0.0537)	(0.0886)	(0.0749)	(0.1147)	
F. Unemployment benefits	-0.0018	-0.0022	-0.0016	0.0007	1.02
	(0.0011)	(0.0020)	(0.0014)	(0.0024)	
G. General housing allowance	-0.0006	-0.0005	-0.0011	-0.0005	0.18
	(0.0004)	(0.0006)	(0.0005)	(0.0008)	
Observations:					
Panels A, D, F, and G	184,182	91,172	93,007		
Panels B and C	80,279	36,003	44,174		
Panel E	182,975	90,535	92,437		

Notes: The table shows IV estimates of peer effects on long-term outcomes for the sample of squadrons with strong alphabetical rule, whose within-squadron correlation between the average parental income of the two alphabetically nearest conscripts within the squadron and within the dorm is above the median. The specifications mirror Table 5. The numbers of observations vary across rows due to differences in availability of data for the outcome variables: Panels B and C are based on the wage sample; in Panel E, employment days are available from 2005 onward. Income, earnings, and benefits are in thousand euros. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A8: Heterogeneity of peer effects by parental income, reduced-from estimates for squadrons with strong alphabetical assignment

Dependent variable	All	Low parental income	High parental income
A. Earnings	0.0152	0.0010	0.0325
	(0.0068)	(0.0094)	(0.0102)
B. Hourly wage	0.0099	0.0014	0.0163
	(0.0027)	(0.0041)	(0.0040)
C. Work hours	0.0141	0.0090	0.0184
	(0.0086)	(0.0136)	(0.0130)
D. Employed (%)	0.0157	0.0153	0.0162
	(0.0097)	(0.0166)	(0.0127)
E. Employment days	0.0439	0.0428	0.0511
	(0.0327)	(0.0540)	(0.0441)
F. Unemployment benefits	-0.0011	-0.0011	-0.0011
	(0.0007)	(0.0012)	(0.0009)
G. General housing allowance	-0.0004	-0.0004	-0.0006
	(0.0002)	(0.0004)	(0.0003)
Observations:			
Panels A, D, F, and G	184,182	91,172	93,007
Panels B and C	80,279	36,003	44,174
Panel E	182,975	90,535	92,437

Notes: The table shows reduced-form estimates of peer effects on long-term outcomes for squadrons with strong alphabetical dorm assignment for specifications in Appendix Table A7. The numbers of observations vary across rows due to differences in availability of data for the outcome variables: Panels B and C are based on the wage sample; in Panel E, employment days are available from 2005 onward. Income, earnings, and benefits are in thousand euros. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A9: Heterogeneity of peer effects by parental income, reduced-from estimates for squadrons with weak alphabetical assignment

Dependent variable	All	Low parental income	High parental income
A. Earnings	0.0027	-0.0017	0.0045
	(0.0061)	(0.0085)	(0.0088)
B. Hourly wage	0.0047	0.0049	0.0024
	(0.0026)	(0.0037)	(0.0038)
C. Work hours	0.0027	0.0156	0.0093
	(0.0090)	(0.0133)	(0.0142)
D. Employed (%)	-0.0007	-0.0084	0.0012
	(0.0092)	(0.0153)	(0.0119)
E. Employment days	-0.0052	-0.0384	0.0128
	(0.0312)	(0.0520)	(0.0396)
F. Unemployment benefits	-0.0007	-0.0001	-0.0012
	(0.0007)	(0.0011)	(0.0008)
G. General housing allowance	-0.0003	-0.0002	-0.0002
	(0.0002)	(0.0003)	(0.0002)
Observations:			
Panels A, D, F, and G	192,781	92,971	99,806
Panels B and C	84,763	37,264	47,390
Panel E	191,794	92,480	99,310

Notes: The table shows reduced-form estimates of peer effects on long-term outcomes for the sample of squadrons with weak alphabetical rule, whose within-squadron correlation between the average parental income of the two alphabetically nearest conscripts within the squadron and within the dorm is below the median. The specifications mirror Table 5. The numbers of observations vary across rows due to differences in availability of data for the outcome variables: Panels B and C are based on the wage sample; in Panel E, employment days are available from 2005 onward. Income, earnings, and benefits are in thousand euros. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A10: Additional validation regressions, all dormmates with $K_d - 1$ -nearest instrument

	Independent variable				
	Parental income		Parental income of $K_d - 1$ alphabetically nearest conscripts in the squadron		Dependent
Dependent variable	coef.	s.e.	coef.	s.e.	mean
Earnings	0.0021	(0.0011)	0.0018	(0.0029)	5.00
Age	0.0004	(0.0001)	0.0003	(0.0003)	19.74
Employed (%)	0.0206	(0.0086)	0.0061	(0.0245)	42.29
Years of schooling	0.0027	(0.0002)	-0.0003	(0.0007)	10.43
Married (%)	-0.0028	(0.0008)	0.0012	(0.0022)	0.27
Foreign (%)	-0.0001	(0.0001)	0.0005	(0.0004)	0.00
Primary language Finnish (%)	0.0131	(0.0029)	-0.0109	(0.0078)	95.78
Unemployment benefits	-0.0023	(0.0001)	-0.0002	(0.0004)	0.28
General housing allowance	-0.0044	(0.0002)	-0.0001	(0.0005)	0.26
Number of parents employed	0.9468	(0.0153)	-0.0117	(0.0315)	1.49
Parents' years of schooling	0.1198	(0.0012)	0.0022	(0.0027)	23.96
Parental pension income	-0.0208	(0.0013)	-0.0007	(0.0035)	2.23
Parental unemployment benefits	-0.0305	(0.0007)	0.0021	(0.0021)	1.89
Parental housing allowance	-0.0080	(0.0003)	0.0002	(0.0008)	0.39

Notes: The data include $50,578$ conscripts. Each row presents coefficients from a separate regression on the dependent variable denoted by the row label. All regressions include the following independent variables: parental income, parental income of $K_d - 1$ alphabetically nearest conscripts in the squadron, where K_d is the size of the conscript's dorm, and squadron fixed effects. Conscripts in the same squadron are in the same wave and thus dummies for the service year and wave are redundant and not included. Dependent variables are measured one year before service, except age, which is measured in the initial service year. Monetary variables are in thousand euros. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A11: Heterogeneity of peer effects by parental income, all dormmates with alphabetically simulated instrument

Dependent variable	All	Low parental income	High parental income	Dependent mean, all
A. Earnings	0.1802	0.1064	0.3421	32.08
	(0.0938)	(0.1338)	(0.1495)	
B. Hourly wage	0.1600	0.0267	0.2160	19.87
	(0.0398)	(0.0588)	(0.0607)	
C. Work hours	0.0851	-0.0978	0.2051	163.42
	(0.1349)	(0.2115)	(0.2127)	
D. Employed (%)	0.1546	0.1967	0.2292	84.27
	(0.1378)	(0.2337)	(0.2060)	
E. Employment days	0.2745	0.2735	0.8006	315.09
	(0.4672)	(0.7761)	(0.7054)	
F. Unemployment benefits	-0.0111	-0.0051	-0.0093	1.04
	(0.0099)	(0.0175)	(0.0137)	
G. General housing allowance	-0.0027	-0.0038	0.0017	0.19
	(0.0029)	(0.0054)	(0.0041)	
Observations:				
Panels A, D, F, and G	376,963	188,853	188,110	
Panels B and C	165,180	75,470	89,710	
Panel E	374,769	187,743	187,026	

Notes: The table shows IV estimates of peer effects on long-term outcomes. Each cell in Columns 1-3 displays an IV estimate of the impact of the average parental income of a conscript's dormmates on an outcome denoted by the row title in a sample denoted by the column title. Specifications are based on the IV model with additional controls and alphabetically simulated instrument, which is constructed by first ordering conscripts in a squadron by their alphabetical rank and then assigning conscripts to dorms within the squadron by alphabetical order, starting from the dorm which has the lowest observed average alphabetical rank, then moving to the dorm with the second lowest average alphabetical rank, and so on. The sample of individuals with low (high) parental income includes conscripts whose parental income is below (above) the median. The numbers of observations vary across rows due to differences in availability of data for the outcome variables: Panels B and C are based on the wage sample; in Panel E, employment days are available from 2005 onward. The last column shows the full sample means of the dependent variables. First-stage coefficients on the instrument range from 0.100 to 0.108 across specifications and are all statistically significant at the 1% risk level. Income, earnings, and benefits are in thousand euros. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A12: Nonlinearity of peer effects by peers being above or below own parental income, IV estimates

	Independent variable			
	Peer parental income		Peer parental income × I(peer parental income > own parental income)	
Dependent variable	coef.	s.e.	coef.	s.e.
			A. All	
Earnings	0.0778	(0.0372)	-0.0456	(0.0347)
Hourly wage	0.0447	(0.0156)	-0.0153	(0.0145)
Work hours	0.0804	(0.0502)	-0.0469	(0.0470)
Employed (%)	0.0918	(0.0512)	-0.0849	(0.0483)
Employment days	0.3078	(0.1760)	-0.3414	(0.1659)
Unemployment benefits	-0.0051	(0.0035)	0.0006	(0.0033)
General housing allowance	-0.0032	(0.0011)	0.0025	(0.0010)
			B. Low parental income	
Earnings	-0.2859	(0.2187)	0.2952	(0.2141)
Hourly wage	-0.0794	(0.1017)	0.0943	(0.0999)
Work hours	0.0399	(0.3319)	-0.0090	(0.3257)
Employed (%)	0.3583	(0.3615)	-0.3680	(0.3526)
Employment days	0.7661	(1.2318)	-0.8602	(1.2067)
Unemployment benefits	-0.0039	(0.0285)	0.0007	(0.0279)
General housing allowance	-0.0028	(0.0082)	0.0019	(0.0081)
			C. High parental income	
Earnings	0.1327	(0.0447)	-0.0439	(0.0612)
Hourly wage	0.0651	(0.0188)	-0.0093	(0.0235)
Work hours	0.1067	(0.0629)	-0.0398	(0.0837)
Employed (%)	0.0521	(0.0575)	0.0150	(0.0799)
Employment days	0.1909	(0.1973)	0.0333	(0.2620)
Unemployment benefits	-0.0051	(0.0038)	-0.0055	(0.0052)
General housing allowance	-0.0021	(0.0012)	-0.0001	(0.0016)

Notes: The table shows IV estimates of peer effects on long-term outcomes, allowing for nonlinearity by peers' parental income being above or below own parental income. Specifications are based on the IV model with additional controls, corresponding to Panel B of Table 2, and include an additional interaction term between the average parental income of peers and a dummy equal to one if the peer mean is above own parental income, using the average parental income of the two alphabetically nearest conscripts in the squadron and its interaction with the dummy for peer parental income above own parental income as instruments. Each row displays IV coefficients on the average parental income of the two alphabetically nearest dormmates and the interaction term. The outcome is denoted by the row title. The number of observations across samples are the same as in Table 5. Income, earnings, and benefits are in thousand euros. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A13: Effects of peer parental education

Dependent variable	All	Low parental income	High parental income	Dependent mean, all
A. Earnings	0.1454	-0.1021	0.3153	32.08
	(0.0685)	(0.0872)	(0.1044)	
B. Hourly wage	0.1010	-0.0137	0.1644	19.87
	(0.0286)	(0.0360)	(0.0430)	
C. Work hours	-0.0769	-0.0556	-0.0300	163.42
	(0.0887)	(0.1249)	(0.1382)	
D. Employed (%)	0.0157	-0.2871	0.1934	84.27
	(0.1009)	(0.1522)	(0.1408)	
E. Employment days	0.0032	-0.9810	0.5060	315.09
	(0.3377)	(0.5048)	(0.4907)	
F. Unemployment benefits	-0.0050	0.0085	-0.0150	1.04
	(0.0072)	(0.0114)	(0.0092)	
G. General housing allowance	-0.0022	0.0017	-0.0041	0.19
	(0.0021)	(0.0036)	(0.0028)	
Observations:				
Panels A, D, F, and G	376,963	188,853	188,110	
Panels B and C	165,180	75,470	89,710	
Panel E	374,769	187,743	187,026	

Notes: The table shows IV estimates of the effects of peer parental education on long-term outcomes. Specifications are based on the IV model with additional controls, corresponding to Panel B of Table 2, but using peer parental education as the peer characteristic (the model controls for own parental education). Each cell in Columns 1-3 displays an IV estimate of the impact of the average parental education of the two alphabetically nearest dormmates on an outcome denoted by the row title in a sample denoted by the column title. The sample of individuals with low (high) parental income includes conscripts whose parental income is below (above) the median. The numbers of observations vary across rows due to differences in availability of data for the outcome variables: Panels B and C are based on the wage sample; in Panel E, employment days are available from 2005 onward. The last column shows the full sample means of the dependent variables. Means for subsamples are reported in Panel C of Appendix Table A1. Income, earnings, and benefits are in thousand euros. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A14: OLS estimates

	All		Squadrons with strong alph. rule		Squadrons with weak alph. rule	
Dependent variable	Estimate	Std. Err.	Estimate	Std. Err.	Estimate	Std. Err.
A. Earnings	0.0110	(0.0044)	0.01329	(0.0066)	0.0080	(0.0057)
B. Hourly wage	0.0055	(0.0018)	0.0092	(0.0027)	0.0024	(0.0025)
C. Work hours	-0.0049	(0.0060)	0.0051	(0.0084)	-0.0133	(0.0082)
D. Employed	0.0046	(0.0065)	0.0105	(0.0097)	-0.0007	(0.0088)
E. Employment days	0.0025	(0.0216)	0.0251	(0.0329)	-0.0257	(0.0285)
F. Unemployment benefits	0.0002	(0.0005)	-0.0003	(0.0007)	0.0006	(0.0007)
G. General housing allowance	-0.0002	(0.0001)	-0.0001	(0.0002)	-0.0002	(0.0002)
Observations:						
Panels A, D, F, and G	376,963		184,503		192,460	
Panels B and C	165,180		80,469		84,711	
Panel E	374,769		183,296		191,473	

Notes: The table shows OLS coefficients on the average parental income of the two alphabetically nearest dormmates based on Equation (3). All regressions include the same control variables as the baseline model in Panel B of Table 2. The last two column panels show results separately for squadrons with strong and weak alphabetical dorm assignment rule. We define squadrons with strong (weak) alphabetical rule as those whose within-squadron correlation between the average parental income of the two alphabetically nearest conscripts within the squadron and within the dorm is above (below) the median. The numbers of observations vary across rows due to differences in availability of data for the outcome variables: Rows B and C are based on the wage sample; in Row E, employment days are available from 2005 onward. Income and earnings are in thousand euros. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A15: Peer effects on education, additional outcomes

Dependent variable	All	Low parental income	High parental income	Dependent mean, all
1-3 years after service				
A. Studies at a university (%)	0.0284	0.0684	0.0012	41.15
	(0.0337)	(0.0523)	(0.0498)	
B. Economics and business program (%)	0.0047	-0.0018	-0.0051	10.05
	(0.0223)	(0.0286)	(0.0370)	
C. STEM program (%)	0.0199	0.0605	-0.0065	29.50
	(0.0312)	(0.0462)	(0.0503)	
D. Medicine (%)	0.0094	-0.0005	0.0223	2.21
	(0.0123)	(0.0143)	(0.0205)	
Observations	148,742	74,373	74,362	

Notes: The table shows IV estimates of peer effects on additional educational outcomes. Specifications are based on the baseline IV model with additional controls, corresponding to Panel B of Table 2. Each cell in Columns 1-3 displays an IV estimate of the impact of the average parental income of the two alphabetically nearest dormmates on an outcome denoted by the row title in a sample denoted by the column title. The sample of individuals with low (high) parental income includes conscripts whose parental income is below (above) the median. First-stage estimates range from 0.283 to 0.309 across specifications and are all statistically significant at the 1% risk level. The data for education programs cover the years 1999-2013. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A16: Peer effects on study credits

	First stage	Reduced form	IV	N	Dep. Mean
		Credits 1-3 years after service			
A. All	0.2811	-0.0034	-0.0122	47,419	40.83
	(0.0123)	(0.0074)	(0.0262)		
B. Low Parental Income	0.2804	0.0001	0.0003	17,378	40.08
	(0.0190)	(0.0155)	(0.0537)		
C. High Parental Income	0.2720	-0.0062	-0.0227	30,041	41.26
	(0.0149)	(0.0101)	(0.0365)		
		Credits 1-5 years after service			
D. All	0.2892	-0.0019	-0.0067	79,362	39.28
	(0.0117)	(0.0056)	(0.0192)		
E. Low Parental Income	0.2915	-0.0105	-0.0360	28,696	38.77
	(0.0175)	(0.0115)	(0.0389)		
F. High Parental Income	0.2774	-0.0024	-0.0087	50,666	39.57
	(0.0141)	(0.0076)	(0.0270)		

Notes: The table displays IV estimates of peer effects on study credits 1-3 and 1-5 years after service. Specifications are based on the baseline IV model with additional controls, corresponding to Panel B of Table 2. Samples are restricted to individuals studying at a university and to years 1999-2013 for outcomes due to data availability. We show in Appendix Table A17 that the instrument does not affect the incidence of credits being observed, suggesting there is no confounding selection into these samples. One credit corresponds to 27 study hours. Credits are aggregated by individual and academic year. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A17: Peer effects on the likelihood of study credits observed

	First stage	Reduced form	IV	N	Dep. Mean
		Credits 1-3 years after service			
A. All	0.2874	0.0001	0.0004	148742	0.32
	(0.0086)	(0.0001)	(0.0003)		
B. Low Parental Income	0.2879	0.0002	0.0006	74377	0.23
	(0.0108)	(0.0001)	(0.0005)		
C. High Parental Income	0.2817	0.0001	0.0002	74365	0.40
	(0.0109)	(0.0001)	(0.0005)		
		Credits 1-5 years after service			
D. All	0.2878	0.0001	0.0002	249542	0.32
	(0.0086)	(0.0001)	(0.0003)		
E. Low Parental Income	0.2879	0.0002	0.0006	124798	0.23
	(0.0107)	(0.0001)	(0.0004)		
F. High Parental Income	0.2821	0.0000	0.0000	124744	0.41
	(0.0109)	(0.0001)	(0.0004)		

Notes: Specifications mirror Appendix Table A16. The outcome is a binary indicator equal to one if study credits are observed and zero otherwise. Estimations are based on the full baseline sample and its subsamples by parental income. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A18: Additional dyadic regressions

Dependent variable	All Pairs	Both have low parental income	Mixed pairs	Both have high parental income
Year before service				
Work for the same employer (%)	-0.0604	-0.0811	-0.0416	-0.0262
	(0.0683)	(0.1213)	(0.0927)	(0.1474)
	[0.047]	[0.046]	[0.048]	[0.048]
Work in the same establishment (%)	-0.0135	-0.0102	-0.0028	0.0307
	(0.0519)	(0.1102)	(0.0622)	(0.1098)
	[0.029]	[0.031]	[0.030]	[0.027]
Pairwise observations	982,728	266,628	468,317	247,783

Notes: Pairwise data for all within-squadron pairs among the 50,578 conscripts in the baseline sample. The table shows pairwise IV estimates corresponding to the specifications in Table 8, using a binary indicator for working for the same employer year before the service as the outcome. The table also reports results for a binary indicator for working in the same establishment year before the service. Regressions do not control for fixed effects for combinations of pair members' pre-service characteristic. All outcome variables are converted to percentages by multiplying them by 100. Standard errors allowing for clustering at the level of squadron are in parentheses. Sample means of dependent variables are in brackets.

Table A19: Sorting to employers by average employee hourly wages

Dependent variable	All	Low parental income	High parental income	Dependent mean, all
A. Average employee hourly wage, all employees	0.0111	0.0250	-0.0022	19.80
	(0.0059)	(0.0088)	(0.0085)	
Observations	135,989	61,845	73,961	
B. Average employee hourly wage, less-educated	0.0094	0.0198	-0.0001	18.07
	(0.0052)	(0.0076)	(0.0074)	
Observations	135,342	61,598	73,563	
C. Average employee hourly wage, highly-educated	0.0057	0.0149	-0.0093	24.19
	(0.0068)	(0.0106)	(0.0097)	
Observations	128,513	57,631	70,687	
D. Number of employees	-1.441	0.928	6.266	1,416
	(3.909)	(5.166)	(6.389)	
Observations	238,781	123,671	114,977	
E. Binary indicator for average employee wage observed	0.0250	0.0268	0.0257	36.11
	(0.0327)	(0.0327)	(0.0326)	
Observations	376,963	188,849	188,108	

Notes: The table shows IV estimates of peer effects on the average hourly wages of employees by employer a conscript works for at age 28-42, calculated from the full wage sample (not restricted to conscripts). Sampling of hourly wages is at the employer level and thus hourly wages are observed for all employees of an employer. The average hourly wages are calculated for continuing employees who worked for the employer in the year of measurement and one year before it. As the outcomes, we use the average hourly wages measured one year before the conscript starts working for the employer to ensures that conscript's own hourly wage does not affect them. Specifications are based on the IV model with additional controls, corresponding to Panel B of Table 2. Each cell in Columns 1-3 displays an IV estimate of the impact of the average parental income of the two alphabetically nearest dormmates on an outcome denoted by the row title in a sample denoted by the column title. The sample of individuals with low (high) parental income includes conscripts whose parental income is below (above) the median. Employees in the less- (highly-) educated group hold a degree at the secondary or lower (tertiary) level. Income and earnings are in thousand euros. Numbers of observations vary across rows due to differences in availability of data for the outcomes: in order to be included in Panel A, an individual needs to be employed by an employer who is in the wage sample one year before he starts working for the employer; additionally, in order to be included in Panels B and C, the employer needs to have at least one less- (Panel B) or highly- (Panel C) educated employee; Panel D is conditional on at least one employee observed working for the employer in the population panel one year before the individual starts working for the employer; Panel E is based on the full conscript sample. The binary outcome in Panel E is multiplied by 100. Standard errors allowing for clustering at the level of squadron are in parentheses.

Table A20: Sorting to employers by average employee daily earnings

Dependent variable	All	Low parental income	High parental income	Dependent mean, all
A. Average employee daily earnings, all employees	-0.0315	0.2884	-0.2812	118.75
	(0.1488)	(0.1465)	(0.2443)	
Observations	142,646	67203	75,249	
B. Average employee daily earnings, less-educated	0.0437	0.0404	0.0431	104.03
	(0.0441)	(0.0573)	(0.0626)	
Observations	139,225	65996	73,033	
C. Average employee daily earnings, highly-educated	-0.0980	0.7403	-0.5886	151.80
	(0.3929)	(0.3897)	(0.5000)	
Observations	122,446	54977	67,244	
D. Number of employees	-1.441	0.928	6.266	1,416
	(3.909)	(5.166)	(6.389)	
Observations	238,781	123,671	114,977	
E. Binary indicator for average employee daily earnings observed	-0.0089	-0.0064	0.0031	37.87
	(0.0308)	(0.0307)	(0.0300)	
Observations	376,963	188,849	188,108	

Notes: The table mirrors Appendix Table A19, using the average daily earnings of employees by employer a conscript works for at age 28-42, calculated from the full population panel (not restricted to conscripts). The population panel includes annual earnings of an individual by year, not by employer, and thus exact employer-specific average earnings cannot be recovered. The average daily earnings are calculated for continuing employees who worked for the employer in the year of measurement and one year before it. As the outcomes, we use the average daily earnings measured one year before the conscript starts working for the employer to ensures that conscript's own daily earnings do not affect them. Daily earnings are available from 2005 onward and in euros. Standard errors allowing for clustering at the level of squadron are in parentheses.