30 Years of German Socio-Economic Panel (SOEP): Anniversary Colloquium on Happiness Research

September 20, 2013, Berlin

Location: Quartier 110, Hertie School of Governance HSoG (Berlin-Mitte)

10:00 **Registration**

11:00 **Welcome**
Juergen Schupp (Director SOEP)

11:15 **Keynotes**
Modelling Happiness
Rainer Winkelmann (University of Zurich, Switzerland)
Poverty and Well-being: Panel Evidence from Germany
Conchita D'Ambrosio (University of Luxembourg, Luxembourg)

12:30 Lunch

14:00 **Poster Session (Seniors, Post Docs and Doctoral Students, SOEP Group)**

15:00 **Presentation of Non-analyzed and Rarely-analyzed**
SOEP Data on Happiness and Satisfaction
David Richter, Juergen Schupp (SOEP and DIW Berlin, Germany)
and Gert G. Wagner (Executive Board, DIW Berlin, Germany)

15:30 **Keynotes**
Choices Which Change Life Satisfaction
Bruce Headey (University of Melbourne, Australia)
Happiness Assimilation
Paul Frijters (University of Queensland, Australia)

16:45 Coffee

17:00 **Keynotes**
Using Dyadic Data to Understand Subjective Well-Being
Richard E. Lucas (Michigan State University, USA)
Testing for the Life-Cycle Pattern of Human Happiness and Mental Health
Andrew J. Oswald (University of Warwick, UK)

18:15 **Keynote and Artistic Performance**
Time-oriented Design and Data Analysis and
Translation of Life Courses into Sounds (joint performance with participants**)**
Nilam Ram (Pennstate University, USA)

19:00 **Award Ceremony**
Best Papers Based on SOEP Data in the Last 24 Months Sponsored by VdF *
(Alexander Romanski, Board of the Society of Friends of the DIW VdF)

19:30 **Reception**

*** This colloquium has been made
possible by the support of the
Society of Friends of the DIW (VdF)**

Modelling happiness
Rainer Winkelmann

In my talk, I will discuss two recent developments in the econometric analysis of happiness equations, and illustrate them with data from the SOEP. First, I present rating scale models as an alternative to linear regression or ordered response models. In this class of models, average happiness is treated in a theory-consistent way, by preventing predictions outside the admissible range and allowing for varying marginal effects. Parametric and semi-parametric approaches are available. Second, I consider the potential of time-series approaches as individual data series become longer and longer and by now span a substantial fraction of a person's lifetime. Individual level time series regressions can provide new insights into the heterogeneity of happiness equations, and this is explored in the context of age-happiness profiles.

Update (August 16, 2013):
Do People Adapt to Poverty?: Panel Evidence from Germany
Andrew E. Clark, *Conchita D'Ambrosio*, Simone Ghislandi

While much work has considered the relationship between income and subjective well-being, neither poverty as such nor time has occupied a central role in the analysis. We remedy this lack of attention in the existing literature by explicitly asking whether individuals adapt to being in income poverty. To do so, we use panel data on 47,900 individuals living in Germany from 1992 to 2011. We test for adaptation by looking at movements in life satisfaction within the same individual over time. Life satisfaction does first indeed fall with both the incidence and intensity of contemporaneous poverty, as existing work on well-being and income would suggest. However, we uncover no evidence of adaptation to poverty: poverty starts bad and stays bad in terms of subjective well-being. With respect to the causes of poverty, some adaptation is seen for those whose poverty was instigated by retirement or the loss of their partner.

Choices Which Change Life Satisfaction

Bruce Headey, Ruud Muffels, Gert G. Wagner

Using data from national socio-economic panel surveys in Australia, Britain and Germany, this paper analyzes the effects of individual preferences and choices on subjective well-being (SWB). It is shown that, in all three countries, preferences and choices relating to life goals/values, partner's personality, hours of work, social participation and healthy lifestyle have substantial and similar effects on life satisfaction. The results have negative implications for a widely accepted theory of SWB, set-point theory. This theory holds that adult SWB is stable in the medium and long term, although temporary fluctuations occur due to life events. Set-point theory has come under increasing criticism in recent years, primarily due to unmistakable evidence in the German Socio-Economic Panel that, during the last 25 years, over a third of the population has recorded substantial and apparently permanent changes in life satisfaction (Fujita and Diener, 2005; Headey, 2008a; Headey, Muffels and Wagner, 2010). It is becoming clear that the main challenge now for SWB researchers is to develop new explanations which can account for medium and long term change, and not merely stability in SWB. Set-point theory is limited precisely because it is purely a theory of stability. The paper is based on specially constructed panel survey files in which data are divided into multi-year periods in order to facilitate analysis of medium and long term change.

Happiness Assimilation

Debayan Pakrashi and *Paul Frijters*

In this paper we use an Australian panel dataset (that is modelled on the GSOEP) to see whether the happiness of migrants co-moves with that of the country they live in or the country they originate from (including Germans). We find evidence that immigrants who have moved more recently to Australia are more affected by happiness changes in their country of origin than in their country of residence, though the speed with which migrants' happiness level co-move with native Australians is very quick: within one year of arrival the happiness level of the median migrant already co-moves some 93% with that of natives and only 7% with that of residents in the country of origin. Even migrants married to someone from a different country, changes are more responsive to local happiness levels than to residents in their country of origin. Immigrants' personality, economic status, and family structure were also found to play a significant role in explaining the speed with which migrants integrate into the host society.

Using Dyadic Data to Understand Subjective Well-Being
Richard E. Lucas

The longitudinal data provided by panel studies like the SOEP allow for important tests of the role of external circumstances on subjective well-being. However, even designs that take advantage of these longitudinal data have limitations. Incorporating information from related individuals (spouses, parents, siblings) can help address these limitations, and in this talk, I give three examples of how using dyadic analysis of data from spouses in the SOEP can further understanding of the role of external circumstances on well-being. Specifically, I examine the associations between married partners' personalities and their reported subjective well-being; I examine the extent to which married partners respond in similar ways to a shared life event; and I examine whether spouses change in similar ways over time using latent state-trait methodology. All three examples provide strong evidence for the impact of external circumstances on subjective well-being.

Testing for the Life-Cycle Pattern of Human Happiness and Mental Health
Andrew J Oswald

Do human beings really have a midlife crisis? Although the idea is widely discussed, there has been almost no scientific evidence. Andrew Oswald's lecture will argue Yes. He describe new evidence, from many countries, that suggests there really is a crisis in middle age. Happiness is U shaped through life in countries like Germany, he will show. The 'worst' time is in people's late 40s. Moreover, even chimpanzees and orang-utans have this midlife low, so it is deep inside primates. The good news is that humans get happier as they move from the 40s to the early 70s.