

Unexpected Victims - How Parents' Unemployment Affect their Children's Life Satisfaction

Michael Kind
Ruhr Graduate School, Essen
michael.kind@rwi-essen.de

John P. Haisken-DeNew
Uni Bochum, McMaster Univ, RWI Essen
john.haisken-denew@rub.de

September 2009

Abstract

The effects of unemployment on the subjective wellbeing (SWB) of the unemployed on the unemployed are well documented. Using data from the German SOEP for 17-25 year olds living with their parents, this paper examines the additional indirect effects of parents' unemployment on their children's subjective wellbeing in an attempt to capture the full impact of unemployment. The reason for entry (exogenous versus endogenous) into unemployment plays a major role. Fathers who enter unemployment exogenously or exit the labor force in prime age affect their son's SWB negatively, as do mothers who enter into unemployment endogenously. Parental unemployment has no impact on daughters' SWB.

JEL Classification: Z1, J64, J65, J13

Keywords: life satisfaction, unemployment, intergenerational transmission