

Heresy or Enlightenment?

The Wellbeing Age U-Shape Effect is Really Flat!

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Abstract: The U-shaped age effect on life satisfaction well established in the literature is not as stable as originally thought. Blanchflower and Oswald (2007) have shown for more than 50 countries using cross-sectional life satisfaction data that there is a well established U-shaped pattern in age. Using data (1994-2006) from the German SOEP, the longest running European household panel, we find that although the U-shape results are clearly robust in pooled regressions, the results are rendered small and insignificant, when controlling for panel individual fixed-effects, respondent experience in the panel and interviewer characteristics. There is merely a U-shape observed in years of the respondent participating in the panel, controlling for age, whereas the age effect itself is negligible. This suggests that respondents overstate their true well being at first, and as they gain trust toward the interviewer, come close to their “true” levels of wellbeing. Respondents are more likely to report lower levels of well being to male interviewers and to more experienced interviewers. The combination of controls for unobserved individual heterogeneity, respondent panel experience, interviewer gender and interviewer experience render an otherwise strong and significant age effect small and insignificant. This suggests that only with panel data and detailed methodological controls can one identify the true age effects.

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