

## An International Comparison of the Correlation Between Obesity and Wages

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Several studies have documented a negative correlation between obesity and labor market wages. Cawley (2004) studies U.S. data (the NLSY 1979) and finds evidence that weight lowers the wages of white females, but has no effect on the wages of other race-gender groups, in the U.S. Specifically, observed negative correlations between wages and weight for other groups are the result of unobserved heterogeneity.

Part of the relationship between weight and wages may be determined by culture. For example, in societies in which obesity is frowned upon, obese individuals may suffer poor self-esteem, leading to worse labor market performance. Alternately, in such societies employers may discriminate against obese job applicants or obese employees. For these reasons, the relationship between weight and wages is likely to differ across countries.

This paper makes the first such international comparison of the relationship between weight and wages. It compares the relationship between obesity and wages across two developed modern economies - Germany and the United States. We review the sociological and psychological literature on social attitudes about weight in each country and use this literature to generate predictions about the relative strengths of the correlations in each nation. We then use data from the German Socio-Economic Panel and the Panel Study of Income Dynamics components of the Cross-National Equivalent File to describe and compare the population that is clinically obese in each country. We estimate modified wage equations to compare the association between obesity and wages in the two countries. We consider how obesity is associated with current, past, and future wages. Data from the GSOEP allow us to consider only the association between current and past wages. Multiple measures of weight in different survey years in the PSID allow us to consider the association between obesity and wages in all three periods (as well as measure the association between changes weight and wages).

Understanding the relationship between weight and wages is especially important because the prevalence of obesity has risen dramatically in developed countries over the last two decades. This paper also advances our understanding of cross-national differences in labor markets and economic relationships.

Cawley, John "The Impact of Obesity on Wages." Journal of Human Resources, 39(2) forthcoming Spring, 2004.