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## Do geographical variations in climate influence life satisfaction?

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# Working Papers

Kiel Institute  
for the World Economy



## Do Geographical Variations in Climate Influence Life Satisfaction?

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# Do Geographical Variations in Climate Influence Life Satisfaction?

Thomas Murray, David Maddison and Katrin Rehdanz

## Abstract:

Accounting for socioeconomic and demographic variables as well as country specific effects, households' willingness to pay for changes in climate is revealed using European data on reported life satisfaction. Individuals located in areas with lower average levels of sunshine and higher average levels of relative humidity are less satisfied as are individuals in locations subject to significant seasonal variation in monthly mean temperatures and rain days. Ranking regions according to the preferred climates households appear strongly to favour the Mediterranean climate over the climate of Northern Europe.

**Keywords:** Life Satisfaction, Europe, Willingness to Pay, Climate, Climate Change

**JEL classification:** C21, I31, Q51, Q54

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# 1. Introduction

Scientific research summarised by the IPCC (2007) indicates that climate change is expected to have implications for agricultural production (particularly in Africa) as well as predominantly negative impacts for biodiversity. In addition, the increasing frequency of heat waves may lead to greater numbers of heat-related deaths. And sea levels are expected to rise threatening low-lying coastal areas.

Given knowledge of these impacts economists have attempted to perform benefit cost analysis of global GHG emissions targets.<sup>1</sup> But relatively little attention has been paid to certain other impacts of climate change and in particular, to the direct value to households of changes in the climate. This is a surprising omission since climate patently affects households' most basic wants, namely the need for fuel, food, clothing and shelter.

To understand better the role of climate in meeting households' needs (basic or otherwise) a number of studies have made reference to the Household Production Function (HPF) theory of Becker (1965). According to Becker households do not consume directly marketed commodities but instead combine these with nonmarket goods using 'household production technologies' in order to generate 'service flows' and it is the latter which are of direct value to the household.

The presumed importance of an amenable climate in the production of service flows explains why households inhabiting different climates enjoy different levels of wellbeing. Particular climates imply differences in the cost of generating service flows. The HPF framework also explains why otherwise identical households exhibit different expenditure patterns. Households adjust their expenditures in order to substitute for nonmarket inputs whilst economising on the consumption of service flows whose production is dependent on the existence of certain nonmarket inputs, and whose costs of production are high in their absence.

Although logical to enquire about the cost of supplanting a hostile climate in terms of additional expenditures estimating the direct value to households of a change in climate is difficult. Partly this is because of the ubiquity of climate (arguably it is an input in the production of many diverse service flows) and partly it is due to the fact that the service

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<sup>1</sup> Integrated Assessment Models attempt to determine the optimal path for greenhouse gas emissions reductions. The seminal contribution is Nordhaus (1993) who developed a Dynamic Integrated Climate-Economy (DICE) model employing a Ramsey economic growth framework. The model includes an impacts function linking damage costs with increases in temperature.

flows themselves are not directly observable. With some justification many researchers therefore regard the HPF concept as a purely heuristic device, explaining the importance of nonmarket goods, but not providing a basis for estimating the value of changes in their availability. Researchers have therefore generally favoured alternative valuation techniques.

This paper contributes to the literature by analysing the preferences of European households for particular climates. Although these preferences arise because of the role of climate in producing service flows of value to households, our approach involves neither estimating household production functions nor estimating the demand for unobservable service flows. Instead our strategy involves examining how households inhabiting different climates, and differing also in terms of possessing incomes capable of supplanting a hostile climate, fare in terms of reported life-satisfaction.

Although previous studies have used reported life satisfaction or other measures of subjective wellbeing to analyse households' preferences for climate these suffer from certain limitations (see e.g. Van de Vliert et al 2004 or Rehdanz and Maddison 2005). Some seek to explain cross country variations in reported life satisfaction by reference to climate variables. But within countries there is often significant variation in climate. Such papers average the climates of major population centres to obtain a 'representative' climate with uncertain consequences. Country specific studies by contrast, may be unable to identify the role played by climate variables because of insufficient variation in the variables of interest.

This paper overcomes some of the limitations of existing research by using data on life satisfaction from the 1999 / 2000 third wave of the European Values Survey (EVS). This data contains observations from 24 European countries at the NUTS level.<sup>2</sup> The size of NUTS regions is such that it is plausible to assume they possess homogeneous climates thereby avoiding the need for any kind of averaging procedure. Furthermore the EVS dataset includes observations from the Northern-most tip of Europe in the Arctic Ocean to its Southern-most point in the Mediterranean Sea guaranteeing significant variation in the climate.

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<sup>2</sup> NUTS stands for Nomenclature des Units Territoriales Statistiques and are classification system for dividing up the EU into regional economic territories. NUTS1 are major socio-economic regions with populations between 3 and 7 million, NUTS2 are subdivisions of NUTS1 into populations between 0.8 and 3 million and NUTS3 the smallest regions with populations between 0.15 and 0.8 million. Our dataset contains 38 NUTS1 regions, 89 NUTS2 regions and 82 NUTS3 regions.

To anticipate our main findings it appears that lower average percentage sunshine and higher average relative humidity lowers life satisfaction; as does significant intra-annual variation in monthly mean temperatures and rain days. Ranking regions according to the most preferred climate reveals that households strongly prefer the climate of the Mediterranean to that of Northern Europe.

The remainder of the paper is structured as follows. Section 2 reviews briefly other researchers' attempts to estimate the value of climate to households using a range of revealed preference valuation techniques. This section also explains in detail the reported life satisfaction approach to environmental valuation. Section 3 presents an empirical model and describes the data underlying the analysis. Section 4 econometrically analyses the impact of climate on reported life satisfaction whilst simultaneously controlling for many other variables. Section 5 estimates marginal willingness to pay for climate variables. We also create a quality of life index ranking regions' climates. Section 6 concludes.

## 2. Literature Review

In assessing the direct impact of climate change on households the key question is what is the maximum that a household would be willing to pay (WTP) for moving to a superior climate or alternatively, what is the minimum that the household would be willing to accept (WTA) as compensation for a move to an inferior climate. Together these are known as the compensating surplus (CS) measures of welfare change.

A variety of techniques exist to estimate the value of climate to households. These techniques use present day spatial variation in climate as an analogue for future climate change. And in so doing they address what many perceive to be the key issue of adaptation drawing comparisons between households that have already perfectly adapted to the climate of their current location. The fact that a household has 'perfectly adapted' to the climate does not of course mean that households inhabiting different climates enjoy the same level of wellbeing. It means that households have had time to implement fully all cost effective adaptations.

It is clear that the direct impact of climate change on households does not constitute a complete account of the socioeconomic impacts of climate change. The reason is that climate change might also affect households' incomes and commodity prices. In addition, the household may have preferences over the climates of other locations.<sup>3</sup>

### 2.1. The Hedonic Technique

Although a household cannot directly purchase nonmarket goods hedonic theory suggests that their value will be capitalised into land prices and wage rates.

In the most basic model households are assumed to maximise utility  $u$  through consumption of a marketed good  $x$  and a nonmarket good  $z$ . The household's maximisation problem is constrained by household non-labour income  $y$  and labour income  $w$  which is divided between the marketed commodity and the purchase of one unit of housing whose price  $h$  is a function of the level of the nonmarket good. The household maximises the following expression

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<sup>3</sup> Higher taxes may be required to pay for the construction of sea defences whilst climate change may cause changes in the price of food on world markets. Households may have preferences for the survival of ecosystems reliant on particular types of climate in other parts of the world. These are all examples of indirect impacts not captured by the valuation techniques discussed below.

$$u(x, z) + \lambda(y + w(z) - x - h(z))$$

Where  $\lambda$  denotes marginal utility of money. Taking the derivative with respect to  $z$  gives the following first order condition

$$u_z / \lambda = h_z(z) - w_z(z)$$

This equation states that marginal willingness to pay (MWTP) for the nonmarket good is equal to the derivative of the hedonic price of housing with respect to the level of the nonmarket good minus the derivative of the hedonic wage with respect to the level of the nonmarket good.

This technique has been used to value a wide range of environmental goods and has been refined to deal with situations in which the number of hours and the amount of residential land purchased are choice variables and residential land and wages are subject to taxation.

For our purposes the empirical literature can be classified according to whether climate variables were included incidental to the main purpose of the study (Roback 1982, Hoehn et al 1987, Clark and Cosgrove 1990, Albouy and Leibovici, 2009) or whether climate was the main focus in which case we can further distinguish between studies undertaken in the US (Hoch and Drake 1974, Englin 1996, Nordhaus 1996, Mendelsohn 2001, Albouy 2008, Kahn 2008) and those undertaken elsewhere (Maddison and Bigano 2003, Srinivasan and Stewart 2004, Mueller and Sheriff 2007, Cavailhes et al 2008, Rehdanz and Maddison 2009).<sup>4</sup> A final distinction is that some studies look for compensating differentials for climate in either the housing market (Englin 1996) or the labour market (Hoch and Drake 1974) whereas theory indicates that they can simultaneously appear in both.

With respect to valuing climate variables the hedonic technique faces some significant limitations. Rehdanz and Maddison (2009) argue that as climate varies only over relatively large geographical distances the assumption of a unified market for housing

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<sup>4</sup> Empirical applications of the hedonic technique to the task of valuing climate variables are largely concentrated in the US. The itinerant nature of the US population implies that interstate hedonic analyses can more plausibly assume the absence of barriers to mobility. And the diverse climate of the US permits researchers to estimate with greater precision the slope of the hedonic price function with respect to climate variables.



and labour becomes untenable. Furthermore inadvertently combining data from separate markets essentially fits a single regression to two or more spline functions resulting in biased estimates of the implicit prices (Straszheim 1974).

## 2.2. The Household Production Function Approach

As outlined above in the HPF theory of Becker (1965) households do not consume directly marketed commodities but instead combine marketed and non marketed commodities,  $x$  and  $z$ , in order to produce 'service flows' that are of direct value to the household. Given that these service flows are not directly observable Becker's insight serves mainly to explain the presence on nonmarket goods in the utility function  $u$

$$u = u(x, z)$$

The household maximises its utility function subject to the budget constraint.

$$y \geq \sum p x$$

Where  $y$  is income and  $p$  is prices. Solving for the optimal levels of  $x$  and inserting these into the direct utility function gives the indirect utility function  $v$

$$v = v(p, y, z)$$

Applying Roy's theorem results in a system of Marshallian demand equations. Roy's theorem states that the derivative of the indirect utility function with respect to price  $v_p$  divided by the derivative of the indirect utility function with respect to income  $v_y$  yields the negative of the demand function.

$$\frac{v_p(p, y, z)}{v_y(p, y, z)} = -x(p, y, z)$$

Unfortunately, in order to ensure that all the parameters of the indirect utility function can be obtained from the Marshallian demand curves requires further restrictions household preferences (Bradford and Hildebrand, 1977).<sup>5</sup> The CS is implicitly defined by the difference in income required to maintain wellbeing constant as the level of the nonmarket good changes from  $z^0$  to  $z^1$ .

$$v(p, y - CS, z^0) = v(p, y, z^1)$$

Compared to the hedonic technique this approach has the advantage that one need not assume that the household is in hedonic equilibrium. The weakness of the approach is obviously, the need to assume demand dependency.

Invoking procedures identical to those used to incorporate demographic variables into systems of demand equations Maddison (2003) uses the HPF approach to estimate the value of climate to households using cross country data on household expenditure patterns.

### 2.3. Hypothetical Equivalence Scales

Hypothetical equivalence scales are calculated by asking survey respondents to report the minimum income necessary for their household to reach a verbally specified level of utility  $^*$ . This is defined as

$$y^* = c^*(p, z)$$

Where  $y^*$  is the minimum cost of achieving utility level  $^*$  as a function  $c^*$  of prices  $p$  and level  $z$  of the nonmarket good. The hypothetical equivalence scale for a household with  $z^1$  relative to a household with  $z^0$  is given by

$$\frac{c^*(p, z^1)}{c^*(p, z^0)}$$

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<sup>5</sup> Demand dependency means that a price vector exists such that the marginal utility of the nonmarket good is zero.

Choosing a different utility level may result in a different hypothetical equivalence scale. The compensating surplus for utility level  $u^*$  is simply

$$CS = c^*(p, z^1) - c^*(p, z^0)$$

Van Praag (1988) uses hypothetical equivalence scales to analyse the impact of climate on household costs in 90 different climatic regions in eight Western European countries. Frijters and Van Praag (1998) adopt the same approach for Russian households located in 35 different regions.

Whilst the hypothetical equivalence scale technique does not rely on the untestable assumptions of demand dependency or the existence of hedonic equilibrium it is obviously necessary to assume that households share an identical understanding of a verbally defined standard of living.

## 2.4. Random Utility Models

The random utility model (RUM) assumes that households choose from a set of substitute locations characterised by different price levels, available incomes and bundles of nonmarket goods. Households move to locations offering the highest level of utility and in so doing reveal their preferences. More specifically the household will move to site  $i$  provided that

$$v(p_i, y_i, z_i) \geq v(p_j, y_j, z_j) \forall i \neq j$$

Where  $v$  is utility,  $p$  is prices,  $y$  is income and  $z$  is the level of the nonmarket good.

Cragg and Kahn (1997) use the RUM framework to analyse US migrants' choices. Willingness to pay for climate is found by calculating the amount of compensation that would be required if an individual's climate were changed.

There are two key limitations of this migration-based approach. Firstly, it is assumed there is no cost to migration. Secondly, the migrant population typically represents only a very small sample of total population so the results may not be representative.

## 2.5. Subjective Wellbeing

Recently economists have begun to use survey data on subjective wellbeing in order to value nonmarket goods.<sup>6</sup> Survey respondents are confronted with questions such as

*How satisfied are you with your life on a 1 to 10 scale where 1 means completely dissatisfied and 10 means completely satisfied?*

Alternatively, the question might refer, not to satisfaction, but to happiness. Interpreting the response as a measure of the utility of the respondent requires that respondents are able accurately to map their true utility onto a discrete integer scale

$$s_i = g_i(u_i)$$

Where  $s_i$  is the reported satisfaction of individual  $i$  and  $g_i$  describes the monotonic function used by individual  $i$  to convert utility  $u_i$  to reported satisfaction. In order to compare survey responses from more than one individual it is necessary to make the further assumption that all survey respondents to use a common function  $g$  to convert utility to life satisfaction

$$g_i = g \forall i$$

The functional relationship  $g$  between satisfaction and utility is of central importance since it raises the question how one should econometrically analyse respondents' reported life satisfaction. Given that the function  $g$  is unknown it may be prudent to assume only an ordinal association between reported satisfaction and utility. In other words if an individual reports a value of 8 we should merely assume that they are more satisfied than if they had reported a value of 7. By contrast if  $g$  were a linear function then it would be possible to estimate respondents' utility functions with OLS using  $s$  as the dependent variable.

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<sup>6</sup> Easterlin (1974) conducted the first empirical economic analysis of subjective wellbeing, estimating at both the national and international level how changes in income impact on happiness. A large literature now links subjective wellbeing to economic indicators. See Frey and Stutzer (2002) for an overview of the literature. For a recent overview of the literature focusing on environmental aspects see Welsch and Kuehling (2009).

Whilst the majority of economics literature on subjective wellbeing appears to assume that satisfaction is an ordinal function of utility Ferrer-i-Carbonell and Frijters (2004) find that assuming satisfaction to be a linear function of utility does not make any significant difference to their empirical findings. Specifying

$$s = g(u(p, y, z))$$

the MWTP for the nonmarket good is given by

$$MWTP = \frac{\partial g(u) / \partial u \times \partial u / \partial z}{\partial g(u) / \partial u \times \partial u / \partial y} = \frac{\partial u / \partial z}{\partial u / \partial y}$$

The subjective wellbeing approach is a potentially powerful tool to estimate the value of climate to households but only a few papers have used it for this purpose. We will discuss their findings in depth.

Van der Vliert et al (2004) examine how temperature and temperature squared affect nationally averaged measures of subjective wellbeing whilst simultaneously controlling for GDP per capita. In total 55 countries were included in their analysis and for large countries temperature data was averaged over major population centres. For poor countries the paper points to an inverted U-shaped relationship between subjective wellbeing and temperature. But for rich countries the data point instead to a U-shaped relationship.

Rehdanz and Maddison (2005) conduct a cross country study for 67 countries between 1972 and 2000.<sup>7</sup> They test a number of different specifications for climate and find that society prefers a climate characterised by cooler temperatures in the hottest month and warmer temperatures in the coolest month. The dataset was restricted to a four-point happiness scale, aggregated by country (not at all happy, not very happy, quite happy and very happy).

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<sup>7</sup> Only a small number of studies make cross-country comparisons of subjective wellbeing. Di Tella et al (2001) analyse life satisfaction across 12 European countries. They find that unemployment and inflation reduce life satisfaction even after controlling for country specific effects. Di Tella et al remark that whilst questions relating to overall happiness as opposed to life satisfaction were available the meaning of happiness may translate somewhat imprecisely.

As explained one important shortcoming of both Van der Vliert et al (2004) and Rehdanz and Maddison (2005) paper is that they use nationally aggregated data.

In their study of Ireland Brereton et al (2008), Moro et al (2008) and Ferreira and Moro (2010) use a Geographical Information Systems approach providing highly detailed information on households' immediate surroundings including the climate. Brereton et al (2008) find annual average wind speed negatively impacts life satisfaction whereas higher January minimum night-time temperatures and higher July maximum daytime temperatures both increase life satisfaction. Moro et al (2008) use their regression results including climate variables to rank regions in Ireland according to their quality of life. Ferreira and Moro (2010) also find a positive coefficient for January minimum night-time temperatures which is significant at the one percent level of confidence.

The limitation of these studies is that the small size of Ireland severely curtails the ability to identify preferences for climate variables.

### 3. Model Specification and Data Sources

The goal of the econometric analysis presented in this paper is to isolate the effect of climate variables on reported life satisfaction whilst simultaneously controlling for a range of other factors known to impact on life satisfaction. The basic model employed for this purpose is

$$s_i = \alpha + \sum_j \gamma_j H_{ji} + \sum_k \delta_k G_{ki} + \sum_m \phi_m Z_{mi} + \varepsilon_i$$

Where  $s_i$  is the reported life satisfaction of individual  $i$  measured on an integer scale,  $H$  represents a set of socioeconomic and demographic characteristics (including net household income),  $G$  represents a set of geographical variables (including country dummies but excluding climate variables) and  $Z$  represents a set of climate variables (separately identified as they are the main focus of interest). The symbol  $\varepsilon$  represents an idiosyncratic error term and  $\gamma_j$ ,  $\delta_k$  and  $\phi_m$  are parameters to be econometrically estimated. Based on the results by Ferrer-i-Carbonell and Frijters (2004) referred to above we begin our empirical analysis using OLS.<sup>8</sup>

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<sup>8</sup> Using OLS also enables us to tackle the problem of errors in variables using standard econometric techniques.

Dealing first with the dependent variable, data on reported life satisfaction are taken from the 1999 / 2000 third wave of the EVS.<sup>9</sup> For our purposes the key question, translated by country-specific research agencies, is

*All things considered, how satisfied are you with your life as a whole these days?*

Respondents were invited to give a response between 1 and 10 where 1 is “entirely dissatisfied” and 10 “completely satisfied”.

Turning now to the set of socioeconomic and demographic variables we include the logarithm of net household income to account for the declining marginal utility of income. After experimentation we found it necessary to include the squared value of the logarithm of household income to improve the fit of the regressions.

In the relevant literature it is common to find evidence of a U-shaped relationship between age and the various measures of subjective wellbeing. To capture any such relationship we include both age and age squared. Gender is included to account for the possibility that females are happier than males (or vice versa). Dummy variables identify whether the respondent is the head of the household and whether they are an EU citizen. A dummy variable denotes whether the respondent is religious because religion may provide support, purpose and hope.

We include the number of individuals present in the household separately identifying four different age categories (<5, 5-12, 13-17 and >18). The demographic composition of the household is a potentially important determinant of living costs. Eight dummy variables identify the employment status of the respondent. These are full-time, part-time, self-employed, retired, housewife, student, unemployed and other.

Separate dummies identify those who are married, living together, single, divorced, separated or widowed. Dummies for educational attainment include not finished primary school, finished primary education, incomplete secondary education, completed secondary education, incomplete higher education and finished university degree. We also include the age the respondent finished their education (or how many years of education they had already completed if still in education). All these variables are taken from the EVS.

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<sup>9</sup> Available online at <http://www.europeanvaluesstudy.eu/evs/surveys/survey-1999-2000.html>

Next we turn attention to the set of geographical variables. A set of dummy variables categorises observations by settlement size (varying from <2000 to 500,000+) effectively comparing the life satisfaction of those inhabiting small towns against large cities. Elevation controls for topographical features of the NUTS regions. A dummy identifies NUTS regions bordering the sea. Latitude is included to capture the variation in hours of daylight over the annual cycle. Longitude is included to control for the fact that daylight arrives later in the Western part of any given time zone (some people have to get up and go to work in the dark which is depressing). Information on latitude and longitude refer to the centroid of each NUTS region.

Data on the population density of each NUTS region is taken from the EUROSTAT website. Lastly a set of country dummies is included accounting for amongst other things differences in prices between countries, differences in political systems, any cultural differences and possible differences in the way in which the question on life satisfaction is perceived.

Turning finally to the set of climate variables, we obtain gridded climate data for the period 1961-1990 from Mitchell et al (2003). Using GIS software this data is aggregated to individual NUTS regions. The data include monthly averages for temperature, precipitation, frost days, relative humidity, rain days, percentage possible sunshine and wind speed.

Before proceeding any further we note several problems with the data. Respondents were not required to reveal exact figures for net household income only to identify the income decile containing their household's net income. All questions on household income were answered in national currencies. For example, Germans were asked to provide their income in Deutschmarks. These currencies were then converted into Euros.<sup>10</sup> We take the midpoint of the relevant net household income range for each respondent. For example, a net household income range between 20,000€ and 25,000€ was recorded as 22,500€. We address the possible problem of measurement error below.

Comprehensive climate data for Iceland is not available and that country is dropped. Data on net household income is not available for four countries: Finland, Romania, Poland and Hungary. Data on the number of individuals over-18s present in the

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<sup>10</sup> Currencies were converted to Euros using average exchange rates across the time period when the surveys were conducted in each individual country. Information was available on survey start and finish dates at the national level.



household was not available for Greece. For Greece we replace the missing values for the number of over-18s with the sample average but drop countries systematically missing data for net household incomes. Other observations are dropped for miscellaneous of reasons (typically the failure of respondents to provide answers to specific questions). In total the data consist of slightly in excess of 17,500 observations across 209 NUTS regions in 19 different countries. Table 1 provides summary statistics.

Table 1: Summary Statistics

Number of Observations: 17923

Variable	Mean	Std.Dev	Min	Max
Life Satisfaction	6.897841	2.265173	1	10
Net Household Income (€)	15880.7	17150.66	440.514	233695.5
Log Net Household Income (€)	9.113244	1.161421	6.087942	12.36177
Log Net Household Income Squared (€)	84.40004	20.68122	37.06304	152.8135
Citizen	0.962283	0.190516	0	1
Age	46.25677	16.8579	17	98
Age-Squared	2423.861	1656.39	289	9604
Number of Children	1.63293	1.350479	0	11
Are you head of household?	0.575741	0.494244	0	1
Are you religious?	0.681694	0.465832	0	1
Number Children age 18+	2.218114	0.987029	1	20
Number Children age 13-17	0.216816	0.524452	0	5
Number Children age 5-12	0.279139	0.630497	0	8
Number Children age <5	0.164984	0.48692	0	8
Do you live with your parents?	0.144953	0.352064	0	1
Are you male? (1 = Yes)	0.466719	0.498905	0	1
Age finished education	18.59281	4.998384	5	74
Age finished education squared	370.6752	233.2955	25	5476
<b>Marital Status</b>				
Married	0.590526	0.491751	0	1
Living Together	0.002846	0.053269	0	1
Divorced	0.073035	0.260201	0	1
Separated	0.016683	0.128082	0	1
Widowed	0.093176	0.290688	0	1
Single	0.2417309	0.4281393	0	1
<b>Employment Status</b>				
Full-time working	0.424594	0.494295	0	1
Part-time working	0.068962	0.253396	0	1
Self-employed	0.043687	0.204403	0	1
Retired	0.247224	0.43141	0	1
Housewife	0.079786	0.270969	0	1
Student	0.046644	0.210881	0	1
Unemployed	0.071193	0.257155	0	1
Other	0.0217596	0.1459	0	1

<b>Education Level</b>				
Education level 1 (lowest)	0.044468	0.206138	0	1
Education level 2	0.192658	0.394397	0	1
Education level 3	0.13067	0.337049	0	1
Education level 4	0.11834	0.323019	0	1
Education level 5	0.121799	0.327062	0	1
Education level 6	0.184456	0.387866	0	1
Education level 7	0.088657	0.284256	0	1
Education level 8 (highest)	0.1052472	0.3068769	0	1
<b>Geographical Variables</b>				
Latitude (°)	49.03031	5.882035	28.344	64.4165
Longitude (°)	12.77605	9.28733	-15.6668	27.9279
Coastline	0.410534	0.491944	0	1
Population Density (per km <sup>2</sup> )	484.1794	1067.501	6	6047.6
Elevation (km)	0.305934	0.281299	-0.003	2.071
Size of Town (<2,000)	0.1604084	0.3669946	0	1
Size of Town (2,000-4,999)	0.0872622	0.2822267	0	1
Size of Town (5,000-9,999)	0.0834682	0.2765963	0	1
Size of Town (10,000-19,999)	0.0930648	0.2905313	0	1
Size of Town (20,000-49,999)	0.1466272	0.3537438	0	1
Size of Town (50,000-99,999)	0.1133739	0.3170581	0	1
Size of Town (100,000-499,999)	0.1580093	0.3647599	0	1
Size of Town (>500,000)	0.1577861	0.3645505	0	1
<b>Climate Variables</b>				
Avg. Ann. Temperature (°C)	9.19942	3.073961	0.169	17.64033
Avg. Ann. Rel. Humidity (%)	77.4479	5.453713	62.03709	86.78125
Avg. Ann. Percentage Sunshine	39.5269	9.489894	24.88392	70.77666
Avg. Ann. Wind Speed (km/hr)	3.722753	0.859835	1.18	5.768167
Total Rain Days	159.0843	33.23068	38.127	231.907
Total Frost Days	104.5497	44.54415	2.008	229.84
Total Precipitation (mm)	763.3058	214.379	313.065	1886.699
Std. Dev. Temperature (°C)	6.803596	1.147536	2.821783	9.178075
Std. Dev. Rel. Humidity (%)	6.158531	2.009897	0.898016	12.94981
Std. Dev. Percentage Sunshine	11.21042	2.701234	3.357005	18.7455
Std. Dev. Wind Speed (km/hr)	0.410723	0.130445	0.088741	0.831676
Std. Dev. Total Rain Days	2.066037	0.773249	0.949252	4.855168
Std. Dev. Total Frost Days	8.092289	3.131567	0.177184	12.95019
Std. Dev. Total Precip (mm)	17.86652	9.213001	4.571394	72.56667

## 4. Results

Regression results from seven different models are displayed in Tables 2 and 3. These models are characterised by different estimation techniques and different specifications of the climate. Models 1 to 4 are based on OLS regression while Models 5 to 7 investigate different estimation techniques (ordered logit, instrumental variables). We begin by discussing the results from Model 1 in some detail. Throughout we report robust T-statistics which assume clustering at the level of the NUTS region.

The logarithm of net household income is positive whilst the square of the logarithm of net household income is negative. Both are significant at the one percent level confirming the importance of net household income to life satisfaction. The negative sign on the quadratic term for the logarithm of net household income implies the existence of a point where additional net household income fails to increase further life satisfaction.

Being a citizen of the country in which one is resident has a positive effect on life satisfaction and is statistically significant at the one percent level of confidence. Consistent with earlier studies the coefficients on age and age squared are respectively negative and positive. Together these point to a U-shaped relationship between life satisfaction and age and indicate that life satisfaction is at a minimum around middle age.

The coefficient for religion is positive and significant at the one percent level of confidence. Males appear to be less satisfied with their lives than females. The number of children does not have a statistically significant effect on life satisfaction and, somewhat surprisingly, neither does the number of people in each different age category present in the household.

Being the head of the household has no statistically significant impact on life satisfaction. Individuals who live with their parents are statistically speaking no different to those who do not in terms of life satisfaction. Married people are more satisfied with their lives than those who are single. Those who are divorced, separated or widowed are less satisfied than those who are single. People who are living together are no different from those who are single in terms of life satisfaction.

Consistent with earlier studies unemployment has a large and negative impact on satisfaction compared to the category 'other'. By contrast those who are self-employed

or who are retired have higher life satisfaction. The negative coefficient on all education levels apart from the highest level possible indicates that those who have obtained a University degree enjoy greater life satisfaction. The variable describing the age the respondent finished education and its squared value are not statistically significant.

Turning to the geographical variables, the coastline dummy is negative but significant only at the ten percent level of confidence. Population density is negative and significant at the one percent level of confidence. Amongst other things this variable may capture households' preferences for air quality, noise nuisance and other disamenities associated with urban living. Whilst latitude has no statistically significant impact on life satisfaction longitude is negative and significant at the five percent level of confidence. Elevation has no significant impact on life satisfaction.

Interestingly none of the climate variables (annual averages for temperature, relative humidity, percentage sunshine, wind speed as well as annual totals for rain days, frost days and precipitation) are individually significant even at the ten percent level of confidence. A joint F-test on the slopes of the climate variables is also insignificant.

Model 2 adds quadratic terms for all of the climate variables. There no notable changes in the coefficients of the control variables or their significance occur and we do not discuss these any further. The R-squared increases only marginally. Total rain days and its squared value now become significant at the one percent level of confidence. The joint F-test for the climate variables and their squares remains insignificant at the ten percent level of confidence.

Model 3 drops the squared terms and replaces them with the standard deviation of the monthly values for each of the seven climate variables.<sup>11</sup> For example, the standard deviation  $\sigma_T$  of monthly mean temperature  $T$  is given by

$$\sigma_T = \sqrt{\frac{(T_{JAN} - \bar{T})^2 + (T_{FEB} - \bar{T})^2 + \dots + (T_{DEC} - \bar{T})^2}{12}}$$

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<sup>11</sup> This model has a better fit than an alternative regression including January and July averages of climate variables (results not shown). Cushing (1987) discusses the specification of climate in models of migration.

The R-squared value improves markedly in relation to Model 2. The inclusion of standard deviations also has a profound effect on the perceived importance of climate variables which are now jointly significant at the one percent level of significance. Separate group significance tests for annual values of climate variables and standard deviations are also significant at the one percent level.

Higher relative humidity has a negative effect on life satisfaction whilst a greater percentage of possible sunshine improves life satisfaction. Both these climate variables are individually significant at the one percent level of confidence. Large standard deviations in monthly mean temperatures and the number of rain days reduce life satisfaction. Both variables are statistically significant at the one percent level of confidence. No other climate variables are significant.

Given the apparent importance of standard deviations Model 4 reinstates the squared terms in case they too are now important. But they remain jointly insignificant even at the ten percent level of confidence.

So far it has been assumed that OLS is a suitable estimator for life satisfaction. This requires the assumption that the function  $g$ , used by individuals to convert utility to reported satisfaction, is linear. Using the Ordered Logit estimator Model 5 in Table 3, based on Model 3, assumes instead only an ordinal relationship between utility and reported satisfaction. This generates only very small changes to the coefficients reported for Model 3 the most notable of which is a slight change in the magnitude of the coefficients on the logarithm of net household income and the logarithm of net household income squared. There is little change in the coefficients of the climate variables, barring the coefficient on the standard deviation of rain days which increases slightly. The absence of any major differences implies that OLS is a suitable estimator.

Model 6 estimates Model 3 again using instrumental variables (IVs) to deal with possible errors in the measurement of net household income. These might arise because net household income is reported only in terms of income deciles. IVs deal with measurement error by finding a variable which is correlated with actual income but not with the measurement error. This results in consistent parameter estimates.

Constructing suitable IVs is relatively straightforward in a panel study where lagged values of net household income may suffice (Oswald and Powdthavee 2008). Such an approach is not possible in a cross sectional dataset and our IVs are the logarithm of average net household income of all other survey respondents belonging to the same

NUTS region and the logarithm of average net household income of all other survey respondents belonging to the same NUTS region squared.

We evaluate the IVs by means of a Durbin-Wu-Hausman test (Davidson and MacKinnon 1993). This test involves obtaining residuals from an auxiliary regression of the IVs against the variables potentially afflicted by measurement error. The residuals from the auxiliary regressions are then added as additional explanatory variables into the main OLS regression. A joint test of significance of the residuals is statistically insignificant at the ten percent level of confidence. This confirms that any measurement error associated with net household income does not significantly impact on the results.

Easterlin (1974) commented on the possibility that subjective wellbeing might depend on individuals' reference income. Whilst some researchers (e.g. Layard et al 2009) find evidence that reference income is important others do not (e.g. Stevenson and Wolfers 2008). In order to test for the importance of reference income we include in Model 7 the difference between net household income and average net household income for the NUTS region. This variable is statistically insignificant at the ten percent level of confidence.

Table 2. OLS Regression Results

Variable	Model 1	Model 2	Model 3	Model 4
Log Net Household Income (€)	1.855625*** (6.05)	1.846406*** (6.04)	1.831099*** (5.99)	1.824506*** (5.96)
Log Net Household Income Squared (€)	-0.0758998*** (-4.55)	-0.0755806*** (-4.55)	-0.07475*** (-4.50)	-0.0744212*** (-4.47)
Citizen	0.3235857*** (4.39)	0.320691*** (4.35)	0.3209257*** (4.31)	0.3179906*** (4.26)
Age	-0.0727415*** (-8.97)	-0.0727479*** (-8.98)	-0.073456*** (-9.09)	-0.0734476*** (-9.08)
Age-Squared	0.0006883*** (8.39)	0.0006888*** (8.41)	0.0006924*** (8.48)	0.0006938*** (8.49)
Number of Children	0.0179828 (1.05)	0.0178022 (1.04)	0.0188476 (1.10)	0.017929 (1.05)
Are you head of household?	0.0226402 (0.45)	0.0196414 (0.39)	0.0229801 (0.46)	0.0219365 (0.44)
Are you religious?	0.1062832** (2.77)	0.1004003** (2.61)	0.1093013** (2.88)	0.1065997** (2.79)
Number Children 18+	-0.0232059 (-1.01)	-0.0206208 (-0.90)	-0.0215194 (-0.95)	-0.0202596 (-0.89)
Number Children 13-17	-0.014197 (-0.51)	-0.014816 (-0.53)	-0.0139005 (0.50)	-0.0139734 (-0.50)
Number Children 5-12	-0.0385389 (-1.41)	-0.0392505 (-1.45)	-0.0395657 (-1.46)	-0.0400139 (-1.48)
Number Children <5	0.0143537 (0.47)	0.0139301 (0.45)	0.0141514 (0.46)	0.0141176 (0.46)

Do you live with your parents?	-0.1032898 (-1.36)	-0.1094791 (-1.44)	-0.1017784 (-1.35)	-0.1046362 (-1.38)
Are you male? (1 = Yes)	-0.0732726 (-1.81)	-0.0724939 (1.78)	-0.0730164 (-1.81)	-0.0729724 (-1.81)
Age finished education	0.0223429 (1.05)	0.0204999 (0.99)	0.0172571 (0.85)	0.0164628 (0.82)
Age finished education squared	-0.0003157 (-0.84)	-0.0002848 (-0.78)	-0.0002218 (-0.62)	-0.0002129 (-0.59)
<b>Marital Status</b>				
Married	0.3702062*** (6.64)	0.3717723*** (6.69)	0.3760254*** (6.77)	0.3774512*** (6.82)
Living Together	0.0604787 (0.38)	0.0433278 (0.28)	0.0430146 (0.28)	0.0349104 (0.23)
Divorced	-0.1710892* (-2.14)	-0.1660419* (-2.08)	-0.1666583* (-2.10)	-0.1633042* (-2.06)
Separated	-0.5935067*** (-4.14)	-0.5949659*** (-4.15)	-0.5960403*** (-4.18)	-0.5939918*** (-4.15)
Widowed	-0.1871124* (-2.28)	-0.1816164* (-2.21)	-0.1853174* (-2.26)	-0.1800282* (-2.19)
Full-time working	0.2546977 (1.79)	0.2607956 (1.84)	0.2568565 (1.80)	0.2576518 (1.81)
<b>Employment Status</b>				
Part-time working	0.2246654 (1.47)	0.2343785 (1.53)	0.2290126 (1.49)	0.2317772 (1.51)
Self-employed	0.3657712* (2.33)	0.37145* (2.38)	0.3679186* (2.33)	0.367163* (2.33)
Retired	0.3490392* (2.30)	0.3533194* (2.34)	0.3540532* (2.34)	0.3516963* (2.33)
Housewife	0.2367635 (1.54)	0.2412856 (1.58)	0.2404917 (1.57)	0.2423687 (1.59)
Student	0.2906298 (1.73)	0.3060839 (1.84)	0.2919284 (1.75)	0.2984246 (1.79)
Unemployed	-0.7237268*** (-4.14)	-0.7170088*** (-4.10)	-0.720327*** (-4.11)	-0.7184927*** (-4.10)
<b>Education Level</b>				
Education level 1	-0.3260271* (-2.06)	-0.3335181* (-2.13)	-0.3372334* (-2.15)	-0.3438946* (-2.20)
Education level 2	-0.2842646** (-2.78)	-0.2956985** (-2.39)	-0.2955142** (-2.98)	-0.3031151** (-3.05)
Education level 3	-0.2404874* (-2.56)	-0.2478674** (-2.70)	-0.251198** (-2.77)	-0.2563885** (-2.84)
Education level 4	-0.240136** (-3.05)	-0.2439317** (-3.15)	-0.2440943** (-3.18)	-0.2482547** (-3.25)
Education level 5	-0.2063999* (-2.32)	-0.210602* (-2.39)	-0.218049* (-2.51)	-0.2201942* (-2.54)
Education level 6	-0.1459005* (-2.06)	-0.1510944* (-2.15)	-0.1544166* (-2.23)	-0.1576375* (-2.27)
Education level 7	-0.0990984 (-1.35)	-0.1045809 (-1.43)	-0.1056099 (-1.45)	-0.1105388 (-1.52)
<b>Geographical Variables</b>				
Latitude (°)	0.0458342 (0.87)	0.049926 (1.15)	0.0476773 (1.00)	0.041471 (0.86)
Longitude (°)	-0.0301983* (-2.06)	-0.0215153 (-1.84)	-0.0087455 (-0.59)	0.0001144 (0.01)
Coastline	-0.1388125 (-1.84)	-0.1254454 (-1.53)	-0.1570126* (-2.00)	-0.1624362* (-2.02)

Population Density (per km <sup>2</sup> )	-0.0000895*** (-3.31)	-0.0000936** (-3.06)	-0.0001088*** (-3.88)	-0.0000996** (-3.28)
Elevation (km)	0.1247077 (0.23)	0.0159717 (0.03)	-0.5476876 (-0.96)	-0.5915534 (-0.99)
Size <2,000	0.0659828 (0.84)	0.0543906 (0.71)	0.0596377 (0.78)	0.0529705 (0.69)
Size 2,000 – 5,000	0.0220486 (0.26)	0.0212471 (0.25)	0.026916 (0.32)	0.0263113 (0.69)
Size 5,000 – 10,000	0.139886 (1.51)	0.1293143 (1.41)	0.1396166 (1.52)	0.1368066 (1.49)
Size 20,000 – 50,000	0.0343953 (0.42)	0.0283719 (0.35)	0.0221698 (0.28)	0.0227634 (0.28)
Size 50,000 – 100,000	-0.0718612 (-0.83)	-0.0684992 (-0.79)	-0.074417 (-0.86)	-0.0710396 (-0.82)
Size 100,000 – 500,000	-0.0519341 (-0.58)	-0.0619322 (-0.69)	-0.0434402 (-0.49)	-0.050196 (-0.56)
Size 500,000+	0.0669042 (0.61)	0.0562634 (0.52)	0.084141 (0.76)	0.0702444 (0.64)
<b>Climate Variables</b>				
Average Annual Temperature (°C)	0.0149282 (0.14)	0.2641135 (1.47)	-0.0136167 (-0.14)	0.0344868 (0.17)
Average Annual Relative Humidity (%)	-0.0201267 (-1.19)	-0.1283909 (-0.69)	-0.0467358** (-2.59)	-0.3307896 (-1.69)
Average Annual Percentage Sunshine (%)	0.0117317 (0.86)	0.0526692 (0.92)	0.0356521** (2.62)	0.0668563 (1.24)
Average Annual Wind Speed (km/hr)	-0.021707 (-0.34)	-0.2037298 (-0.74)	-0.1263797 (-1.42)	-0.3981965 (-1.36)
Total Rain Days	0.0003625 (0.10)	-0.0305926** (-2.74)	0.0044009 (1.21)	-0.0076393 (-0.62)
Total Frost Days	-0.0004801 (-0.12)	-0.0091796 (-1.01)	0.0039451 (0.98)	0.0049096 (0.35)
Total Precipitation (mm)	0.0001053 (0.53)	0.0000337 (0.04)	-0.0000871 (-0.42)	-0.0004625 (-0.53)
Average Annual Temperature Squared (°C)	-	-0.014558 (-1.65)	-	-0.003457 (-0.34)
Average Annual Relative Humidity Squared (%)	-	0.0006635 (0.55)	-	0.001867 (1.48)
Average Annual Percentage Sunshine Squared (%)	-	-0.0003338 (-0.54)	-	-0.0004269 (-0.72)
Average Annual Wind Speed Squared (km/hr)	-	0.0201604 (0.57)	-	0.0339243 (0.91)
Total Rain Days Squared	-	0.0001063** (2.96)	-	0.000037 (0.92)
Total Frost Days Squared	-	0.0000424 (0.98)	-	6.10e-07 (0.01)
Total Precipitation Squared (mm)	-	-2.38e-08 (-0.08)	-	1.53e-07 (0.46)
Standard Deviation Average Annual Temperature (°C)	-	-	-0.4198457** (-2.85)	-0.4161345* (-2.48)
Standard Deviation Average Annual Relative Humidity (%)	-	-	0.0093058 (0.31)	0.0105146 (0.29)
Standard Deviation	-	-	0.002436	-0.0011376



Average Annual Percentage Sunshine (%)			(0.10)	(-0.04)
Standard Deviation Average Annual Wind Speed (km/hr)	-	-	0.3130407 (0.91)	0.2965248 (0.84)
Standard Deviation Total Rain Days	-	-	-0.226752** (-3.25)	-0.1826252* (-2.17)
Standard Deviation Total Frost Days	-	-	0.008418 (0.24)	-0.0197899 (-0.33)
Standard Deviation Total Precipitation (mm)	-	-	0.0001803 (0.03)	0.0020849 (0.28)
Constant	-4.097704 (-0.91)	1.431863 (0.17)	0.028259 (0.01)	12.31019 (1.31)
Country Dummies?	YES	YES	YES	YES
Observations	17,923	17,923	17,923	17,923
R <sup>2</sup>	0.2200	0.2210	0.2218	0.2222
Joint Significance Test of Insignificant Climate Variables	F(7, 208) =0.53 Prob > F = 0.8135	F(14, 208)=1.54 Prob > F = 0.1002	F(14, 208)=2.80 Prob > F = 0.0008	-
Joint Significance Test of Insignificant Squared Climate Variables	-	-	-	F(7, 208) =1.30 Prob > F = 0.2501

Source: See text. \*\*\* means significant at the one percent level of confidence, \*\* means significant at the five percent level of confidence and \* means significant at the ten percent level of confidence.

Table 3. Ordered Logit, Instrumental Variables and Relative Income Models

Variable	Model 5 (Ordered Logit)	Model 6 (Instrumental Variable)	Model 7 (OLS)
Log Net Household Income (€)	1.493714*** (5.80)	4.087619** (2.88)	2.046224*** (5.96)
Log Net Household Income Squared (€)	-0.0597922*** (-4.27)	-0.1919657* (-2.42)	-0.074129*** (-4.51)
Log Difference In Household Income	-	-	-0.2362405 (-1.25)
Citizen	0.2308307*** (3.60)	0.3238825*** (4.34)	0.3205656*** (4.30)
Age	-0.0646489*** (-8.87)	-0.0733273*** (-9.06)	-0.0734627*** (-9.08)
Age-Squared	0.0006113*** (8.11)	0.0006912*** (8.46)	0.0006924*** (8.48)
Number of Children	0.0143382 (0.91)	0.0186397 (1.09)	0.0189863 (1.11)
Are you head of household?	0.0009777 (0.02)	0.0220074 (0.44)	0.0225784 (0.45)
Are you religious?	0.1025496** (3.07)	0.1074256** (2.83)	0.1074072** (2.84)
Number Children 18+	-0.0199125 (-1.03)	-0.0209469 (-0.92)	-0.020737 (-0.91)
Number Children 13- 17	-0.0223342 (-0.87)	-0.0132414 (-0.48)	-0.0137526 (-0.49)
Number Children 5-12	-0.0385437 (-1.63)	-0.0389712 (-1.44)	-0.0392661 (-1.45)
Number Children <5	-0.0029032 (-0.11)	0.0156208 (0.51)	0.0147454 (0.48)
Do you live with your parents?	-0.0742467 (-1.11)	-0.1027 (-1.36)	-0.1023003 (-1.35)
Are you male? (1 = Yes)	-0.0698544* (-2.01)	-0.0719614 (-1.79)	-0.0725073 (-1.80)
Age finished education	0.0128753 (0.73)	0.016619 (0.82)	0.0174364 (0.86)
Age finished education squared	-0.0002317 (-0.73)	-0.0002134 (-0.59)	-0.0002261 (-0.62)
<b>Marital Status</b>			
Married	0.3453115*** (6.58)	0.3769915*** (6.80)	0.3763282*** (6.78)
Living Together	-0.0483126 (-0.37)	0.0423706 (0.27)	0.0428625 (0.28)
Divorced	-0.1355669* (-1.98)	-0.1692233* (-2.13)	-0.1666545* (-2.10)
Separated	-0.469995*** (-3.83)	-0.5951064*** (-4.18)	-0.5968084*** (-4.19)
Widowed	-0.1594085* (-2.14)	-0.1863668* (-2.27)	-0.1866457* (-2.27)
<b>Employment Status</b>			
Full-time working	0.1321309 (1.03)	0.2570637 (1.81)	0.2591815 (1.82)
Part-time working	0.0927899 (0.67)	0.2276384 (1.48)	0.2288452 (1.49)
Self-employed	0.2225918	0.3677078*	0.3704655*

	(1.56)	(2.33)	(2.35)
Retired	0.281682* (2.02)	0.3529572* (2.33)	0.3555222* (2.35)
Housewife	0.1538906 (1.13)	0.2375374 (1.55)	0.2424918 (1.59)
Student	0.1477291 (1.03)	0.2951203 (1.77)	0.2947534 (1.77)
Unemployed	-0.6668934*** (-4.20)	-0.7176768*** (-4.09)	-0.7173757*** (-4.09)
<b>Education Level</b>			
Education level 1	-0.3218205* (-2.43)	-0.3375601* (-2.15)	-0.337703* (-2.15)
Education level 2	-0.2660081** (-3.14)	-0.296889** (-2.98)	-0.2975559** (-2.99)
Education level 3	-0.2234029** (-2.95)	-0.2512222** (-2.77)	-0.251047** (-2.77)
Education level 4	-0.2237435*** (-3.54)	-0.2469948** (-3.21)	-0.2470201** (-3.21)
Education level 5	-0.1819952* (-2.51)	-0.2177034* (-2.50)	-0.2193079* (-2.52)
Education level 6	-0.1318581* (-2.28)	-0.1533889* (-2.20)	-0.1545939* (-2.23)
Education level 7	-0.0752844 (-1.18)	-0.1044994 (-1.43)	-0.1053217 (-1.44)
<b>Geographical Variables</b>			
Latitude (°)	0.0459814 (0.99)	0.0480563 (0.98)	0.0371971 (0.76)
Longitude (°)	-0.0088083 (-0.62)	-0.0134167 (-0.95)	-0.0070927 (-0.49)
Coastline	-0.1245485 (-1.79)	-0.1829266* (-2.20)	-0.163804* (-2.12)
Population Density (per km <sup>2</sup> )	-0.0001032*** (-4.11)	-0.0001085*** (-3.90)	-0.0001078*** (-3.95)
Elevation (m)	-0.4846422 (-0.92)	-0.4993421 (-0.90)	-0.6389077 (-1.12)
Size <2,000	0.0644363 (0.95)	0.062533 (0.82)	0.0627696 (0.82)
Size 2,000 – 5,000	0.0097197 (0.13)	0.0221255 (0.27)	0.0265562 (0.32)
Size 5,000 – 10,000	0.1380862 (1.72)	0.1352441 (1.49)	0.1339072 (1.47)
Size 20,000 – 50,000	0.0195254 (0.29)	0.0204576 (0.26)	0.0223424 (0.28)
Size 50,000 – 100,000	-0.0698194 (-0.95)	-0.07195 (-0.83)	-0.0734738 (-0.85)
Size 100,000 – 500,000	-0.0422233 (-0.56)	-0.060238 (-0.68)	-0.0515832 (-0.58)
Size 500,000+	0.0551996 (0.55)	0.0545706 (0.49)	0.0616239 (0.56)
<b>Climate Variables</b>			
Average Annual Temperature (°C)	-0.0018669 (-0.02)	0.0163297 (0.17)	-0.0231531 (-0.23)
Average Annual Relative Humidity (%)	-0.0393301* (-2.36)	-0.0369813* (-2.12)	-0.0445171* (-2.48)
Average Annual Percentage Sunshine	0.0343523** (2.86)	0.0366921** (2.67)	0.0384529** (2.80)

(%)			
Average Annual Wind Speed (km/hr)	-0.1112643 (-1.32)	-0.1425713 (-1.63)	-0.1215321 (-1.40)
Total Rain Days	0.0036379 (1.11)	0.0048367 (1.32)	0.0049458 (1.36)
Total Frost Days	0.0054185 (1.50)	0.0048124 (1.23)	0.004214 (1.08)
Total Precipitation (mm)	-0.0001347 (-0.68)	-0.0000613 (-0.30)	-0.0000738 (-0.36)
Standard Deviation Average Annual Temperature (°C)	-0.4006336** (-3.05)	-0.3364966* (-2.47)	-0.3998023** (-2.76)
Standard Deviation Average Annual Relative Humidity (%)	0.0099821 (0.37)	-0.0015291 (-0.05)	0.0084084 (0.28)
Standard Deviation Average Annual Percentage Sunshine (%)	0.0045774 (0.19)	0.0066802 (0.26)	0.0035506 (0.14)
Standard Deviation Average Annual Wind Speed (km/hr)	0.3530553 (1.03)	0.4694543 (1.35)	0.4050041 (1.16)
Standard Deviation Total Rain Days	-0.1719488** (-2.58)	-0.2250001** (-3.13)	-0.2159266** (-3.06)
Standard Deviation Total Frost Days	0.0058146 (0.18)	-0.0075391 (-0.21)	0.0037423 (0.11)
Standard Deviation Total Precipitation (mm)	-0.0007382 (-0.12)	-0.0002357 (-0.04)	0.0005176 (0.09)
Predicted Residuals Log Household Income	-	-2.369064 (-1.66)	-
Predicted Residuals Log Household Income Squared	-	0.1229535 (1.54)	-
Constant	-	-11.48241 (-1.44)	-1.471688 (-0.32)
Country Dummies?	YES	YES	YES
Observations	17,923	17,923	17,923
R <sup>2</sup>	-	0.2222	0.2220
Pseudo R <sup>2</sup>	0.0569	-	-
Joint Significance Test Predicted Residuals		F(2, 208) = 1.71 Prob > F = 0.1827	

Source: See text. \*\*\* means significant at the one percent level of confidence, \*\* means significant at the five percent level of confidence and \* means significant at the ten percent level of confidence.

## 5. Discussion

One of our objectives is to measure in monetary terms European households' preferences for particular types of climate. Our approach however also permits us to describe preferences for climate directly in terms of utility as opposed to money. Depending on the audience (Economists versus non-Economists) non-monetary measures of households' preferences may find greater acceptability. In this section we report estimates for marginal changes in monetary terms along with a non-monetary indicator of households' preferences for climate.

Table 4 presents household MWTP for climate variables. MWTP may be calculated by dividing the marginal utility of the climate variable by the marginal utility of money. Due to the inclusion of the logarithm of net household income (as well as the squared value of the logarithm of net household income) MWTP for climate variables depends on the net income of a household. We evaluate MWTP at the sample mean for net household income which is 15,880.70€. MWTP is calculated as follows

$$MWTP_i = \frac{\phi_i \text{Log}(y)}{\beta_1 + 2\beta_2 \text{Log}(y)}$$

Where  $\phi_i$  is the coefficient on climate variable  $i$ ,  $\beta_1$  is the coefficient on  $\text{Log } y$  (the logarithm of net household income) and  $\beta_2$  the coefficient on  $\text{Log } y$  squared. The results contained in Table 4 are based on the coefficients of Model 3 which is the preferred model.

Table 4. Marginal Willingness to Pay for Climate Variables

Climate Variable	Coefficient	MWTP / €	95 Percent Confidence Interval
Average Relative Humidity	-0.0467358	-1927.75***	-468.91, -3386.59
Average Sunshine	0.0356521	1470.57***	370.45, 2570.70
Average Temperature	-0.0136167	-561.66	-8424.90, 7301.58
Average Wind Speed	-0.1263797	-5212.89	-12408.20, 1982.37
Total Rain Days	0.0044009	181.5278	-112.52, 475.57
Total Frost Days	0.0039451	162.727	-162.73, 488.18
Total Precipitation	-0.0000871	-3.59269	-20.36, 13.17
Temperature Std Dev	-0.4198457	-17317.70***	-29227.50, -5408.00
Relative Humidity Std Dev	0.0093058	383.8445	-2043.04, 2810.73
Sunshine Std Dev	0.002436	100.4798	-1868.92, 2069.89
Wind Speed Std Dev	0.3130407	12912.27	-14898.80, 40723.30
Rain Days Std Dev	-0.226752	-9353.04***	-14993.60, -3712.44
Frost Days Std Dev	0.008418	347.2247	-2488.44, 3182.89
Precipitation Std Dev	0.0001803	7.436993	-478.45, 493.32

Source: See text. \*\*\* means significant at the one percent level of confidence, \*\* means significant at the five percent level of confidence and \* means significant at the ten percent level of confidence.

It is difficult readily to compare these MWTP estimates with equivalent estimates from elsewhere. One reason is that other studies into the MWTP for climate variables have used alternative, generally far simpler specifications of the climate than the one adopted here. But because climate variables are often highly correlated such a strategy risks wrongly attributing to one climate variable variation more correctly attributed to another. A second obstacle to comparing the results of different studies is the fact that researchers have often measured particular variables in different ways e.g. annual mean temperature versus heating and cooling degree days versus January and July maximum daytime temperatures. A further reason why it is difficult to compare these results to those of other studies is because of differences in geographical context and socioeconomic development, particularly if MWTP is related to income.

Despite these difficulties it is possible to make a number of interesting observations. To begin with, and in spite of the fact that annual mean temperature and annual precipitation are included in many studies of the value of the climate, in neither case is MWTP statistically significant even at the ten percent level of confidence. It is of course

important to avoid the trap of assuming that because a variable is not statistically significant it is therefore unimportant. Temperature and precipitation might be very important but MWTP estimates for these variables are not sufficiently precise to exclude the possibility that MWTP is zero.

In complete contrast MWTP for relative humidity and percentage of possible sunshine are statistically significant at the one percent level of confidence. More specifically, the average European household would be willing to pay 1,471€ to increase the amount of sunshine by a single percentage point (the corresponding 95 percent confidence interval ranges from 370.45€ to 2,570.70€). A one percentage point increase in average relative humidity is worth -1,928€ to the average European household (the corresponding 95 percent confidence interval ranges from -468.91€ to -3,386.59€).

Many studies into the value of the climate omit both relative humidity and sunshine. But it is interesting to note that the study of Blomquist et al (1988) which includes both of these variables, also finds that MWTP for sunshine is positive (\$48.42 per percentage point) and MWTP for relative humidity is negative (\$43.42 per percentage point).<sup>12</sup>

Our analysis includes a number of variables that are clearly related such as average mean temperature and the number of frost days, and annual precipitation and the number of rain days. MWTP estimates for these climate variables are not statistically significant even at the ten percent level of confidence.<sup>13</sup> At the same time however, the standard deviation in monthly mean temperatures is statistically significant at the one percent level of confidence as is the standard deviation in the monthly number of rain days. The implication is that households prefer a situation in which temperature is approximately constant throughout the year rather than very cold in some months and very hot in other months.<sup>14</sup>

The preference for climates not characterised by annual extremes of temperature is noted in other studies. In their hedonic analysis of the climate of Germany Rehdanz and Maddison (2009) find that the implicit price of mean January temperatures is positive but the implicit price of July temperatures is negative. For Munich, the city closest to the mean sample latitude of the respondents in our study, they place MWTP for mean

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<sup>12</sup> In psychiatry research interest revolves around the possible use of bright light therapy for the treatment of non seasonal depression (see e.g. Tuunainen et al 2004).

<sup>13</sup> Srinivasan and Stewart (2004) conduct a hedonic analysis of households in England and Wales. They find that hours of sunshine has a positive effect on house prices whereas temperature, precipitation and frost days are all insignificant.

<sup>14</sup> Although latitude and the standard deviation in monthly mean temperatures are correlated latitude is included as a separate control in the regression equation.

January temperature at 1,568DM. The estimated MWTP for mean July temperatures for Munich is -1,927DM.<sup>15</sup>

The finding that households prefer climates where the number of rain days per month is approximately equal rather than climates characterised by very wet months followed by very dry months appears new to the literature. Englin (1996) presents a hedonic analysis with a positive and statistically significant implicit price for seasonal variation in precipitation. But his analysis relates only to Washington State and to precipitation instead of rain days which are excluded from his analysis.<sup>16</sup>

Methodologically our research has most in common with Brereton et al (2007) and Ferreira and Moro (2010). Although large, the magnitude of our MWTP estimates actually appears conservative compared to the findings of Ferreira and Moro (2010) who estimate the MWTP for January mean daily temperatures for the average household in Ireland to be 15,585€. And whilst Brereton et al (2007) do not present MWTP estimates for climate variables it is easy to construct them using the regression coefficient on minimum January temperatures (0.8082) and the coefficient on income (0.2649). Combining this information with the sample mean value for net household income in our study gives a MWTP for minimum January temperatures of 48,643€, which is over three times net household income.

Brereton et al (2007) do not include relative humidity in their analysis and sunshine is statistically insignificant at the 10 percent level of confidence. Ferreira and Moro (2010) omit both variables.

We now consider a non-monetary indicator of households' preferences for climate. Table 5 ranks countries by the quality of their climate (QOC). More specifically, countries are ranked from 1-19 with 1 being the country with the best climate and 19 being the country with the worst climate. This index is calculated as follows

$$QOC_j = \sum_i \phi_i z_{ij}$$

Where  $\phi_i$  is the coefficient on climate variable  $i$  and  $z_{ij}$  is the level of climate variable  $i$  in location  $j$ .

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<sup>15</sup> Rehdanz and Maddison's (2005) global study also finds strong preferences for warmer temperatures in the coldest month and cooler temperatures in the hottest month.

<sup>16</sup> Most studies appear to employ precipitation rather than the number of rain days.



The QOC index for a country is obtained by averaging the QOC in the country's  $j$  constituent regions

$$QOC = \overline{QOC_j}$$

The resultant country ranking reveals that Mediterranean countries appear to have the best climate and Scandinavian countries have the worst. In our dataset the country with the best climate is Spain and the country with the worst climate is Sweden.

Table 5. Climate Index by Country

Rank	Country	Climate Index Score
1	Spain	-2.347305699
2	Greece	-2.427959103
3	Portugal	-2.48498605
4	Italy	-2.727486672
5	France	-2.851915267
6	Belgium	-2.991272964
7	Great Britain	-3.03271544
8	Bulgaria	-3.106102489
9	Austria	-3.13508895
10	Germany	-3.135497638
11	Slovenia	-3.15571083
12	Netherlands	-3.267809223
13	Czech Republic	-3.269829887
14	Slovakia	-3.274577033
15	Denmark	-3.656088729
16	Lithuania	-3.699438759
17	Latvia	-3.809329355
18	Estonia	-3.991424204
19	Sweden	-4.272840192

Our QOC index differs in a fundamental way from other indices which combine environmental indicators using weights that are mostly based on expert judgement. Blomquist et al (1988) construct a quality of life (QOL) index for 253 US counties using implicit prices from hedonic wage rate and hedonic house price regressions. Counties are ranked on the basis of climate, environmental quality and public goods. Their QOC index has the highest rank order correlation with overall QOL suggesting that climate is the most important determinant of QOL.

Appendix 1 ranks 209 NUTS regions from 1 to 209 with 1 being the NUTS region with the best climate and 209 being the NUTS region with the worst climate. The NUTS region with the best climate is the Canary Islands. The NUTS region with the worst climate is Northern Sweden. Once more the poor performance of Northern Sweden is not attributable to latitude because this was included as a control variable.

A number of Northern Italian and Austrian destinations also appear in the top 20 climates. Without exception these regions are popular skiing destinations e.g. Valle d'Aosta in Italy which is ranked as having the second best climate and Tirol in Austria which is ranked as having the tenth best climate. Climates that permit skiing appear to boost life satisfaction.

## 6. Conclusions

Previous researchers have often used the hedonic technique to answer questions about the value of climate to households. Far fewer researchers have attempted to explore the value of climate using survey data on life satisfaction. Economic research on life satisfaction has instead focussed on the impact of economic growth and on economic variables such as inflation and unemployment.

In this paper we use survey data on life satisfaction to determine the value of climate to European households. We do so using NUTS level data over an area sufficiently large to ensure significant variation in climate. Compared to other studies of the value of climate to households we include a far more comprehensive set of climate variables. We also investigate households' preferences for intra-annual variation in climate variables.

European households prefer more sunshine and lower relative humidity. Households also derive satisfaction from climates characterised by lower intra-annual variation in temperature and rain days. Annual mean temperature and annual precipitation have no statistically significant effect on reported life satisfaction.

Our analysis allows us to rank regions and therefore countries in terms of the quality of their climate. We find that it is not just the classic Mediterranean climate that promotes life satisfaction. Regions where winter sports are possible also lead to high levels of life satisfaction. The climate of Scandinavia is associated with low levels of life satisfaction.

In the future researchers could use this approach to provide different quality of life indices for different socioeconomic groups. There is no reason why different groups should rank environmental indicators or particular climates in exactly the same way. It would also be interesting to combine these results with scenario data on climate change in order to determine the regional impact of climate change in terms of increases and decreases in life satisfaction.

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# Appendix

## Appendix 1: Climate Index by Region

Rank	Nutscode	Climate Index	Freq.	Elevation	Region Name	NUTS size
1	ES70	-1.45	31	0.565	Canarias	2
2	ITC2	-1.96	3	2.071	Valle d'Aoste	2
3	ES24	-2.03	22	0.791	Aragon	2
4	ES52	-2.05	85	0.506	C Valenciana	2
5	GR413	-2.08	7	0.266	Chios	3
6	GR421	-2.17	14	0.266	Dodekanisos	3
7	ES51	-2.21	93	0.663	Cataluna	2
8	GR422	-2.22	4	0.221	Kyklades	3
9	ES62	-2.23	27	0.506	Murcia	2
10	AT33	-2.25	67	1.706	Tirol	2
11	GR244	-2.27	4	0.488	Fthiotida	3
12	ES41	-2.28	51	0.944	Castilla Leon	2
13	GR144	-2.3	31	0.783	Trikala	3
14	GR141	-2.31	20	0.56	Karditsa	3
15	ES22	-2.32	7	0.58	Navarra	2
16	AT34	-2.32	32	1.355	Vorarlberg	2
17	GR231	-2.32	17	0.381	Aitolokarnania	3
18	GR253	-2.33	19	0.614	Korinthia	3
19	ITD2	-2.33	11	1.376	Trentino-Alto Adige	2
20	PT150	-2.33	28	0.186	Algarve	3
21	GR242	-2.33	27	0.284	Evvoia	3
22	GR241	-2.34	1	0.371	Voiotia	3
23	GR143	-2.36	17	0.421	Magnisia	3
24	GR14	-2.37	1	0.536	Thessalia	2
25	ES23	-2.37	6	0.834	Rioja	2
26	GR252	-2.38	2	0.741	Arkadia	3
27	ES30	-2.39	55	0.844	Madrid	2
28	FR8	-2.4	179	0.677	Méditerranée	1
29	ES42	-2.41	32	0.827	Castilla-Mancha	2
30	GR43	-2.41	6	0.503	Kriti (rest)	2
31	ES13	-2.44	7	0.606	Cantabria	2
32	GR142	-2.44	5	0.421	Larisa	3
33	GR251	-2.44	4	0.366	Argolida	3
34	GR300	-2.45	651	0.26	Attiki	3
35	BG424	-2.45	16	1.198	Smolian	3
36	PT16	-2.46	80	0.377	Center	2
37	GR254	-2.47	9	0.525	Lakonia	3
38	ITC3	-2.48	51	0.529	Liguria	2
39	PT11	-2.49	230	0.52	North	2
40	ES12	-2.49	20	0.667	Asturias	2
41	PT17	-2.5	230	0.089	Lisbon & Tagus Valley	2

42	GR434	-2.5	6	0.555	Chania	3
43	GR255	-2.56	1	0.459	Messinia	3
44	FR7	-2.58	149	0.758	Centre Est	1
45	PT18	-2.58	29	0.185	Alentejo	2
46	BG413	-2.59	78	1.059	Blagoevgrad/Razlog	3
47	ES21	-2.59	39	0.442	Pais Vasco	2
48	ES53	-2.59	15	0.135	Baleares	2
49	ES61	-2.61	156	0.524	Andalucia	2
50	AT32	-2.61	55	1.41	Salzburg	2
51	ES43	-2.61	17	0.424	Extremadura	2
52	ITC1	-2.62	82	0.804	Piemonte	2
53	BG425	-2.62	25	0.502	Kardjali	3
54	ITE3	-2.63	38	0.412	Marche	2
55	SI018	-2.63	17	0.746	Kraska	3
56	ITF1	-2.63	23	0.79	Abruzzo	2
57	ITE4	-2.64	116	0.423	Lazio	2
58	FR6	-2.65	128	0.351	Sud Ouest	2
59	ITE2	-2.65	27	0.478	Umbria	2
60	ES11	-2.66	58	0.508	Galicia	2
61	ITC4	-2.67	207	0.656	Lombardia	2
62	SI023	-2.68	25	0.817	Goriska	3
63	ITD4	-2.74	26	0.539	Friuli-Venezia Giulia	2
64	ITE1	-2.75	92	0.361	Toscana	2
65	ITF5	-2.75	16	0.559	Basilicata	2
66	ITF3	-2.75	98	0.443	Campania	2
67	ITF4	-2.75	81	0.197	Puglia	2
68	ITG1	-2.78	113	0.428488	Sicilia	2
69	ITF2	-2.78	19	0.518	Molise	2
70	GR222	-2.79	12	0.175	Kerkyra	3
71	ITD3	-2.81	107	0.427	Veneto	2
72	BG423	-2.81	34	0.876	Pazardijk	3
73	ITF6	-2.83	32	0.515	Calabria	2
74	BG422	-2.84	30	0.235	Haskovo	3
75	BE35	-2.84	37	0.24	Namen	2
76	BE10	-2.88	319	0.033	Brussel	2
77	DE1	-2.89	115	0.484	Baden-Wurttemberg	1
78	BG415	-2.89	40	0.935	Kyustendil	3
79	UKC	-2.9	23	0.183	North East	1
80	SI022	-2.91	65	0.923	Gorensjka	3
81	UKM	-2.91	49	0.231	Scotland	1
82	AT21	-2.91	93	1.161	Kaernten	2
83	BE34	-2.92	37	0.385	Luxemburg	2
84	DEB	-2.93	34	0.314	Rheinland-Pfalz	1
85	BE24	-2.94	95	0.056	Vlaams Brabant	2
86	BE33	-2.94	134	0.302	Luik	2

87	FR5	-2.95	165	0.09	Ouest	1
88	FR4	-2.95	75	0.373	Est	1
89	BE31	-2.97	33	0.115	Waals-Brabant	2
90	ITG2	-2.99	40	0.343	Sardegna	2
91	BG421	-2.99	80	0.5	Plovdiv	3
92	DE2	-3	146	0.506	Bayern	1
93	UKD	-3.01	68	0.154	North West	1
94	DEC	-3.01	9	0.312	Saarland	1
95	ITD5	-3.01	94	0.287	Emilia-Romagna	3
96	SI016	-3.02	13	0.222	Spodnje Posavska	3
97	FR301	-3.02	59	0.077	Nord	3
98	UKK	-3.02	40	0.117	South West	1
99	BE32	-3.02	212	0.101	Henegouwen	2
100	UKG	-3.03	53	0.12	West Midlands	1
101	BE21	-3.04	198	0.014	Antwerpen	2
102	UKJ	-3.05	114	0.079	South East	1
103	BG414	-3.05	19	0.874	Pernik	3
104	BG344	-3.05	34	0.382	Stara Zagora	3
105	BG412	-3.05	159	0.916	Sofia-City	3
106	FR2	-3.05	242	0.178	Bassin Parisien	1
107	UKL	-3.05	30	0.196	Wales	1
108	DE7	-3.06	45	0.299	Hessen	1
109	SI021	-3.07	145	0.524	Osrednja Slovenska	3
110	SI015	-3.07	71	0.558	Zasavska	3
111	UKI	-3.08	42	0.05	London	1
112	DEA	-3.08	205	0.176	Nordrhein-Westfalen	1
113	UKE	-3.09	25	0.13	Yorks & Humberside	1
114	BE25	-3.1	122	0.014	West-Vlaanderen	2
115	SI014	-3.1	92	0.525	Savinjska	3
116	DEG	-3.1	114	0.368	Thuringen	1
117	SI012	-3.11	84	0.36	Podravska	3
118	BG343	-3.11	14	0.187	Yambol	3
119	BE22	-3.12	58	0.057	Limburg	2
120	UKF	-3.13	35	0.089	East Midlands	1
121	BE23	-3.14	159	0.017	Oost-Vlaandere	2
122	FR1	-3.14	225	0.108	Ile De France	1
123	UKH	-3.15	23	0.044	Eastern	1
124	SI011	-3.17	22	0.222	Pomurska	3
125	SK041	-3.17	181	0.569	Presov County	3
126	NL42	-3.17	24	0.05	NL42	2
127	SK042	-3.17	175	0.37	Kosice County	3
128	CZ041	-3.18	136	0.61	Západočeský kraj -	3
129	AT22	-3.18	181	0.949	Steiermark	2
130	DED	-3.19	240	0.286	Sachsen	1
131	DEE	-3.19	146	0.117	Sachsen-Anhalt	1

132	DE9	-3.19	100	0.071	Niedersachsen	1
133	CZ080	-3.19	289	0.458	Severomoravský kraj	3
134	DE6	-3.2	11	0.013	Hamburg	1
135	AT31	-3.2	220	0.586	Oberoesterreich	2
136	NL4	-3.2	180	0.024	Zuid-Holland	1
137	NL41	-3.22	123	0.012	Noord-Brabant	2
138	BG322	-3.22	19	0.564	Gabrovo	3
139	CZ051	-3.22	195	0.444	Severoèeský kraj	3
140	SK022	-3.23	124	0.439	Trencin County	3
141	CZ031	-3.24	137	0.563	Jihoèeský kraj -	3
142	SK031	-3.24	155	0.773	Zilina County	3
143	NL22	-3.25	124	0.018	Gelderland	2
144	SI013	-3.25	12	0.696	Koroska	3
145	NL21	-3.27	71	0.012	Overijssel	2
146	DE3	-3.27	79	0.041	Berlin	1
147	DE4	-3.28	92	0.061	Brandenburg	1
148	NL34	-3.28	20	0.001	Zeeland	2
149	DE5	-3.28	19	0.004	Bremen	1
150	NL31	-3.28	29	0.003	Utrecht	2
151	BG315	-3.28	19	0.567	Lovech	3
152	CZ020	-3.29	326	0.341	Východoèeský kraj	3
153	NL13	-3.31	29	0.011	Drenthe	2
154	SK023	-3.31	159	0.177	Nitra County	3
155	CZ01	-3.32	133	0.286	Prague - Praha	2
156	BG334	-3.32	20	0.332	Targovishte	3
157	DE8	-3.32	83	0.037	Mecklenburg-Vorpommern	1
158	AT11	-3.33	51	0.255	Burgenland	2
159	NL23	-3.34	13	-0.003	Flevoland	2
160	NL1	-3.35	173	0.004	Noord-Holland	1
161	DEF	-3.36	15	0.022	Schleswig-Holstein	1
162	SK021	-3.36	132	0.191	Trnava County	3
163	CZ062	-3.37	302	0.325	Jihomoravský kraj	3
164	NL11	-3.37	29	0.002	Groningen	2
165	BG321	-3.37	40	0.221	Veliko Tarnavo	3
166	AT12	-3.37	253	0.46	Niederoesterreich	2
167	SK032	-3.37	146	0.484	B. Bystrica County	3
168	NL12	-3.38	28	0.001	Friesland	2
169	AT13	-3.39	239	0.168	Vienna	2
170	SK010	-3.39	146	0.211	Bratislava County	3
171	BG311	-3.39	14	0.319	Vidin	3
172	BG331	-3.4	48	0.182	Varna	3
173	BG333	-3.4	30	0.26	Shumen	3
174	BG324	-3.43	9	0.232	Razgrad	3
175	BG312	-3.46	29	0.321	Montana	3
176	BG323	-3.46	28	0.146	Ruse	3

177	DK007	-3.48	8	0.065	Bornholms Amt	3
178	DK011	-3.48	68	0.002	København	3
179	DK021	-3.48	36	0.022	Roskilde Amt	3
180	DK005	-3.5	56	0.021	Vestsjællands Amt/ Storstoms	3
181	BG313	-3.51	29	0.262	Vtatsa	3
182	DK012	-3.51	73	0.021	Københavns Amt	3
183	BG325	-3.51	20	0.133	Silistra	3
184	BG332	-3.53	27	0.204	Dobrich	3
185	DK013	-3.54	59	0.022	Frederiksborg Amt	3
186	BG314	-3.55	36	0.137	Pleven	3
187	DK008	-3.56	68	0.032	Fyns Amt	3
188	DK00D	-3.6	122	0.045	Århus Amt	3
189	LT008	-3.66	215	0.127	Zemaitija	2
190	LT004	-3.67	160	0.105	Suvalkija	2
191	LV003	-3.7	126	0.057	Kurzeme	2
192	LT001	-3.72	50	0.132	Dzukija	2
193	LT00A	-3.73	368	0.153	South East Lithuania	2
194	DK009	-3.74	64	0.034	Sønderjyllands og Ribe Amt/Vejle	3
195	LV009	-3.76	136	0.072	Zemgale	2
196	DK00F	-3.77	91	0.019	Nordjyllands Amt	3
197	LV006	-3.77	272	0.011	Riga	2
198	SE2	-3.78	180	0.123	Syd	1
199	DK00C	-3.81	50	0.032	Ringkøbing Amt	3
200	SE23	-3.81	87	0.117	Väst	2
201	EE00803	-3.82	195	0.077	South-Eastern Estonia	2
202	EE00402	-3.83	104	0.021	South-Western Estonia	2
203	LV008	-3.88	206	0.118	Vidzeme	2
204	SE1	-3.89	105	0.071	Öst	1
205	EE00701	-3.9	151	0.049	North-Eastern Estonia	2
206	LV005	-3.92	151	0.136	Latgale	2
207	EE00101	-3.95	360	0.05	North-Western Estonia	2
208	SE11	-4.02	17	0.025	Stor Stockholm	2
209	SE3	-4.18	99	0.409	Norr	1