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Article

Introduction

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Introduction

The papers in this special issue of *Schmollers Jahrbuch* present a selection of the 31 papers presented at the Seventh International Socio-Economic Panel User Conference (SOEP2006) in Berlin from July 3 to 5, 2006. These papers provide a flavor of the work being carried out by research teams around the world that are registered as users of the German Socio-Economic Panel (SOEP) in a variety of disciplines, including economics, sociology, and psychology. Over the years, SOEP has remained an innovative panel by regularly introducing new question modules in order to respond to the most important topics of current social and behavioral research. (See the documentation in the “Data Watch”-Section of this issue). Some of the papers in this special issue have made innovative use of such questions. The papers presented at the conference and those that appear in this special issue also reflect an increasing interest in methodological research and cross-national comparisons.

The *first* group of papers deals with intergenerational relations and mobility, a field of research that has received increasing attention in scholarly debates among economists and sociologists and in public debates on welfare policy. Two broad (and in part opposing) societal developments may explain this growing interest in intergenerational analysis: on the one hand, family bonds are being eroded by broad trends towards more individualized life courses, reflected in growing individual autonomy from intergenerational mutual aid and familial influences. On the other hand, demographic changes are enlarging the potential if not the necessity for intergenerational relations. And in the future, since parents are living longer and having fewer children than ever before, intergenerational relations may gain further in intensity. The construction of SOEP as a longitudinal study covering all household members and including a tracking procedure for those starting new families provides unique opportunities for analyzing such trajectories in intergenerational relations and mobility, as demonstrated in the studies by *Veronika Eberharter*, *Thorsten Schneider*, and *Christoph Wunder*.

Eberharter compares the intergenerational persistence in income positions between Germany and the US. Although the US is usually conceived of as favoring equality of opportunity as to social mobility, and Germany as favoring the traditional primacy of family background, the analysis reveals a higher intergenerational income elasticity in the US, a finding that is robust to different model specifications and that holds for both genders. In both countries, the intergenerational persistence in income positions seems to increase at the low and high ends of the income distribution.

Schneider addresses the issue of (un)equal opportunities in the German educational system. While most previous studies are restricted to the effects of family background upon entrance to the Gymnasium (academic-track secondary school), *Schneider* expands this framework by investigating social selectivity among students who drop out of the Gymnasium. Although one may plausibly expect that the effects of family background are of lower importance for this group – for example, because children from lower social classes who have successfully entered Gymnasium despite their social disadvantage are probably exceptionally high achievers – the drop-out rate from Gymnasium is again highest among those from a disadvantaged socio-economic family background.

Wunder's analysis of intrafamilial upstream transfers takes the reverse perspective on the relationship between parents and children, not looking at the intergenerational persistence in income and education but at the direct economic exchange between generations. Specifically, the paper examines the determinants of the incidence and amount of intergenerational financial transfers from children to their parents. Building on a household production model, the paper tests whether it is altruism or an exchange motive that drives the individual transfer decision, and concludes that the exchange motive is central. Such monetary transfers are therefore regarded as expenditures for intrafamilial services in producing household commodities.

The *second* part of this special issue again consists of three papers. Two of them deal with labor market issues, and one focuses on income inequality.

Pavlopoulos, Fouarge, Muffels, and Vermunt present a study of the job and wage mobility of high-paid and low-paid workers in the UK and Germany. In contrast to previous research findings of a positive effect on wage growth with voluntary job changes, they argue that the impact of a job change on wage mobility also depends on the position in the wage distribution. While low earners in both Germany and the UK profit from a change of employer, only low earners in the UK increase their wages after a within-firm job change.

Barg and Beblo analyze the male marital wage premium in Germany. This premium can be explained either by a selection effect, with high-earning men being more attractive on the marriage market, or by a specialization effect, with husbands being more productive on the labor market because their wives take over household tasks. They find empirical evidence for the selection hypothesis, showing that there is a positive selection into marriage versus staying single, but negative selection in the case of marriage versus cohabitation.

An outstanding example of cross-national comparative research is provided by *Burkhauser, Oshio, and Rovba*. They examine how income inequality has changed in the last two decades in Germany, the UK, Japan, and the United States. Comparing kernel densities between the peak years of 1990s business cycles in these four countries, they show that Germany and Japan had less

income growth, together with a rise in inequality and a decline in the middle mass of their distributions, which spread mostly to the right, coinciding with changes experienced in the US business cycles of the 1980s.

In the *third* part of this special issue, we present three articles that use self-reported (subjective) well-being as a proxy measure for true individual well-being. The subjective well-being literature started in 1965 with Cantril's life satisfaction ladder. Since then, the number of articles has steadily increased, not only in psychology but also in the sister disciplines of sociology and economics. The SOEP is a pioneer in this field as one of the first household surveys that, since its origins in 1984, has included a set of subjective well-being questions. It is thus unsurprising that the SOEP is heavily used by the researchers in this field (see, for example, the articles by Stutzer and Frey, 2004 and Headey et al., 2005 in *Schmollers Jahrbuch*). One important ongoing discussion in the subjective well-being literature deals with the extent to which happiness is an internal phenomenon determined by individual personality traits that are in turn genetically determined and thus fairly unchangeable. If happiness were internally determined, external effects would not have any impact on individual happiness; in other words, individuals would have a set-point or baseline happiness that they would stick to over time no matter what they experience. In this case, policy-makers could do very little to create a happier society a la *Bethman*.

Three articles in this special issue contribute to this ongoing debate in very different ways. The first article by *Headey* – a pioneer of happiness research – examines and revises set-point theory, that is, the theory that predicts the stability of well-being across time. Headey concludes that this theory requires some revision given the high number of respondents who report changes in their well-being. In addition, Headey shows that the probability of having an upward or downward movement in happiness is associated with the reported personality traits. His analysis uses the newly introduced “big five” personality measures in the SOEP data set.

The second article by *Trzcinski* and *Holst* investigates the way in which a baseline happiness level is formed at a young adult age. Their work was made possible by the youth questionnaire included in SOEP since 2000, which is completed by every individual in the survey upon turning 17. Although the authors are careful in drawing conclusions, their results can be interpreted to suggest that in order to “create” more happy people in the future (whose happiness depends to some extent on the set-point from which they start) we need to ensure that their parents are happy and have an easy life without unemployment and financial problems, as well as strong and positive relationships with their children.

The last paper by *Schimmack* and *Lucas* focuses on (dis)similarities in subjective well-being between spouses. The empirical analysis shows that the cor-

relation between reported well-being by spouses is high but decreases as the time lag increases. Since spouses share much the same environment – the same income, same house, same children – but are not genetically related, the authors conclude that these findings prove the importance of external factors for individual well-being.

The special issue concludes with two methodological papers presented at the SOEP2006 conference. While the article by *Schräpler* is an example of the growing body of survey research based on SOEP data, the article by *Schäfer* and *Schmitt* demonstrates the value and applicability of machine learning techniques, a statistical methodology widely unknown in the social sciences.

Schräpler analyses mode effects in the form of different non-response rates between computer-assisted personal interviewing (CAPI) and traditional paper-and-pencil interviewing (PAPI). The issue of mode effects is of particular importance for ongoing panel studies like SOEP, most of which have already switched from PAPI to CAPI. The article exploits the experimental design of the SOEP refreshment sample E from 1998 which was randomly split into a CAPI and a PAPI sample. The analysis shows that the mode of data collection has only moderate effects on unit non-response and willingness to disclose sensitive information. However, in the first two waves CAPI is associated with a somewhat larger number of refusals (item non-response) to report gross income.

Schäfer and *Schmitt* present an analysis of the socio-economic determinants of fertility decisions. Advancing previous research in this field, they apply machine learning techniques, a set of statistical methods developed in the natural sciences for the extraction of patterns of interest in large data sets. In contrast to the traditional regression models, these methods make it possible to identify prototypical trajectories to first parenthood from a large panel data set without a priori selection of a small number of explanatory factors. The authors find that employment status, the permanence of partnership, and especially the division of labour in the household emerge as central characteristics of importance in their five classification groups.

Finally, we would like to draw your attention to three articles subsequent to papers which have been presented at the Seventh International Socio-Economic Panel User Conference (SOEP2006). These supplements act as a special section of the European Data Watch of *Schmollers Jahrbuch* and provide an overview over recent SOEP innovations. An article by *Wagner, Frick, and Schupp*, informs on general developments of the SOEP. The article by *Anderßen, Mühlbacher, Nübling, Schupp, and Wagner* documents the recently introduced inventory of health measures, the so-called SF-12 indicators, and *Lang, Weiss, Stocker, and von Rosenbladt* report the design and the properties of two ultra-short measures of cognitive ability within the SOEP.

Although the editors of this special issue receive credit for the conference by having their names on the cover, the hard work of many others was neces-

sary to organize the conference and bring this special issue to fruition. The organization of the SOEP2006 conference – which included everything from booking the venue to planning the logistics, catering, cultural events, conference website, and acting as a constant liaison with participants – was handled exceptionally professionally and efficiently by Christine Kurka, Uta Rahmann, Michaela Engelmann, and Gabi Freudenmann, the latter of whom also prepared the papers for publishing. Special thanks go to Deborah Anne Bowen for ensuring a consistent use of English. We are also very grateful for the work of the referees, who provided helpful recommendations and suggestions for improving the papers that appear here.

Finally, we would like to thank the two remaining members of the program committee for SOEP2006, Ulrich Kohler and Regina T. Riphahn, for their immense contributions to the success of the conference.

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