Hamermesh, Daniel S.

Article

A (Very Slightly Critical) Encomium to the SOEP

Vierteljahrshefte zur Wirtschaftsforschung

Provided in Cooperation with:
German Institute for Economic Research (DIW Berlin)

Suggested Citation: Hamermesh, Daniel S. (2008) : A (Very Slightly Critical) Encomium to the SOEP, Vierteljahrshefte zur Wirtschaftsforschung, ISSN 1861-1559, Duncker & Humblot, Berlin, Vol. 77, Iss. 3, pp. 192-194,
https://doi.org/10.3790/vjh.77.3.192

This Version is available at:
https://hdl.handle.net/10419/99525

Vierteljahrshefte
zur Wirtschaftsforschung
77 (2008), 3, S. 192–194

A (Very Slightly Critical) Encomium to the SOEP

by Daniel S. Hamermesh*

It is easy to write an encomium to the SOEP, and the praise is well deserved. The SOEP is the second most widely-used household survey worldwide (behind the American PSID), and it is used far beyond the German-speaking world. Partly this widespread usage is due to the helpful translations of the codebooks and variable names and the homogenization of the dataset by the Cornell group in the CNEF. Partly too, it has resulted from the data themselves – their breadth and the care with which they have been collected.

The biggest strength of the SOEP is, of course, the remarkably high quality of the data. Few researchers appreciate this – we use whatever data we can lay our hands on to develop/test our theories. We economists are among the worst sinners in this dimension. The SOEP's biggest strength has been its continuing renewal – adding refresher and additional samples that concentrate on new populations of interest. The expansion to include the Neue Länder in 1990; the enlargement of the immigrant sample; and particularly the inclusion of special samples, such as that of high-income households, have both maintained the representativeness of the survey and, more important in my view, created the SOEP's unique status as a source of longitudinal information on particular sub-populations. The renewals of the sample are the biggest assurance to researchers and to the policy and intellectual publics that, we hope, pay attention to our work, that any results reflect contemporary experience in Germany.

The American PSID is the longest continuing nationally representative longitudinal household survey, by more than 15 years. Sadly, however, for budgetary and other reasons, in 1997 it abandoned annual surveys of the population and moved to biennial data only. This change was not without cost to its ability to inform research: 1) Biennial income data miss some interesting dynamics, masking important short-term income mobility; 2) Perhaps even more serious, biennial employment and wage data prevent us from examining such fluid processes as the job mobility of young people. (Of course, recall data are often available, but a two-year recall (with the time since an event averaging 12 months) will miss much more than an annual recall (time since event averaging 6 months). This self-inflicted wound to the PSID has enhanced the value of other longitudinal household surveys, and especially that of the long-running SOEP. Indeed, if both surveys continue on their present course, in 2029 we will have more waves of the SOEP than of the PSID; and by 2013 we will have more pairs of consecutive years in the SOEP than in the PSID!

* University of Texas at Austin, E-Mail: *hamermes@eco.utexas.edu*

As an insider I was fortunate to get a question that I had seen in the first (2001) wave of the Australian HILDA replicated nearly instantaneously in the 2002 SOEP. This resulted in some very nice comparisons of time stress in the two countries and underlay one of my favorite papers (Hamermesh and Lee 2007). While the SOEP team has been very open to such suggestions for new directions, those who manage longitudinal surveys can never be open enough. The PSID sets aside one minute of questioning in each wave for questions solicited from users. That is a good start; but a much higher fraction of any longitudinal survey should be directly open to the using public, lest these surveys become the nearly exclusive domain for the many pet projects of the group that fields them. An excellent opening would be to set aside five minutes of each survey for one-time questions chosen on a competitive basis from suggestions from the entire research public.

My major role in the SOEP has been as a member (1998–2000) and chair (2000–2004) of the SOEP Advisory Board, and as chair of the overall DIW Scientific Advisory Committee (since 2003). The advisory process has been quite open and the SOEP staff has been remarkably responsive to suggestions and criticism. This is as it should be. Nonetheless, with a public treasure and public trust such as the SOEP, no advisory process can be too open, and a staff can never err by being too open to suggestions. It is crucial that the SOEP continue and enhance its receptiveness to criticisms and suggestions from its formal advisors and from the research public, including SOEP consumers.

In a very real sense the creation and continuation of the SOEP is a way for Germany to exploit foreign researchers for its own gain – and for foreign researchers to take advantage of Germany. By having a resource like the SOEP available to researchers, the DIW has improved research worldwide. It is too easy for researchers (and we economists are particularly guilty of this) to generate a theory, test it on one set of data (typically American), modify the theory and draw allegedly universal conclusions. While a large longitudinal data set may produce 10,000 observations and generate statistically significant test statistics, in a real sense it offers only one realization of a process – one country observed over a relatively short period of time. Having high-quality longitudinal household data from a second large country more than doubles the confidence one should have in the results of any empirical research, since with two data sets it is impossible for a researcher to calibrate some absurd theory to the idiosyncrasies of data from one particular country.

This is a two-way street: By creating and maintaining this valuable resource the German taxpayer induces economists and other social scientists worldwide to test their theories on specifically German data, thus shedding light on economic and social issues that are particular to Germany. Even though the researcher may have no intrinsic interest in German problems or data, the availability of this resource induces him/her to analyze things that may be of interest to German policy makers (less likely) and that may provide additional intellectual background for the public discussion of social/economic issues in Germany (more likely). In my own case the SOEP has provided an excellent counterpoint to American data on the timing of work activities (Hamermesh 1996) and on job satisfaction (Hamermesh 2001); and I like to think that comparisons with results based on similarly constructed American data enhance understanding of the German experience. In terms of the intellectual superstructure of German social science, I believe that the creation, maintenance and improvement of the SOEP have transformed foreign researchers into German researchers.

Obviously any institution can be improved, even one that has worked so well as the SOEP. As an adviser to and user of the SOEP there are, as I have indicated, changes that would improve it and that in my view should be implemented. Nonetheless, the adage, "If it ain't broke, don't fix it," applies especially well here and should be the watch-phrase in considering any changes in this remarkably successful enterprise.

References

Hamermesh, Daniel S. (1996): *Workdays, Workhours and Work Schedules*. Kalamazoo, The W. E. Upjohn Institute.

Hamermesh, Daniel S. (2001): The Changing Distribution of Job Satisfaction. *Journal of Human Resources*, 36 (1), 1–30.

Hamermesh, Daniel S. and Lee Jungmin (2007): Stressed Out on Four Continents: Time Crunch or Yuppie Kvetch? *Review of Economics and Statistics*, 89 (2), 374–383.

This article has been cited by:

1. Silke Anger,, Joachim R. Frick,, Jan Goebel,, Markus M. Grabka,, Olaf Groh-Samberg,, Hansjörg Haas,, Elke Holst,, Peter Krause,, Martin Kroh,, Henning Lohmann,, Rainer Pischner,, Jürgen Schupp,, Ingo Sieber,, Thomas Siedler,, Christian Schmitt,, C. Katharina Spieß,, Martin Spieß,, Ingrid Tucci,, Gert G. Wagner. 2008. Zur Weiterentwicklung von SOEPsurvey und SOEPservice. *Vierteljahrshefte zur Wirtschaftsforschung* **77**:3, 157-177. [Citation] [PDF] [PDF Plus]