

Does Migration Make You Happy? The Influence of Migration on Subjective Well-Being

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Abstract

In the field of neoclassical economics, migrants are expected to move to improve their economic situation, but what are the effects of moving on the subjective well-being (SWB) of migrants? Using longitudinal data from the German Socio-Economic Panel Study (SOEP) (1990-2007), I investigate the influence of migration from Eastern to Western Germany on SWB. The hypotheses in this study are derived from neoclassical economics and from the psychology literature. Following the rational choice framework, I expect that migration improves SWB in the long term. Fixed-effects models distinguish between the effects of unobserved heterogeneity, such as varying personality traits, and migration on SWB. The results reveal that migration has a positive, long-term effect on SWB. In addition, the favorable labor market conditions in Western Germany account for the increasing SWB that is reported by male migrants but does not account for that reported by female migrants.

Keywords: Adaptation, East and West Germany, Migration, Subjective Well-being, Rational Choice

Introduction²

According to neoclassical economics, migrations are typically financially motivated. Migrants generally improve their economic situation after moving to a new location, but they also experience the non-monetary losses of family and friendship networks (see, e.g., Borjas, 1987; Chiswick, 1999; Sjaastad, 1962).³ Can such financial gains compensate for the possible loss of friendship and family networks? How does migration affect the SWB of migrants? Are migrants happier after they move? Few studies have addressed these questions (De Jong, Chamrathirong & Tran, 2002) because of the unavailability of data pertaining to the influence of migration on SWB. Ideally, longitudinal data containing information on SWB before and after migration are necessary; however, such data rarely exist. In the country of destination migrants may participate in surveys only after they move, while no previous information is available. In the country of origin migrants drop out from the data sets after relocation and the data contain no information after the leaving their countries of origin. Therefore, most studies rely on cross-sectional data that

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³ There are additional reasons to migrate; for example, some individuals migrate to improve their quality of life (see, e.g., Benson & O'Reilly, 2009).

are collected after such moves, and these data contain no previous information on SWB. Hence, migrants are compared with natives (Amit, 2010; for studies on older immigrants, see Amit & Litwin, 2010; Bălăţescu, 2007; Bertram, 2010; for studies on second-generation immigrants, see Neto, 1995; Safi, 2010). Other studies ask the respondents directly about their SWB before and after a move (De Jong, Chamrathirong & Tran, 2002; Lundholm & Malmberg, 2006). Problems arise from both of these designs. In the first type of research, it is not possible to distinguish whether a deviation in the levels of SWB is caused by migration or by general differences in the level of SWB of migrants and natives. In the second type of research design, we cannot be certain that the indicated improvements are indeed objective. These problems emphasize the importance of using longitudinal data to conduct research on SWB, as these issues raise doubts regarding the reliability of cross-sectional samples for this subject. Based on longitudinal data from the German Socio-Economic Panel Study (SOEP), this study investigates the influence of migration on SWB with regard to relocation from Eastern to Western Germany after the fall of the wall.

After the collapse of the Eastern Bloc and the fall of the Berlin Wall on November 9, 1989, the former German Democratic Republic (GDR) found itself in a unique position (Mayer, 2006). After the first free election in March 1990, the reconstruction of the nation was controlled by the government of the Federal Republic of Germany (FRG). Despite sharing a common past and language, East and West Germany developed in different directions after the Second World War, and by 1989, the two former nations had as many differences as similarities. West Germany developed a market economy and a conservative-corporatist welfare regime, whereas East Germany adopted a socialist system with a planned economy. The socialist system was never able to compete with its capitalist counterpart, and per capita income in the East lagged behind that of Western standards. Even today, 20 years after reunification, the Eastern German labor market demonstrates weaker performance than the Western market, and Eastern Germans are offered large incentives to migrate (Melzer, 2011). The consequence of these conditions was a substantial and permanent migration from Eastern to Western Germany. Compared with the population level in 1988⁴, the former GDR had lost 4.3 percent of its population by 1992, 7.9 percent by 1995, 10.7 percent by 2000 and 14.1 percent by 2006. The reunification of Germany, which several economists have called a “natural” experiment, provides a unique opportunity to study the influence of migration on SWB based on longitudinal data containing information for the periods before and after moves.

Although previous research on the effects of migration or regional mobility on SWB provides initial insight into the topic and deepens our understanding of the process, the existing literature is limited in several aspects.

First, previous studies are based on cross-sectional data. When analyzing cross-sectional data, one cannot distinguish between the effects of unobserved heterogeneity, such as varying personality traits, and the effects of migration on SWB. However, previous research indicates that personality influences SWB (e.g., Diener et al., 1999).⁵ Second, when asked to compare two situations directly, most people report that their lives are improved after migration (Hagerty, 2003), and migrants do not differ from the general population in this regard (Scott & Scott, 1989). Therefore, migrants may report higher SWB after their moves to avoid acknowledging any cognitive dissonance (Festinger, 1957). Using cross-sectional data, one cannot clearly determine the causality between the described factors and SWB (Frey & Stutzer, 2005). Although it is for example clear that gender influences satisfaction, other factors, such as marriage or migration, may show a reverse causality. Therefore, cross-sectional studies are unable to determine whether migrants are more satisfied than the general population, whether the characteristics that make

⁴ For the population levels of the GDR, see *Statistisches Jahrbuch der DDR* (1989): 335. For more recent figures, refer to the Federal Statistical Office Wiesbaden (2006). The figures that are presented in this paper do not include East Berlin, as it is not possible to differentiate between East and West Berlin after 2000. By that year, Eastern Germany, including Berlin, had lost 10.1 percent of its former population.

⁵ For example, neurotic individuals may report lower satisfaction than those who are not neurotic (Diener et al., 1999).

these individuals more likely to relocate also make them happier, or whether their greater satisfaction actually results from their relocation.

These problems emphasize the importance of using longitudinal data to conduct research on SWB, as these issues raise doubts regarding the reliability of cross-sectional samples for this subject.

Third, few studies link the effects of migration on SWB within an explanatory theoretical framework. The hypotheses that are tested are primarily derived ad hoc from previous findings (e.g., Lundholm & Malmberg, 2006). The few contributions to the literature that do provide a theoretical background concentrate on specific aspects. In some cases, the theoretical framework aims to describe the integration of migrants and to compare migrants and natives using a variety of assimilation models (Safi, 2010) or to discuss the integration process using concepts such as the social capital framework of Bourdieu (1986) (see: Amit, 2010; Amit & Litwin, 2010). Other authors have used theoretical concepts to explain the situation of migrants before and after migration. For example, Lu (2002) followed the housing career thesis in analyzing residential mobility. Only De Jong, Chamratrithirong & Tran (2002) integrated the question regarding the influence of migration on SWB with a theory that is typically used to analyze migration. In accordance with Sjaastad (1962), De Jong, Chamratrithirong & Tran (2002) treat migrations as investments in the productivity of individuals.

Fourth, some features of migration have not been addressed at all. Questions regarding the influence of regional characteristics or the length of the stay in a new host region on SWB remain unanswered. However, studies that have been conducted at the macro level show the importance of regional income or unemployment levels for individual satisfaction (for the USA, see Alesina, Di Tella & MacCulloch, 2004; for Europe, see Di Tella, MacCulloch & Oswald 2001; for Germany, see Easterlin & Plagnol, 2008).

This study attempts to fill these gaps and to analyze the influence of migration from Eastern to Western Germany on SWB. Hypotheses that describe the relationship between migration and subjective well-being (SWB) are derived from human capital theory and psychology approaches. More precisely, this study aims to answer the following questions: How does migration influence SWB? How do changes in SWB after migration (if such changes exist) develop over time? Are there differences in SWB changes among different migrating groups or between men and women? What is the influence of the conditions of the regional labor markets on SWB?

The reunification of Germany, which several economists have called a “natural” experiment, provides a unique opportunity to study the influence of migration on SWB based on longitudinal data containing information from before and after migration. The empirical investigations that are presented in this paper are based on the German Socio-Economic Panel Study (SOEP), and on waves from 1992 to 2006. Hereby information on all individuals who migrated from Eastern to Western Germany between 1990 and 2007 are included. Fixed-effects models are used to determine the effects of unobserved heterogeneity and migration on SWB, based on the assumption that unobserved characteristics tend to be stable over time. The use of fixed-effects models ensures that the effect of migration on SWB is causal rather than based on selection. This approach verifies that “happy” individuals are not those who typically migrate but that migration does indeed affect SWB. In the analyses, I control for individual and regional labor market characteristics in Eastern and Western Germany. I distinguish between migrants and persons who returned to East Germany after relocation to the West. Variables that indicate the amount of time individuals have lived in the West account for the influence of time on changes in SWB. The analyses are conducted separately for men and women, as previous studies have found gender-specific differences in the influence of migration (e.g., Frijters, Haisken-DeNew & Shields, 2004).

Migration and Subjective Well-Being

Research on the SWB of migrants has different goals in sociology and economic contexts.⁶ Sociological research in this field focuses on the integration process of migrants and dates back to 1928 to the research of Park (1928) on ‘marginal man’ and the uprooted (Handlin, 1951). In contrast, the first economic research to address SWB in the context of migration was motivated by differences in SWB between countries.⁷ In fact, the average happiness of individuals differs among countries; individuals from Western Europe and the USA score higher on well-being scales than those from Eastern Europe (Blanchflower & Oswald, 2008).⁸ However, as Bartram (2010) indicated, it would be an ecological fallacy to conclude that migration from countries with lower levels of SWB to those with higher levels of SWB would increase happiness.

Analyzing five Nordic countries (Denmark, Finland, Iceland, Norway, and Sweden), Lundholm & Malmberg (2006) revealed a positive relationship between residential mobility and SWB. Among the few people who were less satisfied after a move (8 percent), singles were overrepresented. In turn, individuals who reported greater satisfaction with their social lives after a move showed the highest level of general satisfaction, as social life has the largest effect on overall satisfaction. The authors concluded that migration in Nordic countries is not a trade-off situation in which social and environmental cuts are accepted in return for higher incomes; rather, they found that relocations serve as opportunities to obtain preferred types of housing, as found by Lu (2002) in an analysis of the USA. Other studies, such as a study of repeated, temporary and permanent migration in Thailand, reveal a mixed influence of migration on life satisfaction (De Jong, Chamrathirong & Tran, 2002). Mobility was found to increase, decrease and not to influence life satisfaction; approximately one-third of the migrants accounted for each group. However, job satisfaction increased after migration. The study reveals a negative relationship between life satisfaction and education, and this relationship was explained by the unrealistic expectations of highly educated individuals regarding living conditions after their moves. Finally, previous research in this field that concentrated on depression, which could be understood as the opposite of SWB, reveals that residential mobility increases the likelihood of depression, especially for women (Magdol, 2002).

The most recent study that has applied a different methodology focuses on the life satisfaction of immigrants and natives in the USA. The results that were obtained by Bartram (2010) are consistent with those of other studies that have compared the SWB of immigrants and natives and found lower life satisfaction among immigrants than natives (e.g., Amit, 2010; Amit & Litwin, 2010; Bălătescu, 2007; Neto, 1995; Safi, 2010). In comparisons between countries of origin, immigrants from poorer countries show lower levels of life satisfaction, whereas immigrants from Europe or Canada do not differ significantly from natives. Moreover, the satisfaction of immigrants from poorer countries is defined to a greater degree by absolute income. These immigrants constitute a group with modest earnings and are therefore more frustrated than natives with regard to their inability to obtain higher incomes (Bartram, 2010).

Thus far, only one study has included a variable measuring life satisfaction before and after migration based on longitudinal data. Frijters, Haisken-DeNew & Shields (2004) investigated determinants of life satisfaction in Eastern and Western Germany and also included measurements of the influence of migration on life satisfaction. Using ordered logit fixed-effects models, the authors found a positive effect of migration from Eastern to Western Germany and a negative

⁶ For a general overview of the factors that influence SWB, see the work of Dolan et al. (2008). For an overview validating the theoretical importance and the measurement of SWB, see the studies of Blanchflower & Oswald (2004a), Di Tella & MacCulloch (2006), Frey & Stutzer (2002), and Kahneman and Krueger (2006).

⁷ In general, economic research on SWB dates back to Richard Easterlin (1974) who found that individuals do not report increased SWB with increased personal income.

⁸ Moreover, at the macro level, life satisfaction is an excellent predictor of international migration (Blanchflower & Oswald, 2008).

effect of relocation from West to East for men only (Frijters, Haisken-DeNew & Shields, 2004). This study provides a general overview of the influence of major life events on SWB rather than on the effects of migration. Differences in SWB between groups of migrants or over time were not examined. Moreover, this study was based on a rather short period during which levels of life satisfaction in Eastern and Western Germany were still converging.

Theoretical considerations

Subjective well-being of migrants

According to neoclassical economics, migration represents a risky investment through the allocation of human capital to increase productivity. Individuals maximize their utility by choosing the most beneficial location. In this respect, migrants must be willing to tolerate present costs to obtain future benefits (Borjas, 1987; Chiswick, 1999; Chiswick, 1978; Sjaastad, 1962). Individuals compare the costs and benefits of migration. In this sense, migration is equivalent to any other investment in human capital, such as schooling or on-the-job training.

The costs of migration are both monetary and non-monetary (Sjaasjad, 1962). The monetary costs of migration are primarily transportation costs, whereas the non-monetary costs are more substantial and include the loss of location-specific human capital, such as the loss of family and friendship networks (DaVanzo, 1983), and opportunity costs (Sjaasjad, 1962). However, the benefits of migration can also be non-monetary. Therefore, individuals may migrate to a better climate, for family-related reasons or to improve life quality and they may accept the financial disadvantages in order to live in a new location (see, e.g., Benson and O'Reilly, 2009). When people make their decisions with sufficient information and without unrealistic expectations by considering both monetary and non-monetary costs and benefits, only those who profit from a migration in a subjective sense will migrate (Ziegler & Britton, 1981). Thus, as De Jong, Chamrathirong & Tran (2002) claimed, *migrants are likely to report higher subjective well-being (SWB) after a move than before a move* (hypothesis 1). Moreover, *the increase in SWB after a move should be enduring*⁹ (hypothesis 2) because migration (similar to other career investments) is a long-term investment.

An alternative view of the long-term development of SWB is provided by the psychological literature: following an initial increase in SWB in the period immediately after migration, mechanisms that include adaptation, aspiration and comparison reduce SWB in later periods. First, as individuals adapt to repeated stimuli (Scitovsky, 1992), they should adapt quickly to their improved living standards after migration and thus experience a decline in SWB. Second, obtaining higher incomes may trigger even higher aspirations regarding earnings and economic status (Stutzer, 2003; van Praag, 1993). Third, individuals change their reference categories after receiving an increase in income and thereafter compare themselves to even wealthier persons (Venhoven, 1991). Therefore, migrants who relocated from Eastern to Western Germany should change their comparison group from Eastern to wealthier Western Germans. Alternative hypothesis 2a states as follows: *Following an initial increase in SWB after migration, migrants are likely to report decreasing SWB in later periods.*

⁹ According to neoclassical economics, such decisions are based on the unrealistic assumption that individuals maximize their utility for life. Therefore, "enduring" indicates an improvement in SWB over a lifetime.

Group differences

The costs and benefits of migration depend on the education of a migrant and the income distribution in the locations of origin and destination (Borjas, 1987; Chiswick, 1978; 1999). Highly educated individuals should profit the most from relocations from Eastern to Western Germany because of the higher marginal value of their education in the West (c.f. Melzer, 2011). Moreover, highly educated individuals also have regionally broader networks (Massey et al., 1998). These networks render these individuals as less regionally dependent and reduce their migration costs. Low costs combined with high gains should both motivate more highly educated individuals to migrate and increase their profits and SWB after such a move. In addition, highly educated individuals are more likely to be able to gather the necessary information for migration and to weigh the gains and losses appropriately. Hence, these individuals are more likely to make well-considered decisions and to avoid disappointment. Therefore, *highly educated individuals should report more positive changes in SWB than migrants with lower educational levels after a move* (hypothesis 3).

According to Mincer (1978), the migration of couples is subject to the same maximization strategy as that of individuals. The only difference is that the decision to migrate is based on the entire household, and the monetary and non-monetary gains and losses of all household members are accumulated. The migration occurs when a household unit benefits irrespective of the individual gains and losses of the household members. Both partners are unlikely to simultaneously improve their situations in a new destination (Mincer, 1978; Kalter, 1998). One partner usually initiates a move, and the other partner follows (the “tied mover”). Even if, according to the theoretical setting of Mincer (1978), work is gender-neutral empirical, evidence shows that as a result of lower earnings and interrupted labor force participation, women are usually in the position of tied movers (Bielby & Bielby, 1992; Mincer, 1978; Shihadeh, 1991). Thus, women who migrate with their partners could be expected to reveal fewer positive changes in SWB after their moves. However, if one seriously considers the theoretical framework of Mincer (1978), then one finds that compensation payments are exchanged between the household members, who gain or lose as a result of relocation. Therefore, it is hypothesized that *after a migration, women who migrate with their partners should not report negative changes in their SWB* (hypothesis 4).

Data and methods

Data

The empirical analyses are based on the SOEP, which is a representative longitudinal survey (Wagner, Frick & Schupp, 2005). The sampling procedure is based on a random selection of households; within each household, every household member over the age of 16 is surveyed.

An unbalanced sample of persons from eastern German states serves as the basis of the research; people who entered the sample after 1990 or who were absent in one or more waves were also included in the estimates. All persons who exited Eastern for Western Germany between 1990 and 2007 are identified as migrants. Individuals who exited Eastern Germany in 1990 and 1991 are investigated, as any other person in the sample, from 1992 and thereafter from their second year in Western Germany. The estimates are limited, as information on regional characteristics is not available before 1992. The data set contains 8,233 persons between 16 and 63 years of age, and 650 of these individuals migrated.

The sample contains 50,532 person-years for stayers and an additional 5,829 person-years for migrants (3015 of these person-years are from the period following the moves). After migration, individuals in Western Germany continued to be interviewed on a yearly basis. The questionnaires for Eastern and Western Germany are identical.

The data set contains information for 40 percent of male migrants and 38 percent of female migrants for more than 5 years in Western Germany and for 12 percent of male and female migrants for more than 10 years. Those numbers arose because some migrants departed from the panel (people remained in the panel for an average of 8 years), returned to East Germany, or spent fewer than 5 years in West Germany. It is also possible to account for return migration to East Germany after a move to West Germany. Indeed, 68 men and 73 women returned to East Germany after relocating to the West; these individuals are labeled as returnees and are included in the estimates.

The following question from the SOEP was used to operationalize SWB: “How satisfied are you with your life, all things considered?” The respondents were instructed to answer on an integer scale that ranged from 0 to 10, where 0 represents the lowest level of life satisfaction, and 10 represents the highest satisfaction level. A dummy variable, “migrated to Western Germany,” takes the value of one if a person from East Germany lives in West Germany and zero otherwise. An additional variable was created to determine the time that the migrants spent in West Germany. This variable indicates whether an individual spent no time, less than two years, two to four years, four to six years, six to nine years or more than ten years in Western Germany (e.g., “migrated less than two years ago”). Finally, the dummy variable “returned to Eastern Germany” identifies all persons who returned to East Germany after relocation to West Germany.

Additional variables were constructed based on their interactions with the “migrated to Western Germany” variable to capture the differences in SWB among various groups of migrants. For example the interaction term “partner* migrated” was generated. It takes the value of one if a person migrated with his or her partner (cohabitation) and zero otherwise. The same values apply to the “married* migrated” and “tertiary education* migrated” variables.

The analyses control for a range of individual and regional characteristics, which are described briefly in the following section. Information regarding the distribution of these variables can be found in the appendix.

Age effects are given as both age and age squared.

A measurement of the subjective classification of *health* status on a scale from 1 (poor health) to 5 (excellent health) is included.

Marital status: A battery of dummy variables accounts for the following life stages: single (1), cohabitating (2), married (3), divorced (4) and widowed (5). When a divorced person finds a new partner, his or her status changes from divorced to cohabitating.

As many people migrate to begin a new job, it is important to control for changes in employment status, household income and hours worked.

Employment status: This variable distinguishes between four categories: full-time employment (1), part-time employment (2), apprenticeship (3) and maternity leave or irregular employment (0).

Household income: The household income variable represents the logarithm of the combined individual monthly net wages of both partners living in a household deflated to 1992 values. For single people, household income equals individual income.

The number of *hours worked* per week is included.

I have also controlled for regional income and unemployment levels, as the economic situation differed between East and West Germany and differed as a result of the changes in the East German economy after reunification. Moreover, individuals relocate not only between East and West Germany but also within East Germany. These changes in labor market conditions might influence both the decisions of individuals to migrate and their SWB.¹⁰

Regional income levels: All information on average daily incomes (rounded to €1) was obtained from the data of the Federal Employment Agency, which are based on the IAB *Employee History (Beschäftigten-Historik - BeH)* V7.01, Nuremberg 2007. The variable provides gender-specific values.

¹⁰ For example, average wages for men increased by approximately 20 percent from 1992 to 1995. However, this period of rapid wage growth was followed by a period in which scarcely any wage growth occurred. These calculations are based on the IAB *Employee History (Beschäftigten-Historik - BeH)* V7.01, Nuremberg 2007.

Regional unemployment rates: The unemployment rates (rounded to 1 percent) from 1998 to 2006 were obtained from the official data of the Federal Employment Agency. Gender-specific unemployment rates at the NUTS 3 level are not available for years prior to 1998. Nevertheless, the IABS data enables an approximation of gender-specific unemployment rates for the period from 1992 to the present. Therefore, the information pertaining to local unemployment rates is derived from two sources.

Population density: The final variable that provides information on regional features is a dummy that measures a region's population density. This variable takes the value of 1 if the region in question is urban and has more than 100,000 inhabitants.

Methods

Fixed-effects models are used to estimate the relationship between SWB and migration, as these models have several desirable statistical properties.¹¹ First, the estimations are based on within variation only, and this type of estimation eliminates the influence of time-invariant observable and unobservable heterogeneity among individuals. Consequently, the influence of time-invariant characteristics, such as gender or race, on SWB cannot be estimated, but at the same time it is unnecessary to control for time-invariant characteristics, such as personality traits. Because survey data usually contain only limited information regarding personality traits and because it is virtually impossible to control for all features of personality that might influence SWB, this advantage is significant. Fixed-effects models control also for the potential sample selection of time-invariant characteristics; such a procedure is crucial because migration is a highly selective process (c.f. Hunt, 2006; Melzer, 2011). If one does not control for some observable and unobservable differences between migrants and non-migrants, then SWB differences that result from selection into migration could be wrongly ascribed to the influence of migration on SWB. The use of fixed-effects models ensures that selection according to time-invariant characteristics is no longer a concern.

The following model was fitted:

$$SWB_{it} = \beta_1 living_West_{it} + \beta_2 living_East_{it} + \delta_1 found_partner_{it} + \delta_2 Z_{it} + \delta_3 living_West_{it} * found_partner_{it} + \nu_i + \varepsilon_{it} \quad (1)$$

The dependent variable SWB is observed for respondent i at time t . β_1 indicates the estimated parameter that indicates the influence of migration from Eastern to Western Germany on SWB, our key variable labeled *living_West*. β_2 indicates the changes in SWB of returnees, individuals who returned to the East after relocating to the West. δ_1 provides information regarding the effect of one of the control variables, *found_partner*, on life satisfaction, and δ_3 estimates the influence of the interaction effect between the *found_partner* variable and the migration dummy and indicates whether migration has an additional effect on SWB of people living in partnerships. Other observable time-dependent, individual and regional characteristics enter the model via Z_{it} .

I allow individual variance in intercepts but not in slopes. Therefore, a separate intercept for each individual included in the data is estimated by ν_i ; the deviation of the individual values over time from the general mean is captured by the observation-specific error term ε_{it} .

¹¹ Even if the trend in the research on SWB, especially in the economics literature, is progressing toward ordered logit models, I refrain from using ordered logit models in this article. Blanchflower & Oswald (2004b) showed that simple OLS regressions achieve results that are similar to those obtained from ordered logit models for three-point scales, and the life satisfaction scale that is used in this study is measured on an eleven-point scale. These results are also supported by Ferrer-i-Carbonell & Frijters (2004) who used SOEP data to show that the results of ordered logit models and OLS regressions do not differ considerably. In contrast, the authors emphasize the importance of fixed-effects regressions, as these regressions do change the results substantially (Ferrer-i-Carbonell & Frijters, 2004).

Results

Descriptive results

As shown in Figure 1, the average SWB was lower in Eastern Germany than in Western Germany for the entire period from 1990 to 2008. This result emerged despite the convergence that was observed in the period following reunification. Life satisfaction increased between 1991 and 1999 in the East and declined simultaneously in the West. The increase in the East was associated with an increase in both relative and absolute income, whereas the decline in the West was primarily linked to unemployment (Easterlin & Plagnol, 2008). The course of life satisfaction for East Germany in Figure 1 begins with a sharp decrease between 1990 and 1991. Not until 1999 did Eastern Germans regain the level of satisfaction that was reported in 1990. After 1999, no further convergence occurred; rather, the curves for Eastern and Western Germans followed the same pattern of increases and decreases for the next six years. Only in 2008, the last year under observation, did the satisfaction of Eastern Germans increase slightly higher than that of Western Germans.

In addition to the life satisfaction of Eastern and Western Germans, a third line (a long dash-dotted line) is included in Figure 1, which displays the average life satisfaction of people who migrated from Eastern to Western Germany after their moves. The first observation in this group is from 1991, as the first migrations occurred between 1990 and 1991. Eastern Germans who relocated to the West were more satisfied than the population who remained in Eastern Germany, but the Eastern-West migrants remained less satisfied than the Western population.

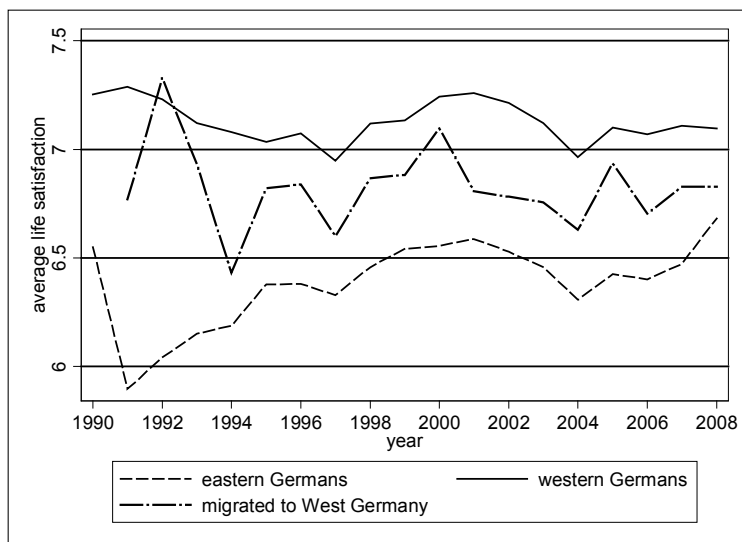


Figure 1: SWB of Eastern and Western Germans and that of individuals who migrated from Eastern to Western Germany

Analytical results

The results of the fixed-effects regressions for men and women are presented in Tables 1 and 2, respectively. I discuss the influence of migration on SWB for men first and for women second and subsequently compare these effects. I begin the analyses with Model 1, which includes the

“migrated from Eastern to Western Germany” and “returned to Eastern Germany” variables in addition to demographic information. In Model 2, the individual economic variables are included to indicate their influence on the migration variable. In Model 3 (as in Model 6), the duration of the stays in Western Germany is considered using dummy variables that indicate the number of years spent in the West to account for possible changes in SWB over time. In Model 4, additional interaction effects are included to account for group-specific differences (e.g., differences between highly qualified and less qualified migrants). Finally, in Models 5 and 6, regional labor market characteristics are also controlled. This method enables an analysis of whether the SWB changes that were found after migration are caused by improved labor market characteristics in the West.

Even when individual observed and unobserved characteristics are controlled, migration from Eastern to Western Germany increased the life satisfaction of men by 0.3 scale points (see Model 2), with an average life satisfaction in Eastern Germany of approximately 6.5 points. In contrast, return migration did not increase SWB.¹² The use of fixed-effects models enables the verification that “happy” individuals are not those who migrate but that migration does indeed influence SWB. Migration from Eastern to Western Germany increased SWB; only becoming unemployed or start to work part time had a greater influence on the life satisfaction of men (see Models 2-6). By comparing Models 1 and 2, we can observe that the changes in income, employment and working conditions related to the migration from East to West Germany partially account for the improved SWB of migrants after their moves. After the employment situation is controlled, migration from East to West Germany loses one-fourth of its former magnitude.

More importantly, the change in SWB was enduring (Model 3). Male migrants reported higher levels of life satisfaction even six years after migration. However, after labor market characteristics are controlled in Models 5 and 6, the effect of migration is no longer significant for men. Therefore, the increased SWB after migration can be explained by the superior labor market characteristics of Western Germany. Men appear to have benefited, in terms of SWB, from higher income levels and more secure employment situations in Western Germany.

Neither highly educated men nor those who moved to Western Germany with a partner (married or otherwise) differ from other groups of migrants (Model 4).

¹² Fixed-effects models compare SWB changes that are caused by return migration to East Germany as a deviation from an individual’s average level of SWB over the entire period in the data.

Table 1: *Consequences of migration from Eastern to Western Germany on the SWB of men: fixed-effects regressions based on SOEP data for the 1992-2006 period*

Men	I	II	III	IV	V	VI
individual characteristics						
migrated from Eastern to Western	0.401***	0.291**		0.294*	0.092	
Germany	(0.100)	(0.097)		(0.124)	(0.175)	
returned to Eastern Germany	0.071	0.052	-0.266	0.059	0.039	-0.081
	(0.242)	(0.230)	(0.228)	(0.230)	(0.233)	(0.259)
migrated less than two years ago			0.315**			0.142
			(0.106)			(0.153)
migrated two to four years ago			0.323**			0.136
			(0.114)			(0.163)
migrated four to six years ago			0.395**			0.199
			(0.139)			(0.200)
migrated six to nine years ago			0.181			-0.029
			(0.168)			(0.221)
migrated more than ten years ago			0.389*			0.155
			(0.174)			(0.232)
age	-0.061***	-0.123***	-0.124***	-0.123***	-0.132***	-0.123***
	(0.013)	(0.014)	(0.014)	(0.014)	(0.017)	(0.017)
age squared	0.001***	0.002***	0.002***	0.002***	0.002***	0.002***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
health	0.423***	0.409***	0.409***	0.408***	0.408***	0.408***
	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)
found a partner in the past year	0.206**	0.075	0.071	0.088	0.085	0.077
	(0.070)	(0.072)	(0.072)	(0.074)	(0.074)	(0.072)
married in the past year	0.245**	0.113	0.110	0.098	0.095	0.112
	(0.092)	(0.093)	(0.093)	(0.095)	(0.095)	(0.093)
divorced in the past year	-0.176	-0.164	-0.167	-0.169	-0.170	-0.168
	(0.121)	(0.116)	(0.116)	(0.116)	(0.116)	(0.116)
spouse died in the past year	0.038	-0.016	-0.019	-0.025	-0.034	-0.025
	(0.228)	(0.232)	(0.232)	(0.233)	(0.232)	(0.232)
has children	0.136**	0.177***	0.177***	0.177***	0.179***	0.179***
	(0.042)	(0.041)	(0.041)	(0.041)	(0.041)	(0.041)
became unemployed		-0.390***	-0.391***	-0.390***	-0.389***	-0.395***
		(0.077)	(0.077)	(0.077)	(0.077)	(0.077)
began part-time work		-0.382***	-0.382***	-0.380***	-0.375***	-0.376***
		(0.099)	(0.099)	(0.098)	(0.098)	(0.099)
began vocational training		-0.236***	-0.237***	-0.235***	-0.234***	-0.211***
		(0.062)	(0.062)	(0.062)	(0.062)	(0.063)
household income		0.023***	0.023***	0.023***	0.022***	0.022***
		(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
hours worked		0.003	0.003	0.003	0.003	0.003
		(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
interaction terms						
tertiary education* migrated				-0.120	-0.102	
				(0.189)	(0.189)	
partner* migrated				-0.101	-0.101	
				(0.152)	(0.150)	
married* migrated				0.148	0.133	
				(0.157)	(0.161)	
regional characteristics						
income level					0.007	0.006
					(0.005)	(0.005)
unemployment rate					-0.004	-0.004
					(0.005)	(0.005)
city with more than 100,000 residents					-0.039	-0.032
					(0.078)	(0.079)
Person-years	27457	27457	27457	27457	27457	27457
persons	4099	4099	4099	4099	4099	4099
r-squared overall	0.145	0.171	0.172	0.171	0.188	0.184
r-squared within	0.060	0.085	0.085	0.085	0.085	0.086
r-squared between	0.175	0.204	0.204	0.204	0.230	0.225
rho	0.525	0.520	0.520	0.520	0.513	0.515

Robust standard errors are used; year dummies are included; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Table 2: Consequences of migration from Eastern to Western Germany on the SWB of women: fixed-effects regressions based on SOEP data for the 1992-2006 period

Women	I	II	III	IV	V	VI
individual characteristics						
migrated from Eastern to Western	0.472***	0.416***		0.412**	0.500***	
Germany	(0.095)	(0.093)		(0.135)	(0.142)	
returned to Eastern Germany	0.335	0.348	-0.024	0.339	0.355	-0.094
	(0.206)	(0.199)	(0.202)	(0.197)	(0.199)	(0.206)
migrated less than two years ago			0.472***			0.562***
			(0.094)			(0.106)
migrated two to four years ago			0.351**			0.450***
			(0.123)			(0.135)
migrated four to six years ago			0.475***			0.574***
			(0.139)			(0.146)
migrated six to nine years ago			0.190			0.286
			(0.169)			(0.173)
migrated more than ten years ago			0.386*			0.479**
			(0.178)			(0.183)
age	-0.040**	-0.095***	-0.094***	-0.095***	-0.117***	-0.109***
	(0.014)	(0.014)	(0.014)	(0.014)	(0.018)	(0.018)
age squared	0.001***	0.001***	0.001***	0.001***	0.001***	0.001***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
health	0.402***	0.403***	0.402***	0.403***	0.403***	0.403***
	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)
found a partner in the past year	0.234***	0.112	0.106	0.118	0.122	0.123
	(0.062)	(0.065)	(0.066)	(0.069)	(0.069)	(0.066)
married in the past year	0.158	0.061	0.058	0.068	0.074	0.073
	(0.084)	(0.087)	(0.086)	(0.088)	(0.088)	(0.086)
divorced in the past year	-0.117	-0.085	-0.087	-0.083	-0.078	-0.079
	(0.121)	(0.119)	(0.119)	(0.119)	(0.119)	(0.119)
spouse died in the past year	-0.001	-0.021	-0.025	-0.015	-0.009	-0.014
	(0.160)	(0.159)	(0.160)	(0.160)	(0.160)	(0.160)
has children	0.113**	0.182***	0.182***	0.182***	0.183***	0.188***
	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.039)
became unemployed		-0.298***	-0.300***	-0.298***	-0.306***	-0.313***
		(0.071)	(0.071)	(0.071)	(0.071)	(0.071)
began part-time work		-0.135**	-0.134**	-0.135**	-0.135**	-0.140**
		(0.043)	(0.043)	(0.043)	(0.043)	(0.043)
began vocational training		-0.258***	-0.259***	-0.258***	-0.260***	-0.239***
		(0.062)	(0.062)	(0.062)	(0.062)	(0.064)
household income		0.028***	0.028***	0.028***	0.028***	0.028***
		(0.004)	(0.005)	(0.005)	(0.005)	(0.005)
hours worked		0.001	0.001	0.001	0.001	0.001
		(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
interaction terms						
tertiary education* migrated				0.134	0.105	
				(0.214)	(0.213)	
partner* migrated				-0.032	-0.040	
				(0.160)	(0.159)	
married* migrated				-0.050	-0.035	
				(0.175)	(0.176)	
regional characteristics						
income level					0.009	0.008
					(0.006)	(0.006)
unemployment rate					0.013**	0.013**
					(0.005)	(0.005)
city with more than 100,000 residents					-0.179*	-0.173*
					(0.087)	(0.087)
Person-years	28908	28908	28908	28908	28908	28908
persons	4134	4134	4134	4134	4134	4134
r-squared overall	0.130	0.154	0.154	0.154	0.159	0.157
r-squared within	0.051	0.067	0.067	0.067	0.067	0.068
r-squared between	0.180	0.199	0.197	0.199	0.201	0.199
rho	0.523	0.518	0.518	0.518	0.511	0.511

Robust standard errors are used; year dummies are included; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

The SWB patterns that were found in this study are generally similar for men and women. Migration increased SWB for both sexes. The effect endured for at least 6 years, and no group differences can be found, although the positive effect of migration on SWB appears to have been slightly larger and more stable for females. In addition, the effect of return migration was positive but never significant. Few differences between men and women can be found. The most important difference is that the influence of migration on the SWB of women remains stable even when regional features are controlled (see Table 2 and Models 5 and 6). There were differences between men and women with regard to employment status. Both men and women who became unemployed, began apprenticeships or began part-time work were less satisfied. Initially, this pattern showed no gender-specific differences. However, a comparison of the effects of migration and employment status on SWB reveals differences between men and women. Next to the effect of health, unemployment or part-time work shows the strongest effect on SWB for men, whereas migration shows the strongest effect on SWB for women.

I conducted several tests to account for possible sources of selectivity. First, I tested whether persons who are removed from the data are indeed a random group and not selected among those who are less satisfied (see the additional variable test used by Wooldridge, 2001, p. 581). Two of the three constructed tests support the view that individuals are removed from the data randomly. Second, I constructed various robustness tests to analyze whether the various methods of accounting for migrants and returnees influence the analyses.¹³ In this situation, the main problem is that returnees might be selected according to their satisfaction. East-West migrants who are particularly dissatisfied in the West might return to the East. The effect of migration remains stable regardless of the specification used (the results are not presented here). Finally, I estimated the Heckman selection controls with a reduced set of variables following the method of Heckman & Smith (1996). The results indicate that the unobserved characteristics based on which persons are selected for migration account for approximately one-sixth of the effects of migration on SWB (the results are presented in the appendix). The results indicate the importance of using fixed-effects estimations and controlling for unobserved characteristics.

Conclusion

The purpose of this study was to investigate the influence of migration on SWB. The hypotheses in this study regarding the effect of migration on SWB were derived from neoclassical economic concepts such as the human capital theory and from concepts developed in the psychology literature. The main prediction derived from the human capital framework is that migrants should be more satisfied after a move. The estimations are based on longitudinal data (SOEP 1990-2007), which include information pertaining to individuals living in, moving from, and returning to Eastern Germany. Fixed-effects hierarchical models were used to distinguish the effects of personality and mobility on SWB.

East-West migration in Germany has had a positive influence on SWB. Therefore, hypothesis 1 (*migrants should report higher SWB after their moves*) is verified. Although the favorable conditions in the Western German labor market, such as higher regional income levels, account for the increase in the reported SWB of men, the same result was not observed for women. Previous studies have shown that men and women experience increased SWB as a result of different factors. For example, Fandrem, Sam & Roland (2009) showed that young women gain greater satisfaction from housing. For example, the quality of housing may differ between Eastern and Western Germany, and women may have experienced greater SWB in the West because of the superior quality of housing. Other reasons for the high and stable increases in the SWB of women after migration might have been associated with the structure of the labor market in West Germany,

¹³ Possible influences were investigated, for example, by including previously excluded returnees in the sample, adding returnees to migrants in West Germany or treating these migrants as a separate group in the final models.

which may have been especially beneficial for women. Research addressing mobility in urban municipalities shows that women are more likely to relocate to larger cities because the men in these cities have higher education levels and earnings and are thus more attractive to women (Edlund, 2005). Wages in Western Germany tend to be higher than wages in Eastern Germany. Therefore, westward migration may be driven by a mechanism that is similar to that which motivates migration to cities. Single women who migrate to Western Germany or to larger cities may profit from increases in their own wages and those of their potential partners (cf. Edlund, 2005). For female migrants who live in partnerships, a different mechanism could account for the increased SWB following migration. In this context, the research on over-qualification might be insightful. For example, Büchel (2000) showed that married women who live in more highly populated municipalities are less likely to work in jobs for which they are overqualified (Büchel, 2000). If Eastern and Western Germany differ regarding the density of population and the density or quality of jobs that are available (e.g., high-quality jobs in East Germany are more scarce) or if couples migrate from rural areas to urban areas, then women who migrate with partners or spouses may be more satisfied because of the superior job opportunities that are available. If this explanation holds true, then the regional control variables that were used may not capture the complete effect of the superior job opportunities that are available in West Germany.

The positive effect of migration on SWB was found a maximum of six years after relocation for men and a maximum of ten years after relocation for women. Hypothesis 2 (*the increases in SWB after a move are enduring*) can be confirmed only for women. For men, the situation is more complex. On the one hand the effect can be interpreted as enduring; the SWB of men remained higher after six years, which is longer than individuals usually need to adapt to new situations. For example, the existing research shows that individuals typically need approximately 3 years to adapt to widowhood or marriage, two years to recover from layoffs and one year to adapt to a divorce (e.g., Clark et al., 2008). On the other hand, the effect of migration on SWB for East German male migrants who relocated to West Germany declines in magnitude after six years and does not remain significant. This result may indicate that an adaptation process was occurring and that male migrants were affected by the “hedonic treadmill”; and that even a significant change in living conditions, such as the changes associated with relocation, may not increase SWB indefinitely. Therefore, neither hypothesis 2 nor the alternative hypothesis 2a can be confirmed for men. Further research best one based on international data is necessary to clarify the process that affects the SWB of men after relocation.

Interestingly, the results for women contradict the predictions of psychologists regarding adaptation, aspiration and the comparisons used in alternative hypothesis 2a (*migrants should report decreasing SWB in periods following migration*) and earlier research (cf. Brickman, Coates & Janoff-Bullman, 1978). However, a comparison of the results to more recent research provides a more harmonious view of the situation. According to recent research, individuals do not completely adapt to non-monetary life events, such as marriage, divorce, disability (Di Tella, Haisken-DeNew & MacCulloch, 2007; Easterlin 2003; Lucas et al., 2003) or migration. Neither *highly educated migrants nor those who move with a partner reveal different levels of SWB* (thus, hypothesis 3 must be rejected, but hypothesis 4 is confirmed).

This study provided new information on migration using longitudinal data. However, new questions also arise. One of the most important questions concerns whether the positive, long-term effect that was found in this study can be confirmed for international migration. For example, does this pattern apply to people who relocate to a society with an entirely different culture or economic situation or to countries in which other languages are spoken? Moreover, it would be interesting to determine whether people who relocate to a society with a different ethnic majority also show such high increases in SWB. However, new data sources will be required to answer such questions. Finally, this study compared the SWB of East-West migrants before and after their moves with the remaining population of the country of origin; the link between migrants and individuals from a country of destination is still absent and should be analyzed in future research.

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Appendix

Table A1: Characteristics of male and female migrants and stayers; SOEP data for the 1992-2006 period

	men				women			
	stayers	migrants	min	max	stayers	migrants	min	max
individual char.								
life satisfaction	6.4	6.8	0	10	6.4	6.8	0	10
age (in years)	40.1	36.9	17	63	40.1	34.6	17	63
health	3.55	3.69	1	5	3.49	3.69	1	5
single (in %)	24.6	23.7	0	4	18.4	20.1	0	4
in a partnership (in %)	11.9	19.1			12.2	20.5		
married (in %)	58.4	52.1			60.6	50.2		
divorced (in %)	4.5	4.8			6.45	8.4		
widowed (in %)	0.6	0.3			2.4	0.9		
has children (in %)	31.08	31.20	0	1	35.37	38.02	0	1
without sec. degree (in %)	0.9	0.6	0	4	0.6	0.1	0	4
lower secondary (in %)	22.6	10.7			20.9	8.1		
intermediate sec. (in %)	51.4	50.6			54.7	54.0		
upper secondary (in %)	19.9	34.3			18.5	31.4		
tertiary education (in %)	20.8	26.9			25.7	25.7		
employed full time (in %)	68.4	83.1	0	4	41.7	42.7	0	4
employed part time (in %)	1.4	1.9			13.3	19.0		
unemployed (in %)	30.0	11.7			41.0	32.8		
vocational training (in %)	5.2	3.3			4.0	5.5		
hours worked (in %)	32.3	39.1	0	80	23.8	25.7	0	80
household income (in €)	1317	2365	0	101021	920	1163	0	28000
regional char.								
income level (in €)	62.9	92.0	38	125	53.9	61.5	32	92
unemployment rate (in %)	15.6	9.7	1	33	18.8	9.1	1	36
city with more than 100,000 res. (in %)	26.3	34.9	0	1	27.0	29.3	0	1
n person-years	26213	1244			27338	1570		

Table A2: Consequences of migration from Eastern to Western Germany on SWB: Heckman selection regressions based on SOEP data for the 1992-2006 period

	Men	Women
Individual characteristics		
migrated from Eastern to Western G.	0.323***	0.363***
age	-0.228***	-0.226***
age squared	0.003***	0.003***
Reference category: single		
cohabitating	0.012	-0.078
married	0.127**	-0.009
divorced	-0.332***	-0.238***
widowed	-0.032	0.088
Reference category: no secondary degree		
lower secondary degree	-0.225***	-0.323***
intermediate secondary degree	-0.113*	-0.128**
upper secondary degree	0.209***	0.117*
tertiary degree	0.082*	0.062*
Reference category: employed		
not employed	-0.761***	-0.700***
employed part time	-0.400***	-0.086*
vocational training	-0.684***	-0.733***
household income	0.047***	0.065***
hours worked	-0.003*	-0.011***
inverse Mills ratio	0.045***	0.050***
Person-years	27423	28824
r-squared	0.1148	0.0998

To compute the inverse Mills ratio, I controlled for age, age squared (if a person was single, cohabiting or married), educational level, employment status, household income, hours worked, the labor market, unemployment and regional characteristics. The estimates were obtained with two-step Heckman selection controls using STATA 10. The criteria for the selection were the duration of unemployment, the time spent in the labor force, and house ownership. Moreover, for the selection equation, only being single or having a partner (married or otherwise) was distinguished, whereas information on divorce and widowhood were also used for the outcome equation.