

Do Danes and Italians Rate Life Satisfaction in the Same Way? Using Vignettes to Correct for Individual-Specific Scale Biases

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Abstract

Self-reported life satisfaction is highly heterogeneous across similar countries. We show that this phenomenon can be largely explained by the fact that individuals adopt different scales and benchmarks in evaluating themselves. Using a cross sectional dataset on individuals aged 50 and over in ten European countries, we compare estimates from an Ordered Probit in which life satisfaction scales are invariant across respondents with those from a Hopit model in which vignettes are used to correct for individual-specific scale biases. We find that variations in response scales explain a large part of the differences found in raw data. Moreover, the cross countries ranking in life satisfaction dramatically depends on scale biases.

JEL classification: C42, D12, I31, J14.

Keywords: Life satisfaction, scale biases, vignette, counterfactuals.