

Who is at the top? The top of the German distribution of income, wealth and life satisfaction in longitudinal perspective

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Abstract:

What is happening at the top of the distribution in terms of wealth, income and life satisfaction? Is there much movement into and out of the top end of these marginal distributions across time? Does membership in top of the three distributions overlap to a substantial degree? Are movements out of the top of one distribution accompanied by changes in the others? This paper will examine these questions using longitudinal data from Germany. By using three different measures of well-being in a longitudinal setting, we aim to build a richer picture of the dynamics of the top of the distribution than a narrower focus on but one or two measures allows for.

The German Socio-Economic Panel (SOEP) is well-suited to studying the dynamics of the top end of the distributions of income, wealth and life-satisfaction, since it contains longitudinal information on these different indicators of wellbeing. The SOEP was also topped-up in 2002 with a sample of income-rich households, which makes it particularly well suited to explore these issues.

The purpose of this paper is to examine the dynamics of the top end of wealth, income and life-satisfaction distributions in Germany. Apart from descriptive statistics on those dynamics, the paper will consider statistical models that allow us to examine what characteristics are associated with being in the top of these distributions, and what characteristics are associated with mobility into and out of the top ends. The paper will pay close attention to measurement problems associated with trying to capture extreme values using repeated surveying, including positive learning effects.

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