

\* (i) session  
"Parallel Session 6B: Well-Being across Time and Space"

\* (ii) title of paper;

Are Americans Really Less Happy With Their Incomes?

\* (iii) name of corresponding author;

Arthur van Soest

\* (iv) email address and affiliation of the corresponding author;

avas@uvt.nl  
Tilburg University, the Netherlands

\* (v) names of any co-authors (if any);

Arie Kapteyn and James P. Smith

\* (vi) text of the abstract.

Recent economic research on international comparisons of subjective well-being suffers from several important biases due to the potential incomparability of response scales within and across countries. In this paper the authors concentrate on self-reported satisfaction with income in two countries: The Netherlands and the U.S. The comparability problem is addressed by using anchoring vignettes. They find that in the raw data, Americans appear decidedly less satisfied with their income than the Dutch. It turns out however that after response scale adjustment based on vignettes the distribution of satisfaction in the two countries is essentially identical. In addition, they find that the within-country cross-sectional effect of income on satisfaction — a key parameter in the recent debate in the economic literature — is significantly under-estimated especially in the US when differences in response scales are not taken into account.