

# Subjective Well Being and the Impact of Climate Change

**(Draft)**

Authors: Carola Grün and Nicole Grunewald<sup>1</sup>

Department of Economics, University of Göttingen, Germany

## **Abstract**

We analyze the relationship between subjective well-being as a non-income welfare measure and climate variables such as temperature, precipitation rates or wind and climate change related disaster data like droughts, storms or floods. Therewith, we estimate the effects from events related to climate change on subjective well-being and point out possible welfare losses and gains due to climate change.

Even though that there is a growing number of research on well-being in terms of income measures and climate change, there is only little research on the effect of climate change and non-income measures such as subjective well-being. Further those studies lack some comparison. Except Rehdanz and Maddison (2005) and Becchetti et al. (2007) all studies turn to national analyses when analyzing the influence of climate on subjective well-being. So far there are very few studies on middle- and none on low-income countries, but at the same time extreme weather events may especially affect people in poorer countries. Therefore, we test this relationship for low and middle-income countries in Latin America and put the results in comparison to earlier studies.

We apply survey data from the Latinobarómetro which cover the years 1985-2008. In linear probability model we analyze the effect of climate and climate change related disasters on subjective well-being in Latin America and control for gender, age, marital status and income as well as the macroeconomic environment.

Keywords: Subjective Well Being, Climate Change

JEL Classification: I30, Q54

<sup>1</sup> Corresponding author: ngrunew@uni-goettingen.de