

2020

36th IARIW General Conference

Paper Prepared for the 36th IARIW General Conference, Oslo, Norway, August 24-28, 2020

Time, Income and Subjective Well-Being – 20 years of Interdependent Multidimensional Polarization in Germany

Joachim Merz

Bettina Scherg

Society drifts apart in many dimensions. Economists focus on income of the poor and rich and the distribution of income but a broader spectrum of dimensions is required to draw the picture of multiple facets of individual life. In our study of multidimensional polarization we extend the income dimension by time, a pre-requisite and fundamental resource of any individual activity. In particular, we consider genuine personal time as a pronounced source of social participation in the sense of social inclusion/exclusion and Amartya Sen's capability approach.

With an interdependence approach of multidimensional polarization we allow compensation between time and income, parameters of a CES-type subjective well-being function, where a possible substitution is evaluated empirically by the German population instead of arbitrarily chosen. Beyond extended multidimensional polarization subjective well-being indices we propose and apply a new intensity/gap measure to multidimensional polarization, the mean minimum polarization gap 2DGAP. This polarization intensity measure provides transparency with regard to each single attribute, which is important for targeted policies, while at the same time respecting their interdependent relations.

The empirical investigation uses the German Socio-Economic Panel (GSOEP) and detailed time use diary data from the three German Time Use Surveys (GTUS) 1991/92, 2001/02 and the actual 2012/13. We focus on the working poor, a part of our society which requires increasing interest on the economic and social political discussion.

Our study extends the former analysis of Merz and Scherg 2014 by, first, an in-depth microeconomic two stage estimation of socio-economic factors of risk and intensity/deepness of poverty and affluence and, second, by the incorporation of the actual GTUS 2012/13 allowing now the analysis of 20 years of interdependent multidimensional polarization development in Germany.