

Income and the Happiness of Canadian 12 to 15 Year-Olds

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Abstract
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Much recent work by economists has studied the association between income and happiness for adults; children and youth have received considerably less attention in the economics 'happiness' literature yet income/happiness associations may be rather different for children than adults. Differences could arise, for example, because children/youth typically have limited information about family finances; parents may attempt to shelter their children from financial hardship; income may be less a personal 'measure of success' for children than for parents; on the other hand, children may be particularly vulnerable to marketing and peer pressure.

Using longitudinal microdata from the Statistics Canada National Longitudinal Survey of Children and Youth (NLSCY), this paper conducts a multivariate analysis of the association between income and self-reported happiness for Canadian 12- to 15- year-olds. We focus first on family income and ask whether it is current family income, recent changes in family income or the long-term (i.e., ten-year) history of family income which has the largest association with the self-assessed happiness of young teens? Consistent with other work in this area for adults, we then estimate the relative importance of neighbourhood and family income, using census data to calculate neighbourhood incomes. Finally, we provided some evidence about whether it is access to resources or parental stress that is the more important pathway from income to youth self-assessed happiness by adding a measure of mother's reported degree of 'worry over finances.'

Results to date suggest that recent changes in family income have a particularly strong association with the probability of a young teen either 'agreeing' or 'strongly agreeing' that he or she is 'generally happy with life over-all.' Neighbourhood income and parental financial worries are better predictors of the probability of being at the top of the young teen happiness distribution (i.e., distinguishing 'strongly agrees' from 'agrees' or 'disagrees'). Other key co-variates are parental paid work hours, the young teen's health and performance at school (as assessed by the mother) and the extent to which parents 'get along' with one another (as assessed by the young teen).