WORKING ON WALL STREET OR RELAXING ON THE RIVIERA? AGE-RELATED IMPACTS OF INCOME AND WELLBEING ON REGIONAL MIGRATION

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Are the young or the old more willing to trade off income against other aspects of wellbeing? We examine this question using migration decisions as an indicator of the trade-offs that people make. Our theoretical model suggests that younger individuals should more readily sacrifice non-pecuniary aspects of wellbeing when making migration decisions. Part of the reason for this outcome is that the young have a longer investment horizon than their older counterparts. They may also face borrowing constraints that reduce their ability to smooth consumption by drawing from their future higher wages. As a result, younger workers trade off non-pecuniary aspects of wellbeing (i.e. they end up living in a less ‘happy’ location) in order to increase their current (and possibly future) consumption. Older individuals (and especially retired individuals) then shift to where life satisfaction (subjective wellbeing) is high since the requirement to generate income is less of a constraint. To test our hypothesis, we employ Australian HILDA unit record panel data which includes data on both income and wellbeing covering 13 years with 9000 people in the balanced panel and 37,000 in the unbalanced panel. We study these people’s movements both across and within Australia’s 13 Major Statistical Regions; the dataset includes more than 5,500 inter-regional and 4,000 intra-regional moves. Our results enable a better understanding of migration patterns, and of the importance placed by individuals on income versus subjective wellbeing over the life-cycle. schools that have shown excellence in maths to share their “off the shelf” curriculum with other schools.