

Absolute Consumption, Relative Consumption, Savings and Life Satisfaction

Devrim Duumludag
Marmara University, Istanbul
duumludag@marmara.edu.tr

&

Ozge Gokdemir
Istanbul University
ozge.gokdemir@istanbul.edu.tr

&

Ruut Veenhoven
Erasmus University Rotterdam
veenhoven@ese.eur.nl

This study aims to examine the impact of detailed consumption categories, relative consumption, savings and income on life satisfaction for a representative sample of 3006 respondents in Turkey in 2016. The data for this sample was mainly collected a part of a project financed by the scientific research program at Marmara University, Istanbul. The survey was held in twelve main regions in Turkey. In the survey, besides questions about demographic and socio-economic characteristics of the respondents, questions were asked about their levels of life satisfaction at the time of the interview, money spend on detailed (thirty five items covered by twelve categories) consumption categories (annually/monthly) and household income. This yielded rich data which was employed in a regression model for life satisfaction in terms of detailed consumption items, income and savings and a large set of control variables which also include personal characteristics (Big Five). The model was estimated with ordinary least squares and White-heteroscedasticity-consistent standard errors for variables jointly. The main results reveal that rather than consumption, saving has a positive impact on life satisfaction. The results differ in regard to gender, income and age categories.