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RELIGIOSITY AND LIFE SATISFACTION IN RUSSIA: EVIDENCE FROM THE RUSSIAN DATA

Does religiosity make you happy? Many studies document positive associations between religiosity and various forms of subjective wellbeing. This is also true for general life satisfaction in normal economic conditions and in the case of economic shocks. However, both life satisfaction and religiosity may be correlated with unobserved individual and household traits or unobserved life shocks which can relate to reverse causality. These facts result in endogeneity and make ordinary least square estimates biased. In our study, we employ two methods to avoid possible endogeneity issues – we use fixed effects (FE) and instrumental variable (IV) estimations. Using Russian Longitudinal Monitoring Survey (RLMS-HSE) data and different econometric models, we document positive associations between religiosity and life satisfaction. In particular, fixed effect and instrumental variable regressions provide evidence for a positive effect of religiosity.

The link between religiosity and life satisfaction has attracted attention of researchers for a long period of time; the results depend on the definition of religiosity, the data, and various other factors. For example, Spreitzer and Snyder (1974) studied US interview data and found no significant correlations between the level of church attendance and life satisfaction. Campbell et al. (1976) found a negative relation between religious mindedness and well-being. Their research was based on the data from the Survey Research Center of the University of Michigan. Hadaway (1978) reconsidered the findings of Campbell. Using the same data, but taking a larger variety of measures of religiosity and well-being into account, he came to the opposite conclusion.

Studies based on cross-sectional data analysis suffered from endogeneity problems. In fact, there can be many unobserved factors which influence both the level of religiosity and life satisfaction. An attempt to resolve this problem was made by Headey et al. (2010). They used a fixed effect model for German Socio-Economic Panel Survey data analysis and found that people who become more religious raise their life satisfaction in the long run. People whose religiosity

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declines face long term losses in life satisfaction. A similar approach was used by Sinnewe et al. (2015), who analysed the same data but received different results. They found a positive association between attendance at religious services and life satisfaction for respondents residing in West Germany, but no statistical relations for East Germany.

The use of fixed individual effects solves the endogeneity problems arising from omitted time invariant regressors. However, religiosity can change due to shocks in income or adverse life events (Clark and Lelkes 2006; Dehejia, DeLeire, and Luttmer 2007). These endogeneity effects were addressed by Popova (2014), who solved the problem with the use of historical religious propensity as an IV for individual religiosity. She showed that religiosity insures happiness against economic reforms in Eastern Europe.

The literature on the link between religiosity and life satisfaction in Russia is very scarce. Balatsky and Diener (1993) studied subjective well-being among Russian students (63 students at Moscow State University and 53 students at the Glazov State Institute of Education) and found a negative correlation between religion and global life satisfaction. However, the majority of Russian students replied that they were satisfied with their religion. Zavisca and Hout (2005) studied the link between happiness and income using 2001 and 2002 waves of the RLMS-HSE. They controlled for religiosity and found a positive partial correlation between religiosity and life satisfaction. Similarly to Zavisca and Hout (2005), we base our analysis on RLMS-HSE data; however, we focus on five waves (2011-15) for panel-data analysis. For the IV analysis we chose 2003, which contains very specific questions. Consequently, in contrast to the previous studies, we estimate the causal effect of religiosity on life satisfaction.

Our paper contributes to the study of the relationship between individual religiosity and life satisfaction in several ways. First, we use FE regressions, using detailed individual Russian data. This is done utilizing traditional fixed effects estimators and “Blow-up and cluster” (BUC) model (Riedl and Geishecker 2014; Hole et al. 2011), which makes use of the ordinal nature of the dependent variable. This allows us to account for the set of unobservable characteristics which are stable over time. Second, exploiting the RLMS-HSE data about the religiosity of close relative and friends, we apply IV regressions. The findings of both methods (the FE models and IV regressions) suggest that there is a positive link between religiosity and life satisfaction. This result holds for many alternative specifications of the model, exhibiting a high degree of robustness.

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