

Last decades cities all around the world grew expansively in terms of population and economic significance. In the 'Triumph of the City' Glaeser (2011) claims that the city makes us richer, smarter, greener, healthier and happier. But is it true that cities actually improve our happiness? In the Western developed world we do not find any prove that living in large cities make you happier. In contrary, previous research has shown that people living in large cities are less happy compared to people living in smaller cities or villages. In the United States, Berry and Okulicz-Kozaryn (2011) found an upward pressure towards greater happiness in lower-density areas and a downward pressure towards greater unhappiness in larger central cities. Based on Swedish micro data, Gerdtham and Johannesson (2001) analysed the relationship between happiness and urbanisation and they found that happiness decreases with the degree of urbanisation. Still, it is questionable why so many people migrate towards cities while people are happier in rural areas compared to urban areas. This point towards an urban happiness paradox.

This paper aims to unravel this paradox by gaining more insight in the underlying mechanisms of urban-rural differences in life satisfaction. This paper discusses two mechanism which might explain the urban happiness paradox: causality or selection. If there is a causal effect, the level of happiness exemplifies by the area characteristics causing this level of happiness. If causality explains the urban-rural differences this would mean that urban or rural characteristics cause a significant higher or lower level of life satisfaction. There is some evidence across a range of geographical locations that living in large cities is detrimental to life satisfaction and living in rural areas is beneficial (Dolan et al., 2008). Urban unhappiness can be explained by range of socio-economic conditions, such as anonymity, poverty, inequality, affordability, criminality and pollution to mention just a few, while rural happiness can be driven by factors such as safety, privacy, (green) space, social cohesion etcetera. If there is a selection effect, the level of happiness can be explained by the type of people who are attracted to urban or rural areas. Veenhoven (1994) discussed the selectiveness of rural-urban migration and argued that among people of rural origin, the unhappy may be somewhat more likely to move to a city, whereas among the urban residents who move to the suburbs or the countryside the happy may be overrepresented. A possible explanation for selective migration is strongly linked with social success; people who move to the city are often in search for better chances on the job or marriage market. People moving towards rural areas do typically well socioeconomically, especially the ones who moves to suburbs. A similar selectiveness seems to occur with respect to mental health. People who are 'difficult' or behave 'deviant' tend to be trusted out from rural communities to the city, whereas equally problematic city-dwellers mostly remain in the city (Veenhoven, 1994).

In this research we will analyse which mechanism explains the urban happiness paradox by analysing internal migration based on panel data. Migration can be seen as a mean of potential lasting improvement in subjective well-being. People can play an active role in increasing their own happiness by making considered choices within their life strategies (Easterlin, 2006). It is interesting to analyse residential mobility as individuals actively seek out locations, identity with their place of residence, and derive considerable satisfaction as well as emotional attachment from it (Florida et al., 2013). People migrate for various reasons but most expect to improve their lot in one way or another. They want to take advantage of opportunities available elsewhere. The needs and desires of people are not static; they change over the life course. Following the life stage models, individuals are expected to move through a series of stages over their lifetimes (Barcus, 2004). Life stage changes such as studying, getting children or retirement may strongly influence a move as well as an individuals' level of satisfaction following the move. This makes urban-rural migrants a heterogenous group as a broad variation exists across different life stages. Consequently,

demographic transition such as an ageing society strongly influence the in- and outflow of urban and rural areas.

We will analyse the level of life satisfaction of people before and after moving from a rural area towards an urban area, and vice versa. Based on these analyses, we aim to discover why people in larger cities tend to report lower levels of happiness compared to people in smaller cities or villages. To our knowledge, this research is the first one to empirically test the underlying mechanism of urban-rural differences in life satisfaction by analysing internal migration patterns. For this research, we use panel data from the British Household Panel Survey (BHPS) which enable us to follow internal migrants over time, and analyse changes in their self-reported life satisfaction. This research uses a longitudinal dataset spanning thirteen years from 1996 to 2008. From 1996 onwards the life satisfaction question was introduced in the survey. In 2009 the BHSP sample was incorporated into the larger sample of Understanding Society and due to discontinuity in the data, we cannot use data from 2009 onwards.

The dependent variable is the self-reported life satisfaction of the respondents. In the BHPS the respondents were asked the following question: "How dissatisfied or satisfied are you with your life overall?" on a 7-point scale varying from completely dissatisfied to completely satisfied. The average life satisfaction score for urban respondents is 5.19 and for rural respondents this is slightly higher with 5.31. In urban areas the differences in terms of life satisfaction are slightly bigger compared to rural areas with a standard deviation of 1.26 (rural) against 1.30 (urban). These findings make clear that Greater Britain follows the same pattern as other Western developed countries in which urban citizens are less satisfied with their life compared to rural citizens. There is a difference in terms of life satisfaction of people who did not move during the survey period and stayed at the same address (non-migrants) and people who moved within the country. The results showed that people who migrate are in general less satisfied with their life than non-migrants; respectively 5.15 versus 5.24. This is in line with the literature discussing that people who are less satisfied with their life are more likely to migrate in search for a better life and better opportunities.

To test whether there is a selection or a causal effect we analyse whether migrants moving towards cities are getting unhappier over time which might explain the lower levels of life satisfaction in urban areas. Simultaneously, we analyse whether migrants moving towards rural areas are getting happier over time which might explain the higher levels of life satisfaction in these areas. To answer both questions, we analyse changes in life satisfaction for four years before and after the year of migration. This enables us to follow the migrants over time and see whether they are getting more or less satisfied from moving and living in another area. To effectively follow alterations in life satisfaction over time we apply a fixed-effect panel data model. To isolate the effect of an urban or rural place of residence on a person's self-reported life satisfaction, we control for various individual and household characteristics.