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Resolving the Enigma of Happiness through Review of Related Literature

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Abstract: *This paper reviews the contributions of earlier studies in the area of defining and measuring Happiness. The attempt is to examine the extent of the knowledge contribution in these studies sphere and incorporate significant reviews of the patterns of Happiness in various domains. The literature looks into the review of studies on finding the exact definition of Happiness along with its determinants and measurement.*

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I. INTRODUCTION

Everybody in this world wants to be happy. Happiness is generally considered to be the ultimate goal of life. Right from the dawn of civilization saints, seers, and religious leaders went to Himalayas to search for happiness and peace of mind. People work daily, they struggle to survive. Somehow they want to exist. However, they are not happy. In many countries, there are many who hope to win lottery some day, they think that they will find happiness in it. Welfare or happiness can be increased by increasing income but it is not a sufficient condition. People have different preferences for material and no-material goods. A person may choose a lower paying but more personally rewarding job, example they are acting to maximize utility in a classical Walrasian sense. Happiness in general sense can be stated as a state of mind. One may feel happy to go to parties but at same time other person may not feel happy. Even a rich person can be unhappy as he/she may be although loaded with money but their life is full of problems-they may be involved in lawsuits and may be overtaxed etc. Everything passes in this life: things, people, ideas etc. Those who have money and those who have none also pass away. Nobody experiences genuine happiness!

The economics of happiness is an approach to assessing welfare which combines the techniques typically used by economists with those more commonly used by psychologists. While psychologists have long used surveys of reported well-being to study well-being to study happiness, economists only entered into this area. Early economists and philosophers ranging from Aristotle to Bentham to Mill and Smith incorporated the pursuit of happiness in their work.

Happiness Concept Used by Various Economists Indirectly in their Theories

The concept of utility is in a way related to happiness or satisfaction of an individual. Utility is the want satisfying power of a commodity .Thus it gives us satisfaction or happiness. But it is a narrow viewpoint as Utility was taken to depend only on income as mediated by individual choices or preferences within rational individual's monetary budget constraint. Happiness or utility cannot be limited to use of commodities and utilities derived out of it. Happiness or satisfaction is a broader concept.

The theory of revealed preference was also said to be related to welfare effect which leads to happiness to an individual. Revealed preference approach provides limited information. It often uncovers discrepancies between expressed and revealed preferences. Revealed preferences cannot fully guage the welfare effects of particular policies or institutional arrangements which individual are powerless to change.

Duesenberry hypothesis laid stress on relative income rather than absolute increase in income to attain satisfaction or happiness. Elite and mass consumption theory also lead to the prediction that attainments held by few will be more satisfying than the same attainments, if held by many. These theories posit that material goods which are commonly available and possessed by many, are consciously or unconsciously, considered by people as less desirable and less satisfying than the goods available to only a few and perceived as rare, exceptional, unaffordable and elitist. That is why elites prove their status by conspicuous consumption of luxury goods (Veblen 1967) or high culture (Bourdieu 1984). The more people have particular kind of consumer goods or have access to a cultural domain, the less desirable these goods are for both the elite and its followers. All these theories lead to the assumption that the more commonly possessed goods are, whether material or non-material, the less they enhance subjective well-being of their possessors.

One important innovation is the concept of bounded rationality, in which individuals are assumed to have access to limited or local information and to make decisions according to simple heuristic rules rather than complex optimization calculations (Conlisk 1996; Simon 1978). A more recent trend has been the increased influence of behavioral economics, which supplements economists' methods and questions with those more common to psychologists. A notable recognition of the behavioralist approach was the awarding of the 2002 Nobel Prize in Economics to Daniel Kahneman, a psychologist. Similarly Sen's capabilities approach to poverty highlights the lack of capacity of poor to make choices or to take certain actions. In many of his writings, Sen (1995) criticizes excessive focus on choice as a sole indicator of human behavior. Richard Easterlin was the first modern economist to revisit the concept of happiness in early 1970s.More generalized interest took hold in late 1990s.(Easterlin, 1974;2003; Blanchflower and Oswald,2004,Clark and Oswald,1994; Frey and Stutzer,2002; Graham and Pettinato,2002; Layard,2005).

Now let's have a look at the history of happiness.

II. HISTORY OF HAPPINESS

The psychological and philosophical pursuit of happiness began in China, India and Greece nearly 2,500 years ago with Confucius, Buddha, Socrates, and Aristotle. We can find remarkable similarities between the insights of these thinkers and the modern "Science of Happiness." Explore the ideas of major thinkers, from East and West, who devoted much of their lives to the pursuit of happiness.

For Buddha, the path to happiness starts from an understanding of the root causes of suffering. The suffering can be cured if one follows the course of treatment—the Eightfold Path, the core of which involves control of the mind. In Buddhism, this treatment is not a simple medicine to be swallowed, but a daily practice of mindful thought and action that we ourselves can test scientifically through our own experience. Meditation is, of course, the most well known tool of this practice, but contrary to popular belief, it is not about detaching from the world. Rather it is a tool to train the mind not to dwell in the past or the future, but to live in the here and now, the realm in which we can experience peace most readily.

The first and second verses of the Dhammapada, the earliest known collection of Buddha's sayings, talk about suffering and happiness. So it's not surprising to discover that Buddhism has a lot to offer on the topic of happiness. Buddha's contemporaries described him as "ever-smiling" and portrayals of Buddha almost always depict him with a smile on his face. But rather than the smile of a self-satisfied, materially-rich or celebrated man, Buddha's smile comes from a deep equanimity from within.

The Four Noble Truths & the Eightfold Path to Happiness

These Four Noble Truths, monks, are actual, unerring, not otherwise. Therefore, they are called noble truths.

1. Buddha taught his followers the Four Noble Truths as follows:
2. Life is/means dukkha (mental dysfunction or suffering).
3. Dukkha arises from craving.
4. Dukkha can be eliminated.

The way to the elimination of dukkha is the Eightfold Path. Buddha believed that dukkha ultimately arose from ignorance and false knowledge.

While dukkha is usually defined as suffering, "mental dysfunction" is closer to the original meaning. In a similar vein, Huston Smith explains dukkha by using the metaphor of a shopping cart that we "try to steer from the wrong end" or bones that have gone "out of joint" (Smith, 1991, p. 101). Because of such a mental misalignment, all movement, thoughts and creation that flow out can never be wholly satisfactory. In short, we can never be completely happy.

The Eightfold Path

The Eightfold Path is often divided into the three categories of wisdom (right view/understanding, right intention), ethical conduct (right speech, right action, right livelihood) and mental cultivation (right effort, right mindfulness, right concentration).

The Eightfold Path is a practical and systematic way out of ignorance, eliminating dukkha from our minds and our lifestyle through mindful thoughts and actions. It is presented as a whole system, but the three paths associated with the area of mental cultivation are particularly relevant to the happiness that we can find in equanimity, or peace of mind.

Buddhism pursues happiness by using knowledge and practice to achieve mental equanimity. In Buddhism, equanimity, or peace of mind, is achieved by detaching oneself from the cycle of craving that produces

dukkha. So by achieving a mental state where you can detach from all the passions, needs and wants of life, you free yourself and achieve a state of transcendent bliss and well-being.

As described in the first verse of the Dhammapada, for Buddha, mental dysfunction begins in the mind. The Buddha encouraged his followers to pursue "tranquility" and "insight" as the mental qualities that would lead to Nirvana, the Ultimate Reality which lead to Happiness or welfare. The Eightfold Path as a whole is said to help one achieve these qualities.

Socrates has a unique place in the history of happiness, as he is the first known figure in the West to argue that happiness is actually obtainable through human effort. He was born in Athens, Greece in 460 BC; like most ancient peoples, the Greeks had a rather pessimistic view of human existence. Happiness was deemed a rare occurrence and reserved only for those whom the gods favored. The idea that one could obtain happiness for oneself was considered *hubris*, a kind of overreaching pride, and was to be met with harsh punishment.

Against this bleak backdrop the optimistic Socrates enters the picture. The key to happiness, he argues, is to turn attention away from the body and towards the soul. By harmonizing our desires we can learn to pacify the mind and achieve a divine-like state of tranquility. A moral life is to be preferred to an immoral one, primarily because it leads to a happier life. We see right here at the beginning of western philosophy that happiness is at the forefront, linked to other concepts such as virtue, justice, and the ultimate meaning of human existence.

The price Socrates paid for his honest search for truth was death: he was convicted of "corrupting the youth" and sentenced to die by way of Hemlock poisoning.

"Isn't it a joy to study and regularly practice? What's more, isn't it a joy to meet comrades from afar? " These are the opening words of the Analects of **Confucius**, a small collection of sayings by the ancient pioneer of liberal arts education. The "study" Confucius refers to does not only focus on book learning, but rather on social relationships, and not least, the great virtue of "humanity". Learning about "humanity", and trying to realize it in our lives, especially in the company of fellow travellers on the great path or Dao, fills us with a sense of joy or happiness.

Happiness depends on ourselves." More than anybody else, **Aristotle** enshrines happiness as a central purpose of human life and a goal in itself. As a result he devotes more space to the topic of happiness than any thinker prior to the modern era. Living during the same period as Mencius, but on the other side of the world, he draws some similar conclusions. That is, happiness depends on **the cultivation of virtue**, though his virtues are somewhat more individualistic than the essentially social virtues of the Confucians. Yet as we shall see, Aristotle was convinced that a genuinely happy life required the fulfillment of a broad range of conditions, including physical as well as mental well-being. In this way he introduced the idea of a **science of happiness** in the classical sense, in terms of a new field of knowledge.

In ethics **Epicurus** is famous for propounding the theory of *hedonism*, which holds that pleasure is the only intrinsic value. For Epicurus, the most pleasant life is one where we abstain from unnecessary desires and achieve an inner tranquility (*ataraxia*) by being content with simple things, and by choosing the pleasure of philosophical conversation with friends over the pursuit of physical pleasures like food, drink, and sex.

Mencius, who flourished during the Chinese Warring States period about 2,300 years ago, could well be called the pioneer of Positive Psychology. He lays unprecedented emphasis on human nature and the role of the mind in the quest for happiness. Mencius talks about a powerful sense of fulfillment that springs from self reflection and the practice of humanity.

Al-Ghazali, Islamic Philosopher, wrote extensively on the topic of happiness. Indeed, his monumental *Revival of the Religious Sciences*, which runs over 6000 pages and 4 volumes, was reprised as a shorter text in Persian, labeled the *Alchemy of Happiness*. In this we see some of his core ideas: that happiness consists in the transformation of the self, and that this transformation consists in the realization that one is primarily a spiritual being. The ultimate ecstasy, al-Ghazali contends, is not found in any physical thing, but rather lies in discovering through personal experience one's identity with the Ultimate Reality.

For **Zhuangzi,** a humorous and self-deprecating follower of Laozi, the Old Master, ultimate happiness is nothing but *wuwei*, the skill of doing nothing against the "Way" (Dao). Zhuangzi draws a clear distinction between two kinds of happiness. Most people value wealth, fame, and physical comfort, *through* delicious tastes, beautiful colors, attractive clothing and music. Once they dip their toes in these fleeting joys, they try to obtain more, and become uneasy if they cannot do so.

Thomas Aquinas (1224-1274) is one of the towering figures in Western philosophy and theology, so great that he is even called the "angelic Doctor" by the Roman Catholic Church.

In his masterpiece ***The Summa Theologica***, in which he constructs a vast system integrating Greek philosophy with the Christian faith. In the second part of this great work, as well as Book 3 of his shorter

volume *Summa contra Gentiles*, he sets out a systematic answer to the question of what human happiness is, and whether it can be obtained in this life. His ultimate answer is that perfect happiness (*beatitudo*) is not possible on earth, but an imperfect happiness (*felicitas*) is.

John Locke (1632-1704) was a major English philosopher, whose political writings in particular helped pave the way for the French and American revolutions. He coined the phrase 'pursuit of happiness,' in his book *An Essay Concerning Human Understanding*, **Locke** indicates that the pursuit of happiness is the foundation of liberty since it frees us from attachment to any particular desire we might have at a given moment.

Locke's view of happiness includes the following elements:

- The desire for happiness is a natural law that is implanted into us by God and motivates everything we do.
- Happiness is synonymous with pleasure, Unhappiness with pain
- We must distinguish "false pleasures" which promise immediate gratification but produce long-term pain from "true pleasures" which are intense and long lasting
- The pursuit of happiness is the foundation of individual liberty, since it gives us the ability to make decisions that are in our long-term best interest
- Since there is a diversity of natures, what causes happiness completely depends on the individual and his or her own experience of pleasure and pain
- The best bet would be to live a life of virtue so one can win everlasting happiness. Betting on a life of hedonistic pleasure is "irrational" given the prospect of infinite misery
- The pursuit of happiness is also the foundation of political liberty. Since God has given everyone the desire to pursue happiness as a natural right, the government should not interfere with anyone's pursuit of happiness so long as it doesn't interfere with other's right to pursue happiness.

William James (1842-1910) was a leading philosopher and psychologist at the turn of the 19th Century. **James** has many insights concerning happiness, chief among them the idea that happiness consists in orienting yourself to a higher purpose, even if that purpose cannot be rationally proved to exist. Those who suffer from a "crisis of meaning" emerge stronger with more enthusiasm for life than those who just go through the motions and take the easy path.

One of the earliest psychologists to focus attention on happy individuals and their psychological trajectory was **Abraham Maslow**, who is most well known for his "hierarchy of needs." Inspired by the work of the humanistic psychologist Erich Fromm, Maslow insists that the urge for self-actualization is deeply entrenched in the human psyche, but only surfaces once the more basic needs are fulfilled. Once the powerful needs for food, security, love and self-esteem are satisfied, a deep desire for creative expression and self-actualization rises to the surface. Through his "hierarchy of needs," Maslow succeeds in combining the insights of earlier psychologists such as Freud and Skinner, who focus on the more basic human instincts, and the more upbeat work of Jung and Fromm, who insist that the desire for happiness is equally worthy of attention.

Marie Jahoda (1907-2001), the Austrian psychologist ,formulated the basic premise of what has come to be known as "positive psychology." Far more encouraging, she believed, was the concept of mental *health* which is the normal functioning of the mind in the appropriate social context. She identified 5 characteristics of healthy people: they are able to manage time well, they have meaningful social relationships, they are able to work effectively with other people, they have high self-esteem, and are regularly active. In her landmark studies on the psychology of unemployment, she found that unemployed people are "unhappy" largely because they do not have many of these qualities (and not simply because they are poor).

"The best moments in our lives are not the passive, receptive, relaxing times… The best moments usually occur if a person's body or mind is stretched to its limits in a voluntary effort to accomplish something difficult and worthwhile." **Mihaly Csikszentmihalyi** discovered that people find genuine satisfaction during a state of consciousness called Flow. In this state they are completely absorbed in an activity, especially an activity which involves their creative abilities. During this "optimal experience" they feel "strong, alert, in effortless control, unselfconscious, and at the peak of their abilities." In the footsteps of Maslow, Csikszentmihalyi insists that happiness does not simply happen. It must be prepared for and cultivated by each person, by setting challenges that are neither too demanding nor too simple for ones abilities. The main thesis of **Csikszentmihalyi's** most popular book, **Flow: The Psychology of Optimal Experience (1990)** is that happiness is not a fixed state but can be developed as we learn to achieve flow in our lives. The key aspect to flow is control: in the flow-like state, we exercise control over the contents of our consciousness rather than allowing ourselves to be passively determined by external forces.

Martin Seligman is a pioneer of "happiology," not simply because he has a systematic theory about why happy people are happy, but because he uses the scientific method to explore it. Through the use of exhaustive

questionnaires, Seligman found that the most satisfied, upbeat people were those who had discovered and exploited their unique combination of "signature strengths," such as humanity, temperance and persistence. This vision of happiness combines the virtue ethics of Confucius, Mencius and Aristotle with modern psychological theories of motivation. **Seligman's conclusion is that happiness has three dimensions that can be cultivated: the Pleasant Life, the Good Life, and the Meaningful Life.**

Ed Diener, "Dr. Happiness", is a leading researcher in positive psychology who coined the expression "subjective well-being" or SWB as the aspect of happiness that can be empirically measured. He argues for a strong genetic component to happiness, and has amassed some compelling data showing that external conditions do little to change one's happiness. His recent research has focused on the relationship between income and happiness, about which he writes: "…over the past 50 years, income has climbed steadily in the United States, with the gross domestic product (GDP) per capita tripling, and yet life satisfaction has been virtually flat. Since World War II there has been a dramatic divergence between real income (after taxes and inflation) and life satisfaction in the United States. His recent research has focused on the relationship between income and happiness, about which he writes:
"…over the past 50 years, income has climbed steadily in the United States, with the gross domestic product (GDP) per capita tripling, and yet life satisfaction has been virtually flat.

Since World War II there has been a dramatic divergence between real income (after taxes and inflation) and life satisfaction in the United States, and a similar pattern can be seen in the data from other nations, such as Japan." ("Beyond Money" APA, 2004) While happiness isn't highly correlated with income, it *is* highly correlated with social relationships. Indeed, in a recent cross-national study on teenagers, Diener found that "t*he most salient characteristics shared by the 10% of students with the highest levels of happiness and the fewest signs of depression were their strong ties to friends and family and commitment to spending time with them*."

He is chiefly responsible for coining and conceptualizing the aspect of happiness which can be empirically measured—"Subjective Well Being" (SWB).

Gross National Happiness

The assessment of **gross national happiness** (**GNH**) was designed in an attempt to define an indicator that measures quality of life or social progress in more holistic and psychological terms than only the economic indicator of gross domestic product (GDP).

The term "gross national happiness" was coined in 1972 by Bhutan's fourth Dragon King, Jigme Singye Wangchuck , who has opened Bhutan to the age of modernization soon after the demise of his father, Jigme Dorji Wangchuk. He used this phrase to signal his commitment to building an economy that would culture based on Buddhist spiritual values. At first offered as a casual, offhand remark, the concept was taken seriously, as the Centre for Bhutan Studies, under the leadership of Karma Ura, developed a sophisticated survey instrument to measure the population's general level of well-being. Two Canadians, Michael and Martha Pennock played a major role in developing the Bhutanese survey, which took a six to seven hour interview to complete. They developed a shorter international version of the survey which has been used in their home region of Victoria BC as well as in Brazil. The Pennocks also collaborated with Ura in the production of a policy lens which is used by the Bhutanese GNH Commission for anticipating the impact of policy initiatives upon the levels of GNH in Bhutan . Like many psychological and social indicators, GNH is somewhat easier to state than to define with mathematical precision. Nonetheless, it serves as a unifying vision for Bhutan's five-year planning process and all the derived planning documents that guide the economic and development plans of the country. Proposed policies in Bhutan must pass a GNH review based on a GNH impact statement that is similar in nature to the Environmental Impact Statement required for development in the U.S.

Meaning of Happiness to Economists

Economists who work in the area broadly define happiness or subjective well- being as satisfaction with life in general. Indeed, the three phrases are used inter- changeably.

Most studies are based on a very simple set of survey questions that ask respondents "How satisfied are you with your life?" or "How happy are you with your life?" Critics used to defining welfare or utility in material or income terms bemoan the lack of precise definition in these questions. Yet the economists who use these surveys emphasize their advantages in making comparisons across cohorts of individuals - in which they find a surprising consistency in the patterns of responses both within and across countries - over evaluating the actual happiness levels of specific individual.

Some of the earliest economists, such as Jeremy Bentham, were concerned with the pursuit of individual happiness. As the field became more rigorous and quantitative, however, much narrower definitions of individual welfare, or utility, became the norm. economists have traditionally shied away from the use of survey data because of justifiable concerns that answers to surveys of individ- ual preferences - and reported well-being - are subject to factors such as the respon- dents' mood at the time of the survey and minor changes in the phrasing of survey

questions, which can produce large biases in results (Bertrand and Mullainaithan 2001). Thus traditional economic analysis focuses on actual behavior, such as revealed preferences in consumption, savings, and labor market participation, under the assumption that individuals rationally process all the information at their disposal to maximize their utility.

Common market health measures such as GDP and GNP have been used as a measure of successful policy. On average richer nations tend to be happier than poorer nations, but this effect seems to diminish with wealth. This has been explained by the fact that the dependency is not linear but logarithmic, i.e., the same percentual increase in the GNP produces the same increase in happiness for wealthy countries as for poor countries.

Libertarian think tank Cato Institute claims that economic freedom correlates strongly with happiness preferably within the context of a western mixed economy, with free press and a democracy. According to certain standards, East European countries (ruled by Communist parties) were less happy than Western ones, even less happy than other equally poor countries.

It has been argued that happiness measures could be used not as a replacement for more traditional measures, but as a supplement. According to professor Edward Glaeser, people constantly make choices that decrease their happiness, because they have also more important aims. Therefore, the government should not decrease the alternatives available for the citizen by patronizing them but let the citizen keep a maximal freedom of choice.

It has been argued that **happiness at work** is one of the driving forces behind positive outcomes at work, rather than just being a resultant product.

Defining Happiness

To define happiness is as difficult as achieving it. We want to be happy, and we can say whether we are or not, but can it really be defined, studied and measured? And can we use this learning to become happier.

Psychologists say yes, and that there are good reasons for doing so. Positive psychology is "the scientific study of the strengths and virtues that enable individuals and communities to thrive."These researchers work includes studying strengths, positive emotions, resilience and happiness. Their argument is that only studying psychological disorders gives us just part of the picture of mental health. By better understanding human strengths we can learn new ways to recover from or prevent disorders and may even learn to become happier.

Meaning of Happiness to Psychologists

The Psychology of Happiness and psychologists, in general, define happiness as nothing else than an emotion, a long-term sense of emotional well-being and contentment - a broad "feeling" that one is happy.

Of course there are temporary moods of happiness we all experience from time to time, but "happiness" as found in psychological researches is an overall feeling of satisfaction with life that pervades and abides over longer-time periods. (See: "*chronic or habitual emotional level*" in Human Emotions)

Happiness is commonly considered by psychologists the main way we can evaluate how well our life is going. As such, how happy a person feels is perhaps the single, most important piece of information one can know about a person – for it usually tells the whole story. Because of this, happiness should be the most important thing to considering in examining your own life. (**Dr. Michael W. Fordyce)**

Happiness has been labeled "*the most un-understood phenomenon in the world!*" because everybody hopes to achieve it, but it seems no one knows anything about it.

Sonja Lyubomirsky concludes in her book The How of Happiness that 50 percent of a given human's happiness level is genetically determined (based on twin studies), 10 percent is affected by life circumstances and situation, and a remaining 40 percent of happiness is subject to self-control.

The results of the 75 year Grant study of Harvard undergraduates show a high correlation of loving relationship, especially with parents, with later life wellbeing.

In the 2nd Edition of the *Handbook of Emotions* (2000), evolutionary psychologists Leda Cosmides and John Tooby say that happiness comes from "encountering unexpected positive events". In the 3rd Edition of the Handbook of Emotions (2008), Michael Lewis says "happiness can be elicited by seeing a significant other". According to Mark Leary, as reported in a November 1995 issue of Psychology Today, "we are happiest when basking in the acceptance and praise of others". Sara Algoe and Jonathan Haidt say that "happiness" may be the label for a family of related emotional states, such as joy, amusement, satisfaction, gratification, euphoria, and triumph.

It has been argued that money cannot effectively "buy" much happiness unless it is used in certain ways. "Beyond the point at which people have enough to comfortably feed, clothe, and house themselves, having more money - even a lot more money - makes them only a little bit happier. A Harvard Business School study found that "spending money on others actually makes us happier than spending it on ourselves"

Meditation has been found to lead to high activity in the brain's left prefrontal cortex, which in turn has been found to correlate with happiness.

Psychologist Martin Seligman asserts that happiness is not solely derived from external, momentary pleasures, and provides the acronym PERMA to summarize Positive Psychology's correlational findings: humans seem happiest when they have

1. *Pleasure* (tasty food, warm baths, etc.),
2. *Engagement* (or flow, the absorption of an enjoyed yet challenging activity),
3. *Relationships* (social ties have turned out to be extremely reliable indicator of happiness),
4. *Meaning* (a perceived quest or belonging to something bigger), and
5. *Accomplishments* (having realized tangible goals).

There have also been some studies of how religion relates to happiness. Causal relationships remain unclear, but more religion is seen in happier people.

Abraham Harold Maslow, an American professor of psychology, founded **humanistic** psychology in the 1930s. A visual aid he created to explain his theory, which he called the hierarchy of needs, is a pyramid depicting the levels of human needs, psychological, and physical. When a human being ascends the steps of the pyramid, he reaches self-actualization. Beyond the routine of needs fulfillment, Maslow envisioned moments of extraordinary experience, known as peak experiences, profound moments of love, understanding, happiness, or rapture, during which a person feels more whole, alive, self-sufficient, and yet a part of the world. This is similar to the flow concept of Mihály Csíkszentmihályi.

Self-determination theory relates intrinsic motivation to three needs: competence, autonomy, and relatedness.

Definitions of Happiness According To Psychologists

Ed Diener, a precursor Positive Psychologist, "The Psychology of Happiness," and considered the "*leading authority on happiness* (?)", provided many scientific findings on well-being, its benefits and optimum levels as well as some causes for it like temperament, money attitudes, spirituality, good health and longevity .He describes what psychologists call subjective well-being as a combination of life satisfaction and having more positive emotions than negative emotions.

Martin Seligman, one of the leading researchers in positive psychology and author of Authentic Happiness, describes happiness as having three parts: pleasure, engagement and meaning. Pleasure is the feel good part of happiness. Engagement refers to living a good life of work, family, friends and hobbies. Meaning refers to using our strengths to contribute to a larger purpose. Seligman says that all three are important, but that of the three, engagement and meaning make the most difference to living a happy life.

Jonathan Freeman affirms "people generally agree about what they mean by happiness. It is a positive, enduring state that consists of positive felling including both peace of mind and active pleasures or joy."

Ruut Veenhoven describes happiness as "the degree in which an individual judges the overall quality of his life-as-a-whole favorably."

Sigmund Freud believed that man is doomed to chronic unhappiness. **Theodor Adorno** believed that happiness is a mere temporary mental escape from misery.

There are innumerable attempts and **theories in Psychology of happiness**, to explain nature, reason and formula for happiness.

The "**What One Has Theory**," see happiness as simply the collected sum of positive circumstances in one's life (i.e. good marriage, great job, good health, financial security, etc.)

The "**How One View the World Theory**," see happiness being more contingent on a person's perception, or personal evaluation, of such circumstances.

The "**Stressors and Successes Theory**," see happiness as the balance of positive and negative emotional experiences one has has experienced over the years, or "What You've Been through Theory."

The "**Born to be Happy Theory**," pointing to basic genetics as the root of happiness.

Some allocate happiness to basic temperament and disposition that is either learned early in life or inborn, the "**Happy No Matter What Theory**."

Others say it's due to physiological and biorhythmic changes. The "**Naturally Happy Theory**."

The "**Happiness Skills Theory**, " (HST) proposes that state of happiness - subjective sense of well-being - is achieved by: 1) experience, 2) valuation, 3) anticipation, 4) hedonic acquisition , and 5) habit formation.

Others working on the Psychology of Happiness or Positive Psychology have identify 14 fundamentals for happiness which, as presented by **Dr. Michael W. Fordyce** (leading researcher in happiness) in his work "*Psychology of Happiness*," are the following:

1) Be more active and keep busy
2) Spend more time socializing
3) Be productive at meaningful work
4) Get better organized an plan things out
5) Stop worrying
6) Lower your expectations and aspirations
7) Develop positive, optimistic thinking
8) Get present oriented
9) Work on a healthy personality
10) Develop an ongoing, social personality
11) Be yourself
12) Eliminate negative feelings and problems
13) Close relationships, #1 source of happiness
14) Place happiness as first priority

Meaning of Happiness in Sociology

Georgetown sociologist Jose Casanova has observed some of these differences: In American life, the pursuit of happiness is thought as an individual "pursuit"—defined as something that is the moral duty of each individual to pursue actively. In contrast, Immanuel Kant speaks of "making ourselves worthy of happiness"—as if happiness is not something we attain or achieve, but rather a gift we receive. Then, there's also Zhuangzi (Chuang Tzu) and his idea that "Happiness is the absence of the striving for happiness."

According to Jiyuan Yu, the ancient Chinese notion of happiness (fu 福) has five elements: longevity, wealth, health, virtue, and living out one's natural span well.

Objective Well-Being and Subjective Well-Being

Well-being is a broad concept ranging from subjective accounts of individuals happiness to fulfilment or satisfaction of a given list of capabilities, functionings or needs. Two traditions have collected those apparently opposing approaches under the labels of Subjective Well-Being (SWB) and Objective Well-Being (OWB) studies.
In general, wellbeing measures can be classified into two broad categories: *objective* and *subjective* measures. The first category measures wellbeing through certain observable facts such as economic, social and environmental statistics. People's wellbeing is assessed indirectly using cardinal measures. On the other hand, subjective measures of wellbeing capture people's feelings or real experience in a direct way, assessing wellbeing through ordinal measures (McGillivray and Clarke 2006; van Hoorn 2007).

Traditionally, wellbeing has been identified with a single objective dimension: material wellbeing measured by income or GDP. It then expanded to such measures as income per capita and poverty. The link between income and wellbeing rests on the assumption that income allows increases in consumption and consumption increases utility. Yet there is disagreement on how increases in consumption represent improvements in wellbeing. Moreover, GDP has its measurement flaws and does not capture all the aspects of human life. Thus, instead of relying on a single dimension, wellbeing measurements have progressed to encompass broader dimensions such as social and environmental aspects, and human rights (Sumner 2006). It is now widely accepted that the concept of wellbeing is multidimensional: encompassing all aspects of human life (McGillivray 2007).

Objective Well-being theories are usually supported by a list of requirements that people should have satisfied in order to lead a good life, those requirements are universal and do not vary among societies. Subjective Well-being theories base their notion of well-being on the fact that people are reckoned to be the best judges of the overall quality of their lives, and it is a straightforward strategy to ask them about their well-being. (Frey and Sutzter , 2002:405).On other hand, Subjective Wellbeing Measures (SWB) is an approach to measure multidimensional wellbeing through subjective measures: self reported happiness and life satisfaction. For many centuries the subject of happiness was the realm of theologians and philosophers but recently it transcended into social sciences, first in psychiatry and since 1950 into mainstream social sciences and economics (Easterlin 2004).

McGillivray and Clarke (2006, p. 4) state that *"subjective wellbeing involves a multidimensional evaluation of life, including cognitive judgments of life satisfaction and affective evaluations of emotions and moods."*

Well-Being of India

Veenhoven and Ouweneel (1995) suggest that the livability of a nation – the extent to which the state provides services and infrastructure that make for a society in which people can flourish – is an important element of collective well-being at the national level.Thus,the well-being of the citizens will be determined,in part,by national wealth and the ability of the government and private sector to leverage material resources into infrastructure,jobs and other social institutions that promote happiness.This is an "outside-in approach" to happiness and it is interesting to guage the collective well-being of Indians in this way.Although India has one of the fastest growing economies in the world.it has long struggled with challenges such as poverty,agricultural groughts and other weather-related problems,religious sectarian violence and armed conflict with neighbouring states.Despite the rpid economic growth in India,Easterlin and Swangta (2010) report that according to the world values survey (a large international survey of social,economic and psychological indicators administered in waves across many years),Indian happiness has stayed relatively level over the past decade and a half.India typically ranks in the middle of nations in international surveys of happiness.In an analysis of world values surveys,for instance,Inglehart and

Klingemann(2000) reported that India placed 43 of 69 nations,with 77% of those sampled reporting happiness and 67% of those sampled reporting life satisfaction.According to a survey of nations by Prescott- Allen (2001) reported that India ranked 172 out of 180 countries.This relatively low score according to Prescott-Allen can be explained in part by low levels of education,health and high levels of ecological destruction and other societal ills that take a psychological toll on the citizenry.

According to Veenhoven (2010),reporting on several surveys across time,the citizens of India who have been sampled on a wide range of happiness measures including those of affect,affect balance and life satisfaction typically score just above average.

To get a better sense of current overall well-being of Indians,we can turn to recent survey data from the gallup world poll.The Gall up world Poll was undertaken by the Gall-up organization with the mission to collect on going data on key indicators that range from basic surviva requirements to feelings about general health,job satisfaction,financial security,personal enjoyment and hopes for the future.(Gallup,2007,page5).

The recent data in the Gallup World poll shows that happiness in India is a mixed story.It ranks among the middle nations on international indices of happiness,but respondents reported absolute levels of happiness in the possile range.It is not that India is unhappy-its citizens appear to experience mild satisfaction and appreciably more positive than negative emotions but rather Indians are generally happier than than their GDP per capita might suggest.This is consistent with past findings that most people are mildly happy (Biswas-Diener,Vitterso and Diener,2005) and that mild pleasantness may be an evolutionary ,adaptive and set point that helps people function (Friedrickson,2001).The data suggest that people in more industrialised countries are relatively happier than Indians and that people in urban areas-presumably those with greater access to jobs,education,goods and services-are happier even within India.

III. FACTORS INFLUENCING HAPPINESS OR SOCIAL WELL-BEING AND THEIR REVIEW OF LITERATURE

Happiness and Income

Happiness and Income across Time: The Easterlin Paradox

Does higher income lead to more happiness? In **1974 Easterlin** showed that, for the United States, individually self-reported happiness increased with individual income, although there were rapidly "decreasing happiness returns" to increases in income. The cross-individual relationship between income and happiness was found to be far from linear, and essentially flat for high levels of income. Although this is consistent with the diminishing returns to increases in consumption that are typically assumed for theoretical utility functions, there is debate on this topic. Thus, Easterlin found clear evidence of a positive effect of income on happiness at the individual level, in-line with the assumptions of standard economic theory—but in contrast with the findings of objective measures of quality of life (Easterlin 1974). However, Easterlin also found in the same study that aggregate national happiness over time was essentially flat, seemingly irresponsive to sustained increases in GDP per capita. This finding is often known as the "Easterlin Paradox," in that growth in per capita income is not reflected in increasing happiness.

A comprehensive review of the relationship between income and social well-being was provided by **Clark, Frijters and Shields (2007**).The result suggest positive but diminishing returns to income. Some of this positive association is likely to be due reverse causation as indicated by studies which show higher well-being leading to higher future incomes. (Diener ,Lucas , Oishi and Suh ,2002; Graham, Eggers and Sukhtankar,2004;Marks and Flemming 1999;schyns,2001). And some is likely to be due to unobserved individual characteristics such as personality factors, as indicated by studies which find a reduces income effect after controlling for individual effects. **(Ferrer -i-Carbonell and Frijters,2004; Luttmer,2005**).

Studies that have included relative income suggest well-being is strongly affected by relativities **(Dorn, Fischer, Kirchgassner and Sousa-Poza, 2007; Ferrer-i-Carbonell,2005; Luttmer, 2005;Weinzierl,2005).** This suggest that additional income may not increase well-being if those in the relevant comparison group also gain a similar increase in income. For a given income level, having high aspirations and expectations have a negative effect on social well-being **(Macdonald and Douhitt,1992,Stutzer,2004).**Aspirations themselves appear to be driven in part by past incomes, implying adaptation to higher levels of income **(Stutzer ,2004;Di Tella ,Haisken-De-New and Mac Culloch,2005**).

The importance of aspirations reinforces findings that the perceptions of financial status have stronger predictive power than actual income **(Haller & Hadler, 2006; Johnson & Krueger, 2006; Wildman & Jones, 2002).** These findings imply that additional income for those who are not at low levels of income is unlikely to increase SWB in the long run if the additional income serves to increase expectations of necessary income. As noted

by Easterlin (1995), if the relative income effect dominates the absolute income effect, this would explain why cross section data show that wealthier individuals within a society are happier, but that average SWB levels remain constant as all members become wealthier. However, positive correlations between average SWB and national income found in international cross section data, particularly in lower income country samples **(Di Tella, Mac Culloch, & Oswald, 2003; Fahey & Smyth, 2004; Helliwell,2003; Rehdanz & Maddison, 2005)** , requires either that comparisons of relative position are made across nations, or that an absolute income effect operates in many countries. Evidence on international relative income effects is limited. **Fahey and Smyth (2004**) argue that the significance of GDP quartile when holding income constant suggests that relatives between countries matters. **Graham and Felton (2006**) analyse Latin American responses in which people are asked to place themselves on a ladder where one stands for the poorest level of society and ten the richest and found that average country wealth increases responses suggesting individuals compare themselves to a society external to their own country and ‘‘people in part judge themselves by their place in the international sphere.

Age

Studies consistently find a negative relationship between age and SWB and a positive relationship between age squared and SWB **(e.g. Blanchflower & Oswald, 2004a; Ferreri- Carbonell, & Gowdy, 2007).** Studies suggest a U-shaped curve with higher levels of well-being at the younger and older age points and the lowest life satisfaction occurring in middle age, between about 32 and 50 years, depending on the study. **Easterlin (2006**) notes that this U-shaped relationship found when many age-related differences in life circumstances (income, health, employment, etc.) have been controlled for may be misleading since it says little about how the SWB of young and old compare to those at middle age.

Gender

Women tend to report higher happiness **(Alesina, Di Tella, & MacCulloch, 2004**) but worst scores on the GHQ (Clark & Oswald, 1994), although a few studies report no gender differences (e.g. Louis & Zhao, 2002) even using the same datasets. This suggests that other correlates may also be more important than gender per se given that different studies have different control variables. Indeed, when specific subsets are examined, such as those who cannot work due to health problems **(Oswald & Powdthavee, 2006)** or those who provide informal care for others (van den Berg & Ferrer-i-Carbonell, forthcoming), the gender effect often disappears.

Personality

A considerable amount of psychological research has considered the relationship between personality and SWB (for a review see, **De Neve & Cooper, 1998**). However, few studies have examined this relationship using large scale surveys of the kind included in our review. Using the WVS data, **Helliwell (2006**) found a very moderate relationship between personality and SWB once other factors such as social trust and religious beliefs were controlled for. People higher in self-esteem seem less likely to suffer from depression. In addition, many of the sub-scales of the GHQ, which could also be interpreted as personality variables (e.g. self-worth), correlate positively with life satisfaction using the UK, BHPS data **(Ferrer-i-Carbonell & Gowdy, 2007).**

Education

Some studies find a positive relationship between each additional level of education and SWB **(e.g. Blanchflower & Oswald, 2004b**), while others find that middle level education is related to the highest life satisfaction (e.g. **Stutzer, 2004**). However, there is some evidence that education has more of a positive impact on low income countries **(Fahey & Smyth, 2004; Ferrer-i-Carbonell, 2005). Flouri (2004)** finds no significant relationship with the GHQ in the BHPS, and some studies find that education is associated with worse GHQ scores **(e.g. Clark, 2003**). Education qualifications may be related to unobservable traits at the individual level, such as motivation, intelligence or family background and so ideally we should look to those studies which control for unobserved heterogeneity. However, fixed effects models can only pick up the effect of individuals completing their education or returning to education at a later date and most adult survey respondents are unlikely to change their education level during their time in a panel survey, and consequently fixed effects models are unlikely to find any significant effect for education (e.g. **Meier & Stutzer,2006**).In addition, the coefficient on education is often responsive to the inclusion of other variables within the model. Education is likely to be positively correlated with income and health, and if these are not controlled for we would expect the education coefficient to be more strongly positive. For example, the positive effect of education on overall happiness found by **Blanchflower and Oswald (2004a**) could be picking up a health effect since this is not controlled for. However, the inclusion of variables correlated with education as controls raises a further problem – if the correlation is due in part to a causal path from education to, say higher income, then fully controlling for income will underestimate the full contribution which education is making to well-being. To the extent that education has caused greater income and health, we would ideally wish to include this fact in the effect of education. The indirect effect of education on SWB via health is explored by **Bukenya, Gebremedhin, and Schaeffer (2003**) on US data and Gerdtham and Johannesson (2001) on

Swedish data. They both find that the positive coefficient on high school and attending college increases by about one third from the standard model, which suggests that this indirect effect is considerable. Graham and Pettinato (2001) find that years of education increases overall happiness in Latin America, but that the effect becomes non-significant once social mobility and relative economic standing is included, which indicates that the benefits to education may be positional rather than absolute.

Health

Studies consistently show a strong relationship between SWB and both physical and psychological health. Psychological health appears to be more highly correlated with SWB than physical health but this is not surprising given the close correspondence between psychological health and SWB. Some of the association may be caused by the impact that well-being has on health but the effect sizes of the health variables are substantial suggesting that even accounting for the impact of SWB on health, health is still impacting on SWB. Furthermore, specific conditions, such as heart attacks and strokes reduce well-being **(Shields & Wheatley Price, 2005),** and the causality here is most likely to be from the health condition to SWB. Of course, a third factor (such as personality) may be related to both SWB and health, and this would make finding a significant relationship between health and SWB more likely. Studies using fixed effects models continue to show a strong effect of health on SWB but they are still unable to control for time variant unobservable variables, such as current mood, and using self-rated health as the health variable may serve to exacerbate this problem.

Oswald and Powdthavee (2006) present some evidence that individuals adapt somewhat to disability status, finding that the length of time an individual has experienced the disability reduces the negative impact of the disability. However, adaptation is far from complete. The fixed effects model finds that disability reduces life satisfaction (on a 1–7 scale) by 0.596 points for those with no past disability, by 0.521 points after 1 year of disability, 0.447 points after 2 years and 0.372 after 3 years. An interpretation of adaptation requires that the scale is being consistently used throughout the time period, and is independent of health status.

Unemployment

The empirical literature on happiness has found that unemployment makes one very unhappy (e.g. Clark and Oswald, 1994; Winkelmann and Winkelmann, 1998; Di tella et al. , 2001)

Studies consistently show a large negative effect of individual unemployment on SWB. Models which treat life satisfaction scales as a continuous variable, tend to find that the unemployed have around 5–15% lower scores than the employed **(e.g. Di Tella et al.,2001; Frey & Stutzer, 2000, 2002; Helliwell, 2003; Stutzer, 2004)**. Using European data, **Lelkes (2006**) found that unemployment reduces the probability of a high life satisfaction score (at least 8/10) by 19%, and a high overall happiness score by 15%. Data for Switzerland suggest this reduction may be even higher (Frey & Stutzer, 2000, 2002). Studies which use a reduced form model, instrumenting for health, suggest that the full effect size may be an underestimate when health status is controlled for (**Bukenya et al., 2003; Gerdtham & Johannesson, 2001**). Whilst there are some exceptions to the finding of strong negative effect of unemployment (**Graham & Pettinato, 2001; Smith, 2003),** these may have arisen due to small numbers of unemployed in their data. The possibility that unhappy people have selected into unemployment has been raised in the past. Individuals who have low SWB may be more likely to become employed, if for sexample, they are less productive, have poorer health or are more likely to choose to become unemployed**. Lucas, Clark, Georgellis, and Diener (2004)** use the GSOEP to show that people who are later unemployed do not start out with low life satisfaction, and when in the reaction phase (a year before, the period of unemployment and a year after) they experience more than half a point lower life satisfaction on a 0–10 scale. This mirrored **Winkelmann and Winkelmann (1998**) earlier findings and suggests any selection effects are minimal. Furthermore, controlling for psychological distress in earlier periods (Korpi, 1997) and controlling for individual heterogeneity using fixed effects models, again finds a strongly robust impact of unemployment (e.g. **Ferrer-i-Carbonell & Gowdy, 2007; Weinzierl, 2005; Winkelmann, 2004**). Some studies have found a reduction in effect size once fixed effects are controlled for (**Gerlach & Stephan, 1996; Luttmer, 2005; Oswald & Powdthavee, 2006)**, while others have found that it remains virtually identical (**Meier & Stutzer, 2006**). Men have been found to suffer most from unemployment (**Clark, 2003a, 2003b; Dockery,2003 ; Gerlach & Stephan, 1996; Lucas et al, 2004; Theodossiou, 1998)** and some studies also find that the middle aged suffer more than the young or old **(Clark & Oswald,1994; Pichler, 2006; Winkelmann & Winkelmann, 1998).** Those with higher education suffer more in Britain (**Clark & Oswald, 1994**), those with right wing political leanings in the US (**Alesina et al., 2004**) and those in high income countries **(Fahey & Smyth, 2004).** In the UK, Shields and Wheatley Price (2005) find that the impact of unemployment on education at a later date and most adult survey respondents are unlikely to change their education level during their time in a panel survey, and consequently fixed effects models are unlikely to find any significant effect for education (e.g. Meier & Stutzer, 2006).

In addition, the coefficient on education is often responsive to the inclusion of other variables within the model. Education is likely to be positively correlated with income and health, and if these are not controlled for we would expect the education coefficient to be more strongly positive. For example, the positive effect of education on overall happiness found by Blanchflower and Oswald (2004a) could be picking up a health effect since this is not controlled for. However, the inclusion of variables correlated with education as controls raises a further problem – if the correlation is due in part to a causal path from education to, say higher income, then fully controlling for income will underestimate the full contribution which education is making to well-being.To the extent that education has caused greater income and health, we would ideally wish to include this fact in the effect of education. The indirect effect of education on SWB via health is explored by Bukenya , Gebremedhin, and Schaeffer (2003) on US data and Gerdtham and Johannesson (2001) on Swedish data. They both find that the positive coefficient on high school and attending college increases by about one third from the standard model, which suggests that this indirect effect is considerable. **Graham and Pettinato (2001**) find that years of education increases overall happiness in Latin America, but that the effect becomes non-significant once social mobility and relative economic standing is included, which indicates that the benefits to education may be positional rather than absolute.

Religious activities

The evidence is fairly consistent and suggests that regular engagement in religious activities is positively related to SWB (e.g. Clark & Lelkes, 2005; Hayo, 2004). While some studies only examine whether or not the person actually attends church, others examine different amounts of time spent in these activities. Using WVS data, Helliwell (2003) finds higher life satisfaction to be associated with church attendance of once or more a week. A similar finding is found in Eastern Europe (Hayo, 2004) though less frequent attendance did not result in higher levels of life satisfaction than no attendance. Contrary to this latter finding, and using ESS data, Clark and Lelkes (2005) report that church attendance of at least once a month is enough to have an effect on life satisfaction. However, since attendance of once a week or more is included within 'at least once a month', the significant effect may be due to weekly attendance rather than less frequent attendance. There is some

Type of work

There is insufficient evidence to draw clear conclusions about the impact of type of work on well-being. Given the amount of time people spend at work; this is an area that requires more investigation. Some evidence from the UK suggests that casual work is detrimental to SWB (Bardasi & Francesconi, 2004), and that belonging to a union is beneficial to life satisfaction (Blanchflower & Oswald, 1998). There is a little more evidence on self-employment. Many European studies fail to find any significant difference between being employed and being self employed but Blanchflower and Oswald (1998) find a robust positive effect of self-employment using UK, International (ISSP) and US (GSS) data. Using US and European data, Alesina et al. (2004) find that the positive effect of self-employment is limited to the rich.

Inflation

Investigating the impact of inflation is limited to comparisons across countries over time. Within the same country it would be impossible to isolate an inflation effect from any other time effects. Using aggregate data, **Bjørnskov (2003**) failed to find a significant effect of inflation on life satisfaction. However, controlling for individual personal characteristics and country and year fixed effects inflation has been found to have a consistent negative effect on SWB in Europe **(Alesina et al., 2004; Di Tella et al., 2001, 2003; Wolfers, 2003)**, in Latin America (Graham & Pettinato, 2001) and in the US **(Alesina et al., 2004; Di Tella et al., 2003**). The inflation impact is worst for those with right wing political leanings (**Alesina et al., 2004**). In addition, a volatile inflation rate also reduces life satisfaction (**Wolfers, 2003**). Many studies have a limited number of macro variables, which opens the possibility that other important variables are not adequately controlled for. For example,inflation may correlate with income inequality or lack of trust. The relative harm caused by inflation and unemployment has been estimated in some studies however, this varies from 1.6:1 **(Di Tella et al., 2001), 2.9:1 (Di Tella et al.,2003)** up as high as to 5:1 **(Wolfers, 2003**). Hence a percentage increase in unemployment is more damaging than a percentage increase in inflation (exactly how much more damaging remains uncertain) and macroeconomic policy might wish to take this into account. **Di Tella and Mac Culloch (2005**) provide interesting evidence on life satisfaction from a sample of people living in the OECD over the period 1975–1992 that is consistent with the hypothesis that left-wing individuals care more about unemployment relative to inflation.

Climate and the Natural Environment

Current evidence of the impact of pollution and environmental factors on well-being is very limited. **Welsch (2002**) notes the difficulty of isolating any effect of pollution due to the high negative correlation between income and pollution. However, he does provide evidence that suggests that pollution, as measured by nitrogen dioxide, has a detrimental impact on overall happiness (**Welsch, 2002, 2006). Ferrer-i-Carbonell and Gowdy (2007)** find that environmental problems where one lives reduce life satisfaction but although income is controlled

for in this model, this could still be picking up socio-economic status and household wealth. There is little evidence on the impact of climate on SWB but **Rehdanz and Maddison (2005)** study gives a reasonable indication that extreme weather is detrimental to SWB. In relation to attitudinal variables, **Ferrer-i-Carbonell and Gowdy (2007**) find that caring about the ozone layer is negatively associated with SWB whilst caring about species extinction is positively associated with SWB.

Urbanisation 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 **(e.g. Hudson (2006) for Europe; Dockery (2003) for Australia; Gerdtham and Johannesson (2001) for Sweden; Graham and Felton (2006) for Latin America; Hayo (2004) for Eastern Europe).** However, some results are non-significant and population density was not found to effect happiness **(Rehdanz & Maddison, 2005**), or mental health (Shields & Wheatley Price, 2005),or the Satisfaction with Life Scale (**Peterson, Park, & Seligman, 2005**).

Policy Implications

From above we notice that there are many factors which affect Happiness of an individual and of society. Richard Layard (2005) makes a bold statement about the potential of happiness research to improve people's lives directly via changes in public policy. He further highlights the extent to which people's happiness is affected by status resulting in rat race approach to work and to income gains, which in the end reduces well-being. He further notes the strong positive role of security in the workplace and in the home and of quality of social relationships and trust. He identifies direct implications for fiscal and labour market policy in the form of taxation on excessive income gains and via re-evaluating the merits of performance based pay. However many donot agree with Layard's views but there is a concensus that happiness surveys can serve as an important tool for public policy. Scholars such as Diener and Seligman (2004) and Kahneman et al (2004) advocate the creation of national well-being accounts to complement national income accounts. Happiness economics also opens a field of research questions which still need to be addressed. These include the implications of well-being findings for national indicators and economic growth patterns, the effects of happiness and behavior such as work effort, consumption and investment and effects on political behavior. The major challenge in happiness studies is that we need more and better quality panel data which at times is unavailable in developing world. But combination of better data and increased sophistication in econometric techniques will allow us to better address many unanswered questions.

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