

Happiness in Europe: Cross-country differences in the determinants of subjective Well-Being

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Most people are assumed in a broader sense to pursue happiness in their life. Economic theory deals implicitly with the concept of happiness interpreted as individual utility assumed to depend on the interaction between a preference structure and budget restrictions. Most empirical studies have however failed to find the predicted relationship between happiness, measured by the response to survey questions regarding well-being or quality of life in general, and primarily income. In a recent cross-country study using Eurobarometer data for 15 countries, Bjørnskov, Datta Gupta and Pedersen (2005), it was found that, not the growth of income per capita in a country, but accelerated growth, resulted in an increase in reported well-being, i.e. it appeared that adaptation occurs not to the level, but to the growth rate of income. In the present paper, we are using the panel property of the ECHP data to analyse the impact on reported well-being from a number of level variables as well as from changes in selected variables from one wave to another for each of the EU countries. We include conventional economic variables as well as a number of attitude indicators available in the ECHP.

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