

sign in both states suggesting that household heads enjoy having their extended family around. Some of the religion variables have a significant effect as well. Sikh and Christian individuals are significantly happier than Hindus in Punjab. Muslims are reportedly less happy but the difference relative to Hindu individuals is not significant in either of the two states.

Discussion

In both case studies, the upward trend in socioeconomic variables across the hierarchy of castes is an illustration of how higher status (in this case predetermined) comes with benefits and opportunities in life. It is hence in accordance with mainstream theories of social comparisons that in both case studies, the castes at the top are clearly more satisfied than the lower and middle castes. The observed V-shaped relationship between status and happiness found in Punjab is similar to Medvec's et al. (1995) results on the happiness of Olympic medalists. If higher castes in Punjab have similar education levels (a proxy for abilities), but higher incomes such upward comparison may further reduce subjective well-being among middle caste groups. In AP, education levels are less similar between middle and higher castes. Moreover, as the differences in living standards between lower and middle castes are relatively small in AP, the difference may be less observable, with a less depressing impact on well-being for those who have less.⁸ Obviously, our results cannot be extrapolated to every comparison setting, as caste is predetermined and cannot be altered through perseverance and continuous effort. This might explain why the differences in subjective well-being across castes is relatively large which is in line with the findings that low social mobility is related to a stronger comparison effect (Senik, 2004, 2008) or to a greater inequality-aversion (Alesina et al., 2004).

Conclusion

The influence of social status on people happiness is an important topic which is reflected by the attention it has been receiving from researchers across different disciplines. Firstly, this interest can be motivated by genuine policy concern about people happiness and the ensuing need to explore its determinants. Secondly, as research shows that people generally try to maximize their happiness (Fleurbacy and Schwandt, 2015) understanding how relative standing relates to happiness is an important step towards understanding and predicting human behavior. Studies that have been able to demonstrate a cause-and-effect relationship between social status and happiness generally conclude that happiness job satisfaction or other variations of self-reported satisfaction are increasing in social status. Theoretical behavioral models which incorporate a preference for status also assume that happiness or utility is increasing in status. While our case studies can inspire the broader debate on

the relationship between status and happiness and can be of importance for the further development of behavioral theories, they should also attract attention because of the sheer size of the population to which they relate. India has over one billion inhabitants, and around two thirds of them live in rural areas. While in urban areas the caste system is becoming less important due to globalization our case studies are a reminder that they still play an important role in rural areas, and underline the necessity of further analysis of the patterns of happiness in rural India as well as of the contemporaneous role of the caste system in these areas.

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