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Overview of Research on Relationship between Income Level and Happiness of Chinese Rural Residents

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Abstract By conducting meta-analysis on the researches of relationship between income level and happiness at home and abroad, this paper re-searches the relationship between income level and happiness. The results show that the relationship between income level and happiness takes on U-shape curve, and it can be explained from adaptation, social comparison and psychological expectation. Finally, in order to promote rural residents' income level and strengthen rural residents' happiness in China, corresponding policy suggestions are put forward as follows: bridge gap of urban-rural residents' income distribution; dilute the competitions for money and status among people; perfect rural social security system; endeavor to create a situation in which all rural residents do their best.

Key words Rural residents, Income level, Happiness, China

Income increase is not equivalent to residents' happiness. Taking into account the macrocosmic income level and micro-cosmic happiness is significant to promoting rural residents' happiness in China. By conducting meta-analysis on the re-searches of relationship between income level and happiness at home and abroad, I research the relationship between income level and happiness and explain the reason why the relationship between income level and happiness takes on U-shape curve, from adaptation, social comparison and mental expectancy. In order to promote rural residents' income level and strengthen rural residents' happiness in China, corresponding policy sug-gestions are put forward in this paper.

1 The status quo of research on relationship between income level and happiness

The pursuit of happiness is the eternal human motiva-tion^[1]. For this reason, many domestic and foreign psycholo-gists, sociologists and economists have carried out extensive researches concerning happiness and influencing factors. Chi-na is a large agricultural country, with a large number of rural dwellers. With China's economic and social development, how to promote rural residents' happiness receives unprecedented attention, because happiness is not only related with quality of life and mental health of individual, but also related with social harmony and stability. But for now, at home and abroad, there is no clear definition regarding the relationship between happi-ness and income levels. It is generally believed that the higher the income level of residents, the stronger the sense of happi-ness. But in terms of defining the relationship, especially how happiness changes along with change of income levels, there are different understandings.

From the perspective of foreign research, the study on

happiness abroad has such an early start in the history, focu-sing on microcosm. Since Easterlin published the paper ex-pounding relationship between inter-temporal change of income and change of happiness in the United States in 1974^[2], the research on change of income and change of happiness has at-tracted attention of a number of economists, psychologists, so-ciologists and so on. As for the relationship between income levels and happiness, there are two different points of view. One is that based on utility maximization assumption, gathering statistics takes GDP as core traditionally. It holds that money can bring happiness and income increase can increase happi-ness, that is, there is a positive correlation between happiness and income. The results of longitudinal study show that there is a positive correlation between happiness growth and income growth. With incomes increase, the happiness of residents in most countries tends to rise, and especially the happiness of residents in poor countries has a more significant increase^[2], which is consistent with economic growth target that China has been pursuing all the time. However, in recent years, another point of view advanced by Diene emerges that happiness is not positively correlated with wealth entirely^[3].

From the domestic point of view, the research on happi-ness and income begins in the mid 1980s, which is mainly to conduct descriptive study and exploration by psychologists on objective and subjective factors that impact happiness, focusing on macrocosm. The study on income and happiness receives close attention of economics, sociology, psychology and other disciplines. With in-depth understanding, the researches on the relationship between income levels and happiness at home are also emerging. Wan Yan, Zhu Cheng and the like, adopts em-pirical research to show that there may be no correlation statisti-cally between income increase of residents and happiness of residents, but economic development is the basis of residents' well-being^[4-5]. The researches of Wang Juan, Wang Shuting and the like, identically indicate that when the economy and so-ciety develop to a certain stage, the relation between growth of

material and money, and happiness recedes. People's happiness and well-being are more and more reflected by people's experience of things, thus merely the income increase cannot increase the happiness^[6-7]. Wang Shuting, Zhang Ailian, Zhu Jianfang, Li Jing and the like, incorporate happiness into the standardized framework of economics analysis and use empirical data to conduct test. They hold that under the condition of low income, there is high-degree correlation between income and happiness; increasing income will promote happiness; moreover, the positive effect of income increase on happiness is gradually abated under interference of other psychological factors^[8-11].

After referring to the existing relevant researches, we can find two aspects as follows. First, the research on the relationship between income and happiness of China's residents is still at exploratory stage, lacking definite and unified definition. Second, most of the viewpoints expounding the relationship between income and happiness of China's residents are results of concluding experience, yet to be elevated to systematic and scientific research. Third, most of the objects of study are urban residents, the elderly, youth, and so on. There is a shortage of researches on happiness of rural residents.

2 The relationship between income level and happiness of rural residents in China

At present, there is a widening gap concerning residents' income distribution, which exerts different impacts on the mentality of people from different social classes. The Twelfth Five-Year Plan of the central government notes that we should pay more attention to people's livelihood, and endeavor to improve people's happiness level.

Happiness is a subjective feeling of human, and the intensity of happiness changes along with change of objective environment over time. In recent years, studies of happiness have aroused extensive attention at home and abroad. The First China International Positive Psychology Meeting in August, 2010, hosted by Tsinghua University, conducted survey of national people's happiness, and the research results show that amid 69 thousand participants, 90% of respondents feel loneliness; 46.9% of respondents have not too high satisfaction on life; 19.1% of respondents even are dissatisfied about life^[12]. World-renowned investigative body-Roper, from 2005 to 2009, by telephone and door-to-door interview, interviewed thousands of people and investigated 155 countries in the aggregate, thus it obtained the data regarding life happiness extent of people around the world. The results of the investigation show that Danish-led four Nordic countries rank top 4 in the list of *The happiest countries and regions in the world*; China rank the 125th in the list of *The happiest countries and regions in the world*; Hong Kong ranks the 81st in the list of *The happiest countries and regions in the world*. The United States, as the richest country in the world with NO. 1 per capita GDP, ranks the 14th in the list of *The happiest countries and regions in the world*; China, as a country with fastest GDP growth rate, ranks the 125th in the list of *The happiest countries and regions in the world*, the 30th from the bottom in a list of 155 countries^[13]. Since 30 years of reform

and opening up in China, especially since this century, China's economic growth rate is stunning and amazing worldwide. It develops at average annual growth rate of 8%, and maintains the growth rate of 10% or more for many years.

Through the above relevant analysis, we know that there is a curve relationship between income levels and happiness as follows: under low income level, income increase will lead to significant increase of happiness level; once the income reaches certain limitation level, the positive effects on happiness will gradually weaken or even disappear. As for how to define the limitation level, by preliminary study, we hold that this value is related with the level of consumption in a given period in a particular society. According to Maslow's hierarchy of needs theory, the needs of human are divided into 5 categories from low to high. The lower the hierarchy of need is, the stronger the force is, and the more he is earnest to get priority so as to be sufficed. The physiological drive dominates individual. The higher-level needs cannot have advantage until his basic needs are answered. Thus, we can draw the conclusion that the gratification of basic need is more capable than the gratification of subsequent level need to promote happiness of individual. Once basic needs are met, the positive effects of income on life satisfaction will be weakened^[10]. Therefore, we can infer that limit value level of income, at least, should meet people's basic necessities of life. Moreover, what the income level studies is absolute magnitude, which has different utilities on different people in the same period, thus the happiness brought to residents is also different. For example, the income of 6 000 yuan may be wealthy for one family, but meager for another family. Therefore, the low income level under the low burden of life perhaps brings more sense of happiness, and the high income level under the high burden of life perhaps brings less sense of happiness.

With the gradual development and propulsion of new countryside construction, the living conditions of rural residents receive close attention of the state and society, and their mental state is receiving more and more attention of the state and society. The research on the relationship between income and happiness of rural residents has important practical significance to promoting sense of happiness of rural residents. In summary, we can understand the relationship between happiness and income levels from the following two points. First, under the constant income level, only when the ratio of income and cost can significantly improve the living standards, the income increase can promote people's happiness. Second, middle-level income is the foundation of happiness. Under low income levels, when people's basic necessities of life cannot be met, the correlation between income and happiness is high, and the income increase can promote people's happiness; when the income of individual reaches the level of worrying not about food or clothing, and people's basic necessities of life are met, the correlation between income and happiness is small, and the positive effects of income increase on happiness are gradually weakened, due to the influence of other psychological factors. These psychological factors mainly include adaptation, social comparison and psychological expectation.

2.1 Adaptation From point of view psychologically, adaptation is the process of abated sensitivity to repeated or continuous stimulation. According to adaptation theory, people will initially make a strong response to the change of living environment, but soon they will get used to the new life situation, which makes it revert to original level of happiness. Therefore, the happiness and unhappiness are merely the short-term response to environmental change. However, people will continue the pursuit of happiness, because they blindly believe that more happiness will come after the next goal is achieved, so they continue to strive for happiness, not realizing that in the long run, such efforts may be futile. Therefore, adaptation to income will reduce positive effect of income increase on happiness.

2.2 Social comparison Through research, we find that individuals like to compare with each other. The subjective sense of happiness, a relative concept, is subjective feelings of human, with no absolute standard. When people evaluate their happiness, they always compare their existing situation with that of the people around. This is social comparison theory. The rural residents have face-saving concept of consumption, and they like to compare their existing situation with that of the people around. For example, according to Kahneman's prospect theory, we assume that you are faced with a choice as follows. Under the circumstance that the price of goods and services is the same, you have two options: A. In the case that other colleagues earn 60 000 yuan per year, your annual income is 70 000 yuan; B. In the case that other colleagues earn 90 000 yuan per year, your annual income is 80 000 yuan. The survey results of Kahneman come as a surprise: most of people choose the former^[11]. In fact, the motivation of people's money-earning, in most cases, is from the envy and unrealistic comparison of peers. Therefore, in terms of the psychological feelings of the residents, the most important thing is his relative income levels, rather than his absolute income levels.

2.3 Psychological expectation Expectation level theory notes that psychological expectation is that in advance, people expect someone or something to comply with the objective that they desire. Along with two psychological processes of the adaptation and social comparison, the psychological expectation of people is generated increasingly according to actual income levels. On the one hand, by comparing the income, people obtain their own relative status, and people tend to compare upward, so the psychological expectation of income is often higher than the actual level they achieve; on the other hand, people will adapt to the increase of income. People will be exultant for initial increase of income, but it is temporary. When people adapt to this income level, it will generate higher psychological expectation. However, too high expectation may make people feel unhappy, because happiness hinges on the gap between actual income and psychological expectation of income, rather than the actual income level.

3 The countermeasures of promoting rural residents' happiness

With the gradual development and propulsion of new countryside construction, the living conditions of rural residents re-

ceive close attention of the state and society, and their mental state is receiving more and more attention of the state and society. The research on the relationship between income and happiness of rural residents has important practical significance to promoting sense of happiness of rural residents. In terms of the relationship between income and happiness of rural residents, in order to promote happiness, we will first increase income, so as to meet basic material needs. When the income exceeds this level, if we want to continue to maintain or promote happiness, we should try to reduce the negative effects arising from the psychological expectation, social adaptation and social comparison. This process requires the joint efforts of society and individuals. Based on the actual situation in rural areas of China, firstly, in terms of the social level, this paper proposes the following countermeasures.

3.1 Bridge gap of urban-rural residents' income distribution In recent years, China's economy develops rapidly. Although on the whole, the level of income of rural residents increases significantly, the income gap among regions and the income gap among individuals are getting increasingly large. The enormous gap between the rich and the poor, through psychological mechanism of social comparison, will not only seriously damage the well-being of national people, but also lead to social unrest. Therefore, narrowing the wealth gap and improving the living standards of poor rural communities become very urgent. Governments can focus on increasing the income of low-income rural residents, so that the gap between the rich and the poor is controlled within the acceptable range among people. When the society as a whole becomes more prosperous, people's mentality will tend to be peaceful, and there will be more space and leeway for solving problems and social conflicts.

3.2 Dilute the competitions for money and status among people Currently, the atmosphere of unrealistically comparing with others is raging in society, and the media is doing a similar publicity, which makes people keep the pursuit of material interests. Therefore, by the means of consumption tax, the government will reduce the haves' consumption of luxury goods, and the media itself will hold down the publicity of luxury life, and increase the real reporting of living condition of rural residents, and especially the real reporting of living condition of low-income class, so that the rich knows more about poverty and enhances their sense of social responsibility.

3.3 Perfect rural social security system Raising the level of social security of rural residents and establishing sound social security system in rural areas, is significant strategic disposition implemented by the central government for solving the issues concerning agriculture, countryside and farmers. We will thoroughly implement the scientific concept of development; actively solve the difficulties of narrow coverage of social security in rural areas and low security capacity in rural areas; establish rural social security system integrating rural endowment insurance, medical insurance and social assistance and so on, so that farmers and urban residents enjoy the same social security benefits gradually. Thus, the income level of residents is increased;

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affects its social position and the rural households' recognition degree, which restricts the development and perfection of organization. The imperfect internal management system is also reflected on the irrational interest distribution system. As a major influencing factor of the members, the *Farmers' Cooperatives Law* stipulated that "the interests should be returned according to the proportion of the transaction volume of members and farmers' cooperative organization". The single interest distribution mode on the basis of quantity is conducive to modern agricultural technology, system innovation and the development of high-tech ecological agriculture. Therefore, the distribution system should be innovated and the agricultural technology and the contribution of agricultural output should be organically combined to encourage farmers to use new technology and promote the agricultural producers to develop to high level products. Besides, the management personnel in the organization mainly dominated by experience management, who lacks system innovation awareness, encouragement and supervision means, so it is hard for them to keep in pace with the demand of market economy development. The internal management system has determinant significance on rural cooperative economy, so it should be perfected from the strategic perspective.

3.2 Conclusion The factors of system environment are the major reasons that affect the development of rural cooperative economic development in Changjitu area. Therefore, the current national developmental strategy and the regional develop-

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the social security system is improved; people will feel that life is secure; there will be no pressure and sense of crisis in future life, so that the sense of happiness is promoted.

3.4 Endeavor to create a situation in which all rural residents do their best Happiness does not mean that once the material conditions is met, the happiness comes, but mean that by giving full play to their potential and realizing their own value, people are to achieve the perfect experience. Whether people can experience the happiness depends on the satisfaction of basic needs closely related to people's self-fulfilling of needs. Therefore, the sense of happiness is more expressed as a sense of value, which deeply reflects people's questioning on life purpose and life value. In a nutshell, the significance of conducting the research on the relationship between income level and happiness of rural residents is that we will not only transfer from the focus on the material needs and economic conditions of farmers, to the focus on psychological feelings and spiritual pursuit, but also more importantly, pay attention to the spiritual pursuit and psychological feeling, namely sense of happiness, of farmers, and use new perspective to examine the material needs of rural residents, economic conditions, quality of life, living environment and social environment.

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mental situation should be combined and the macro-economic system, laws and regulations, regional developmental strategy, logistic system, employment system, registration system, educational system and administrative system as the principal aspects to perfect the problems in the development of rural cooperative economy in Changjitu area.

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