

Research Topic for PPD M2 dissertation

Do perceived risks affect life satisfaction, and for how long?

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The proposed research project consists in assessing the general relationship between perceived risks and subjective wellbeing, and the extent to which people adapt to risk exposure.

Economic theory posits that attitude to risk is an individual preference parameter that varies across people, but that most people are risk-averse. Under this assumption, the perception of a risk is prone to reduce life satisfaction and to increase negative affect, such as stress, worry, and sadness. Is this prediction borne by the data? Does it depend on the type of risks, on geographies and other contextual variables? And do people adapt to a perceived risk over time - which would shed light on their insufficient reaction to climate change (for instance).

In order to investigate these questions, we propose to use the matched **Loyd Risk Foundation (LRF) World Risk Poll** with the **Gallup World Poll** information, in particular measures of life satisfaction and affect. We would also use other sources, such as the [Climat risk index](#).

The research questions we propose to investigate are the following:

- **Testing the correlation:** How does perceived global risk correlate with life satisfaction and negative affects?
- What **specific sources of perceived risk** are the most deleterious for life satisfaction? In particular, what about climate change versus other risks?
- Does the relationship between risk and life satisfaction depend on how much the risk is **individual or collective/aggregate** (e.g. *Eating food* versus or *Severe weather events, such as floods or violent storms*).
- **Relative importance:** How does the negative impact of risk on life satisfaction compare to other sources of dissatisfaction and stress: compare the order of magnitude. Evaluate the impact of risks in terms of equivalent income-loss.
- Does the impact of a source of risk on life satisfaction fade away with time, out of a process of **adaptation**?
 - Possible **identification** strategy: If the time length is sufficient, select asymmetric shocks that have hit different countries and look at the salience of the perceived risk, its impact on life satisfaction and the persistence of the effect over

time. To this end, use the information from Question 5, about whether people have experienced harm for a type of risk, or regional data about risk exposure.

The LRF survey contains questions, such as:

1. *Overall, compared to five years ago, do you feel more safe, less safe, or about as safe as you did five years ago?*
2. *In your own words, what is the greatest source of risk to your safety in your daily life?*
3. *Do you think that climate change is a very serious threat, a somewhat serious threat, or not a threat at all to the people in this country in the next 20 years?*
4. *In general, how WORRIED are you that each of the following things could cause you serious harm? Are you very worried, somewhat worried, or not worried?*
 - *Eating food*
 - *Drinking water*
 - *Violent crime*
 - *Severe weather events, such as floods or violent storms*
 - *Being in a traffic or roadside accident*
 - *Mental health issues*
 - *Work*
5. *Have you or someone you PERSONALLY know, EXPERIENCED serious harm from any of the following things in the past TWO years?*
 - *Eating food*
 - *Drinking water*
 - *Violent crime*
 - *Severe weather events, such as floods or violent storms*
 - *Being in a traffic or roadside accident*
 - *Mental health issues*
 - *Work*