

# BROOKINGS

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Survey Team  
SHED – Federal Reserve Bank  
By email

Dear Sir or Madame,

As invited by the Federal Register notice of May 11 (85 FR 27742), I am pleased to provide comments to the Federal Reserve regarding the Survey of Household Economics and Decision-making (SHED) (FR 3077; OMB No. 7100-0374).

I was one of the early economists to work on life satisfaction and well-being issues, beginning in the early 2000's, as part of a small group of collaborating economists and psychologists, including Richard Easterlin, Andrew Oswald, George Akerlof, Danny Kahneman, and Arthur Stone. At the time, I was the only one of that group working on developing economies. I was able to demonstrate that the patterns in the determinants of well-being were essentially the same in both poor and rich countries and around the world. I then began to work on issues around what well-being causes (rather than what causes well-being) and wrote the first economics paper (*Journal of Economic Behavior and Organization*, 2004) that showed that respondents who had higher levels of well-being did better later in life, in the income, health, and social arenas.

That finding has since been confirmed by many other papers, using different methods, and is also showing up in my more recent work, matching trends in well-being and ill-being with those in deaths of despair, at the level of individuals, races, and places. We find that lack of hope is the most consistent well-being “predictor” of being in the deaths of despair category (*Journal of Population Economics*, 2019). In a new historical analysis, based on the PSID (*Journal of Economic Behavior and Organization*, 2019), we also find that respondents born from 1935-45 who reported to be optimistic in their twenties were more likely to still be alive in 2015. We also find that the only population cohort for whom optimism fell, beginning in the late 1970's – coinciding with the first wave of manufacturing decline – were less than college educated white men, the same cohort that is over-represented in the deaths of despair today. We are in the process of building a country-wide well-being indicator, with county level data and based on both well-being and ill-being markers and premature mortality data from the CDC. We are now in the process of adding in COVID mortality rates as well, as they are likely to be higher among vulnerable cohorts of the same profile, particularly in rural areas.

I have also been involved in introducing the usage of well-being metrics into government statistics as complements to income-based measures (as in the UK and New Zealand), for the purposes of policy design, monitoring, and assessments (for a summary, please see Graham, Laffan, and Pinto in *Science*, 2018).

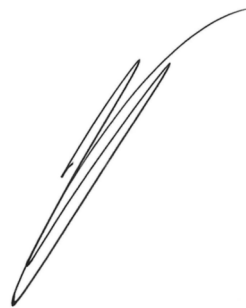
As such, I am very excited about and supportive of the new SHED supplement, that includes a range of measures of both ill-being and well-being, primarily but not only in the financial arena. That said, I do have a comment about the draft survey, which I hope that you and your team will consider as you finalize the draft.

Given the inclusion of well-being metrics, I am surprised that the instrument does not include a general life satisfaction question and then also a future life satisfaction one (that captures hope and optimism about the future). First of all, these are simply important general markers. Secondly, they can serve as controls when analyzing questions about people's financial satisfaction and in other dimensions of satisfaction as well as those that ask people to rank themselves or their financial situation compared to others. Naturally happy people will rank themselves higher.

The questions are typically phrased as a Cantril ladder question, with the first one being: "imagine a ladder where the best possible life is at the top scale (10) and the worst possible life is the bottom scale (0). In thinking about how satisfied with your life in general, where on the ladder would you place your life?". The following question is: "on the same ladder, where on the ladder do you think you will be in five years?". I am also happy to suggest simpler phrasing, just asking people to rank their life satisfaction on a 0-10 scale, if that is more feasible for your instrument. Finally, these questions are typically placed up front in most surveys, so that the responses are not framed or biased by other questions about financial or employment status or the like.

I look forward to your response and would be happy to discuss these issues further as needed. Thank you in advance for your consideration. Please feel free to reach me at [cgraham@brookings.edu](mailto:cgraham@brookings.edu) or (202) 527-8086. I look forward to seeing the results of the new supplement in the near future.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Carol Graham', with a long, sweeping horizontal stroke extending to the right.

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