

Integrated Database to Measure Living Standards

Federico Perali

Department of Economics - University of Verona (Italy)

Martina Menon

Department of Economics - University of Verona (Italy)

Elena Dalla Chiara

Department of Economics - University of Verona (Italy)

Paper Abstract: This study generates an integrated database to measure living standards in Italy using propensity score matching. We follow the recommendations of the Commission on the Measurement of Economic Performance and Social Progress proposing that income, consumption of market goods and non-market activities, and wealth, rather than production, should be evaluated jointly in order to appropriately measure material welfare. Our integrated database is similar in design to the one built for the US by the Levy Economics Institute to measure the multiple dimensions of well-being. In the United States, as it is the case for Italy, the State does not collect a unified database to measure household economic well-being and data sources about income and employment surveys and other surveys on wealth and time use have to be statistically matched. The measure of well-being is therefore the result of a multidimensional evaluation process no longer associated with a single indicator as it is usually the case when measuring gross domestic product. The estimation of individual and social welfare, multidimensional poverty and inequality does require an integrated living standard database where information about consumption, income, time and subjective well-being are jointly available. With this objective in mind, we combine information available in four different surveys: European Union Statistics on Income and Living Conditions Survey, Household Budget Survey, Time Use Survey, and Households' Conditions and Social Capital Survey. We perform three different statistical matching procedures to link the relevant dimensions of living standards contained in each survey and report the statistical tests implemented to evaluate the quality of the procedure at a high level of detail.