

Integrated Measurement of Household-Level Income, Wealth and Non-Monetary Well-Being in Finland

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This paper describes distributions of income, wealth, and living conditions in 2009 in Finland, using a recent survey micro data that combines its data from heterogeneous sources. The sample survey used is the Finnish contribution to both the EU Survey on Income and Living Conditions (EU-SILC, Eurostat), and the Eurosystem Household Finance and Consumption Survey (HFCS, European Central Bank). Because of its non-standard methodology, its use in cross-national surveys and databases, and its “combine all-in-one” approach, the results and the methods presented in the paper should be of interest also to a wider international audience.

The paper has three parts. The first part reviews the underlying conceptual micro framework, the second part focuses on the methods used in data collection, and the third part shows some of the results; including joint distributions of income, wealth, and living conditions.

In the conceptual part, we discuss the current operational definitions of income, wealth, and non-monetary well-being in the EU-SILC and the HFCS; taking HFCS as the reference for the wealth concept and EU-SILC for the income concept and non-monetary indicators. In particular, we look at the links between income and wealth concepts in these European surveys. Moreover, we choose selected non-monetary indicators from the current EU indicator portfolio, and relate them to the income and wealth concepts, and discuss income- and asset-based poverty measures.

Next, we turn to the Finnish dataset from 2009, which is a sample survey that combines or constructs data using heterogeneous sources and techniques; including computer assisted telephone interviews, exact matching from administrative and statistical registers, statistical matching from other surveys, and register-based estimation. While the obvious benefit of the single-platform method is to have an extensive vector of information for each sample household at a reasonable cost, the drawbacks may be a reduced comparability in time and across countries, as well as internal inconsistencies in the data. In particular, we discuss measurement issues related to the wealth component, such as statistical matching and validity of register-estimated wealth components.

Finally, we show some results on bivariate distributions of income and wealth, and apply quantile regressions to relate income and wealth to various household characteristics. We also look at bivariate distributions of income and non-monetary indicators, and attempt to augment or adjust current indicators of poverty and social exclusion with household net worth. In the adjustments, we particularly examine the role that different wealth components would play in

such adjustments (deposits, other financial assets, housing wealth). We conclude with an assessment of the relevance of the dataset and the results with respect to its non-standard data collection methodology.