Italy

Sources:
Paukert 1973, Table 6 p.104-105
Sawyer 1976, Table 4 and 6
Cromwell 1977, Table 1
Smeeding and Gottschalk 1995 (based on LIS-data), Table 1 and 3
Atkinson, Rainwater and Smeeding 1995b (based on LIS-data)
Brandolini 1999, table 14 on page 52, table 16b (new weights) on page 59 and table B10 in the appendix
Brandolini 2004, tables 1, 2, A3 and A5
European Commission 2005
Luxembourg Income Study (for more information, please look at http://www.lisproject.org/techdoc/it/itindex.htm)

The documentation relies on the papers by Brandolini (1999) and (2004).

Surveys:
Doxa 1948
The survey consisted of eight distinct sub-samples differing by reference population and structure of the questionnaire. It suffered from a lack of updated information on the demographic structure of the Italian population when the sample was drawn. A two-stage sample of quotas was used but it is unclear how first-stage units were selected. In the second stage adult individuals were chosen more or less "randomly" by the interviewers who were expected to comply as closely as possible with the sampling plan. The response rate of the survey was over 90% and the overall number of accepted questionnaires was 10755.

Incomes were estimated differently in different sub-samples. For urban household with at least two members, incomes were estimated by collecting details on households' overall budget, and for rural households they were estimated as the farm's gross market product net of production expenses plus any other household revenue. For the remaining sub-samples, income was mostly estimated in an indirect way by means of two questions, one asking the respondents to estimate the average monthly expenses for a household like their own, and another asking how much their monthly income fell short of this level. Monthly incomes were eventually transformed into annual values by multiplying by 13, to account for under-reporting of irregular revenues. The resulting figures were interpreted as estimates of the normal monetary disposable income. The estimates are calculated from grouped data by Brandolini (1999).

The Bank of Italy's Survey on Household Income and Wealth (SHIW) 1967-2002
The sample size was initially set at 3000 households but it was raised to 4000 in 1981 and to 8000 in 1986. Sampling is carried out in two stages; municipalities are selected in the first stage and households in the second. The sampling design until 1986 caused an under-representation of backward areas, to overcome this problem the design was

completely revised in 1986 on the basis of the design of the Istat labour force survey. Frequent modifications of the sampling design have affected the proportionality between the sample size in each stratum and the reference population. High income households have for example occasionally been over-sampled. Since 1989 part of the sample consists of households already interviewed in the previous survey. The proportion of such households rose from 15 % in 1989 to 45 % in 1995; some households were interviewed in all last four years.

Data are collected in personal interviews and refer to household budgets in the previous calendar year. Questions about individual incomes are answered by each member, unless he/she is absent. Interest and dividends are surveyed at the household level. Non-responding households are replaced by pre-selected units from the same stratum. The gross response rate was slightly over 50 % in the early 1970's, it fluctuated around 60% until 1987, dropped to only 37% in 1989 and 32% in 1991, but was raised again above 50% in the last surveys. A large proportion of the non-response is due to explicit refusal to cooperate. The non-response seems to lead to an underestimation of both the mean income and of the dispersion of incomes. There are also problems with under-reporting; comparing with the national accounts statistics, the grossed-up survey totals fell short of the national accounts series by about 30% (after harmonizing definitions). Especially self-employment income and net interest and dividends appear to have been very poorly captured in the survey, the shortfall of self-employment income ranged from 50 to 60% while that of interest and dividends were about 75% (between 1987 and 1995).

The definition of income and its components has undergone many changes over the years. The changes regard mainly income from property, which mainly has varied in terms of the inclusion or not of imputed rents, interest and dividends. Rents for owner-occupied dwelling started to be imputed in 1973 and for other property in 1976 on the basis of the estimates provided by the owners. Dividends and interest received were recorded in 1973-75 and then regularly since 1986. The overall revision of the structure of the survey carried out in 1986 made the definitions closer to those used in compiling national accounts. All income is recorded net of payments of taxes and social security contributions and no information on taxation is collected. No attempt is made to estimated production for own account (in-kind incomes are however recorded).

The estimates reported here are those of Brandolini 1999 and Brandolini 2004 (both sources using the same methods). Both officially reported estimates and estimates based on harmonized microdata, the SHIW Historical Archive (Version 3.0, January 2004), are reported. In the SHIW-HA the incomes have been harmonized to be comparable over the years.

European Community Household Panel Survey (ECHP) 1995-2001

The survey is an input-harmonized longitudinal panel survey conducted by Eurostat together with institutions in the member states. The questionnaires are standardized and weighting and imputation was done by Eurostat. The surveys have national coverage and a common set of definitions are used in all the countries. The income concept is net income with an extensive coverage of income items.

The SHIW and ECHP report results with slightly different trends. According to Brandolini (2004) the two surveys share some features, like size and stratification of the sample, but differ in two important respects: the formulation of the income questions, and the cross-sectional vs. longitudinal design. The ECHP is more thorough than the SHIW in registering the monetary benefits received by the household, but it is much less detailed in recording earnings from self-employment, property income and capital income. The ECHP mean falls short of the SHIW mean by almost a fourth in all three years for which the comparison is possible; by taking a broadly comparable definition of income, the discrepancy narrows to between 10 and 14 per cent. As expected, the ECHP underperforms the SHIW in capturing incomes from self-employment and capital, but it does a better job in measuring benefits. In the ECHP there is also a problem of panel attrition that is not equally spread across the income distribution. As the richer persons exhibit a higher propensity to leave the sample than the poorer, attrition is likely to bias measured inequality downwards in the ECHP. The ECHP representativeness is also weakened by the exclusion of immigrants.