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CSLS Releases New Report on Well-being in Canada

Today, the Centre for the Study of Living Standards released a study on the economic well-being of Canadians. The study is entitled “The Levy Institute Measure of Economic Well-Being: Estimates for Canada, 1999 and 2005” and is written by Andrew Sharpe, Alexander Murray, Benjamin Evans and Elspeth Hazell for the Levy Institute of Bard College. The report develops estimates of the Levy Institute Measure of Economic Well-being (LIMEW) for Canada in order to estimate the average Canadian household’s total command over economic resources. This report indicates that the LIMEW in Canada grew modestly between 1999 and 2005 at 1.08 per cent per year.

The LIMEW, developed by the Levy Institute of Bard College, is a comprehensive household-level measure of command over resources. It consists of four components: base income, income from wealth, net government consumption expenditure undertaken on behalf of households, and household production. The CSLS report details the process of estimating the LIMEW for a representative sample of Canadian households in 1999 and 2005. It reports that median LIMEW grew even slower than mean LIMEW, at just 0.66 per cent per year (compared to 1.08 per cent per year) from 1999 to 2005. It also finds that inequality increased in Canada over this period.

Contrasting these Canadian LIMEW results with comparable estimates for the United States indicates that Americans have a slightly greater command over economic resources than their Canadian peers in both 1999 and 2005. The median LIMEW of the United States in 2000 was 9.7 per cent higher than Canada’s 1999 estimate, and its 2004 estimate was 8.6 per cent higher than Canada’s 2005 estimate.

In addition, this report makes it clear that common income measures that omit household production and public consumption overstate the inequality in the distribution of households’ command over resources, while also understating the level of a household’s command over resources. Thus, this report clearly illustrates the usefulness of more comprehensive measures of well-being, such as the LIMEW, in accurately assessing the state of a nation’s economic well-being.

The full report can be found at <http://www.csls.ca/reports/csls2011-09.pdf>.