

## **Correlations:**

**Deprivation and income not the same.**

**SWB and deprivation vs. SWB and income.**

The focus in this paper is to document how deprivation and social exclusion affect life satisfaction. Simple correlations between subjective well-being and deprivation, reported in Table 2, suggest that this association is much stronger (0.4 on average among all the countries in our sample) than that between subjective well-being and own income (about 0.16 on average). The correlation between individual income and the deprivation variables is significantly negative but never exceeding  $-0.3$  confirming the low overlap between income and multidimensional well-being.

To control if this association still holds in a multivariate setting we first estimate, as baseline model, Eq. (2) including only ‘single-adult equivalent household income’ and all the contributing factors mentioned in the previous section (Model 1). Our second specification also includes country specific average income to control for the relative income effect on satisfaction with life (Model 2). As a last step, we introduce (in separate regressions), the simple sum of individual functioning failures, SUMC, and the BDP index of deprivation (Model 3).

Variables	satlife(PCA)	satlife(PCA)
eq inc	0.0426*** (0.006)	0.0467*** (0.007)
mean inc	0.0456 (0.043)	0.0707 (0.044)
perm inc		
SUMC	-0.170*** (0.002)	
BDP		-0.226*** (0.003)
SUMC_SE		
BDP_SE		

Variables	satlife(FA)	satlife(FA)
eq inc	0.0262*** (0.004)	0.0287*** (0.004)
mean inc	0.0538** (0.025)	0.0696*** (0.026)
perm inc		
SUMC	-0.106*** (0.001)	
BDP		-0.143*** (0.002)
SUMC_SE		
BDP_SE		

Variables	satlife(PCA)	satlife(PCA)
eq inc	0.0740* (0.037)	0.0736 (0.040)
mean inc	-0.824*** (0.054)	-0.348*** (0.071)
perm inc	0.0331 (0.030)	0.0727* (0.037)
SUMC		
BDP		
SUMC_SE	-0.00501*** (0.000)	
BDP_SE		-0.0102*** (0.001)

Variables	satlife(FA)	satlife(FA)
eq inc	0.0483* (0.023)	0.0481* (0.025)
mean inc	-0.475*** (0.034)	-0.183*** (0.043)
perm inc	0.0164 (0.017)	0.04 (0.022)
SUMC		
BDP		
SUMC_SE	-0.00307*** (0.000)	
BDP_SE		-0.00629*** (0.000)

Our results corroborate the findings of the happiness studies: individual income matters together with many other factors.

We have proposed to include among them some indices of multidimensional well-being recently introduced in the income distribution literature.

Our results also confirm that deprived and excluded individuals are less satisfied with their lives.

This finding supports the decision of the EU to include the fight of social exclusion among its central objectives.