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WEALTH DISTRIBUTION AND INCOME INEQUALITIES: A COMPARATIVE ANALYSIS OF THE EFFECTIVENESS OF ITALIAN WELFARE MEASURES IN THE AGE OF GLOBALISATION

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Academic Year 2020/2021

To my family,

a blessing for all those who seek True Peace.

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I-INTRODUCTION

In this thesis, I chose to analyse and add my contribution to a topic that has been overwhelming discussed in the academic world as well as in the major international fora and that to some extents is the cornerstone of a sustainable global society: redistributive policies and their impact upon the world distribution of wealth. Specifically, the main objective of the dissertation is to appraise the overall effect in terms of abatement of wealth inequality of both temporary and long-standing social care schemes introduced in Italy in the last decade (from 2010 to 2019). To accomplish this purpose, I decided to present a comprehensive outlook the country's performance in the struggle against wealth inequalities with those of two neighbouring countries, namely France and Germany. The importance of such a theme cannot be underestimated; wealth is the most powerful driver, the hidden or overriding cause of many of the turning points of human development. Imbalances in the distribution of wealth generated revolutions, resonated in civil conflicts, created the premises for the birth of new political entities and, most importantly, laid the foundation of the modern Welfare State.
In the last decade, shaped by the consolidation of globalisation, inequalities rose significantly, creating a tremendous shift in the ownership of the overall world's wealth[1]. However, the instruments utilised to arrest the growth rate of the wealth spread have been unable to cope with the inner trajectories of the neoliberalism capitalism, therefore providing little to no barrier to the progressive accumulation of global assets in the hands of a limited number of private entities. In recent times, the outbreak of the Covid-19 pandemic accelerated the accumulation trends, forcing national governments to plan conspicuous economic rescue packages in order to alleviate the detrimental effects of consecutive halts of the production. This time the challenge consisted not only in tackling generational poverty, produced by a combination of scarce social mobility and lack of key resources, but also situational poverty, the result of an incident in the lifetime of a wealth holder (in this instance a pandemic) that reduces its private assets and force him to shift into a lower wealth bracket. The peculiarities of this new wave of public investments, devised as a powerful stimulus for countless economic sectors blocked by the diffusion of the contagion, offer yet another prove that in times of economic, social or health crises, the close correlation between the loss of

[1] Source: World's inequality database, https://wid.world/world/#aptinc_p90p100_z/US;FR;DE;CN;ZA;GB;WO/last/eu/k/p/yearly/a/false/0/300000/curve/false/country

income sources suffered by the most disadvantaged segments of the population and the growth of the income spread generates a complex rethinking of social care measures. In fact, a global issue which induce social confrontations tends to produce continuous frictions and economic claims among different social strata. On top of that, it appears very complex to fully address social equity goals in periods of regular market expansion, due to the political implications of redistribution policies. Hence, only in phases of stagnation, unforeseen financial turbulences or sudden monetary contractions, a strengthened social convergence in favour of public intervention tends to foster a more incisive reaction of both national and international institutions. However, the fall of unwritten political vetoes does not imply the automatic reach of universal consensus towards a recovery project: the criteria used to define priorities, and specifically to identify the population bracket that are most in need for economic aids, continually challenge the neutrality of Western democracies.

In fact, one of the core functions of the modern state is to find a balance between private interests and the wellness of the collectivity[2]; public authorities are the only subjects entitled with the task to legally withdrawn a part of household wealth to mitigate the social effects of inequalities. Among the privileged instruments aiming to eliminate or at least alleviate wealth disparities, particularly due to the dimensions of the audience of beneficiaries and the intense media coverage often received, welfare provisions are of special interest for the public opinion. Naturally, the degree of social acceptance of a welfare measure depends on several factors; the tax-payers who will be burden with the highest share of monetary withdrawal (by virtue of the superior value of their private assets) in order to support larger redistribution policies, will likely be more prepared to momentarily waive their lobbying activities in cases of a large-scale paralysis of the economy. Provisions that would be heavily contested or rejected in the absence of acute social disturbances benefit from shorter approval procedures and often receive a broad inter-classes support. In Western democracies, the large endorsement of the public opinion towards reconstruction plans ensures the permanence of annexed redistribution state policies even after the epilogue of market turbulences and the stabilisation of involuntary unemployment. In political terms, it can be argued that the higher the magnitude of the economical shift (e.g., decrease of salaries, loss of bargain power,

[2] Among others: John Rawls, ‘The Law of Peoples’, 1993. Also ‘Justice as Fairness: Political not Metaphysical.’ *Philosophy & Public Affairs* (Summer 1985)

shrinkage of the job market etc.), the higher the need for compensation and the subsequent demand for the implementation of adequate and long-lasting social sustainability projects. In many cases, the efficiency of a widely supporting aid programme provides the best defence against the political pressions of disturbance groups, interested in the reduction of the tax levy.

This vast and controversial theme is at the centre of current political debate; in the first 100 days of his presidency, the 46th President of the United States of America (USA), Mr. Joe Biden, has issued one of the most ambitious economic manoeuvres in this specific field, the «American Family Plan». The programme, apart from the conspicuous investment in favour of Public Education (6.000 billion dollars, roughly 20% of 2020 U.S. GDP), constitutes an audacious attempt to redistribute a substantial amount of private wealth, introducing a broader system of subsidies, non-repayable loans, as well as tax credits that will increase the household budget of the middle and lower class [3].
Similarly, the European Union's (EU) «Next GenerationEU» long-term programme (also known as «European Recovery Plan») not only sets the guidelines for a robust economic upturn concerning the Union's member states, but also encompasses measures of social fairness and income redistribution policies. In actual fact, the notorious divergence of opinion between member states and European institutions on the controversial theme of the respect of budget constraints in the process of definition of national plans concerning economic development, have been partially put on hold[4]. This allowed national Parliaments to start defining the expenditure headings linked to the European recovery fund stepping out the legal barriers and bureaucratic impediments that narrowed the governments' operative space in times of ordinary planning. As a result, the pressing necessity to offer financial support and liquidity to those undertakings unable to attend their corporate activities (due to the application of harsh sanitary restrictions) is now likely to produce an important rebalancing of the overall composition of income classes in Europe. And since an effective and well-balanced programme of public investments cannot overlook the level of disparity in terms of net wealth among households[5], a firm action of redistribution in favour of the lowest tiers of

[3] 'Joe Biden wants to europeanise the Welfare state', https://www.economist.com/united-states/2021/05/20/joe-biden-wants-to-europeanise-the-american-welfare-state
[4] In fact, member states decided to borrow from capital markets 750 billion € in order to sustain the economic burden of the reconstruction
[5] The evaluation of economic trends is of course equally important. If the spread between the tiers remains stable, the urgency for redistribution is confined to a physiological dimension. The perception of the spread,

European wealth holders is also bound to trigger several adjustments and modifications to the different social welfare systems adopted in the Union. Considered the proportions of the approved budget, in the eyes of the Commission and the Council the partition of the allocations aims not only at restoring the previous levels of per-capita income (PCI) and employment rate in the euro-zone, but to change the pace in the achievement of those goals of poverty alleviation and equal distribution of wealth pursued by all member states. Even though the main objective of the Recovery and Resilience Facility (RRF) is to «mitigate the social and economic impact» caused by the outbreak of the Covid-19 pandemics[6], European policies will be reoriented in order to prioritise the social inclusion of those groups who suffered most the effects of the recession. Furthermore, since welfare measures lie within the grey area of the «shared» competencies between the Union and its member states, the success of this strategy for development is intertwined with the ability of national governments to introduce new social care facilities and improve the performance of the existing ones. Hence, it would be useful for European national governments to conclude a comparative analysis of similar (or indirectly associable) economic instruments in the field of social care, in order to maximise the efficiency of the newly implemented support schemes and at the same time lay the basis for the reduction of the private wealth gap.

In Chapter I, I will introduce the theoretical background, the methodology of the study and the criteria behind the selection of the comparative group. Then, I will proceed to list and give a detailed description of the functions and the critical issues of the Italian social care provisions introduced in the last ten years.

Chapter II will be focused on the comparative analysis of the performances of Italy, France and Germany on the ground of wealth inequalities. The study is meant to clarify the scope of the variations of wealth distribution in the three countries of choice in a ten-year outlook, and if the identified trends can be directly or indirectly traced to the entry into force of specific social care schemes. Afterwards, the discussion will try to identify the strengths and weaknesses of each national version of income support schemes, and whether a modification

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«the psychological» factor, will determine the incisiveness of Welfare measure and will multiply the numbers of requests and petition supporting the approval of new reforms.

[6] Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing a Recovery and Resilience Facility COM/2020/408 final, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020PC0408

of these specific measures can prove useful to successfully contain or even reverting the wealth accruing process. Due to the outbreak of the Sars-CoV-2 pandemic, I have chosen not to include in the analysis the statistics of 2020. However, assessing the status of the Italian wealth distribution before the recent period of global crisis can be crucial in order to determine those malfunctioning of the social system, that all the evidences collected so far suggest will still be present in the post-pandemic scenario.

CHAPTER I: WELFARE MEASURES AND PRIVATE WEALTH DISTRIBUTION IN EUROPE. THE ITALIAN CASE (2010-2020)

1.1 WORLD DISTRIBUTION OF WEALTH: A QUICK OVERVIEW

The quest to reduce the «opportunity gap» has been a constant of History since the dawn of civilisations; and the excessive disproportion of private wealth necessarily called for the implementation of new active policies devised so to contain the spread of possibilities between census classes. And "possibility" like that is the truly key word attached to the vast and complex concept of «wealth»: the transposition of the (abundant) value of the most disparate belongings to a fixed amount of an abstract mean of exchange. Naturally, this last definition would provide a limited vision of the economic, social, and even cultural and philosophical aspects strictly related to wealth. In whichever category someone may choose to address and refer to the possessions of an individual, the latter needs a ratio, a universal standard applicable in multiple scenarios to esteem the amount and the quality of the wealth detained.

Nonetheless, in the contemporary era it is not a trivial task that of identify the nature, not to mention to classify and quantify all the different forms of wealth. The latter comprises an very long list of material and immaterial objects, ranging from real estates to financial instruments, from commodities to ideas and intellectual knowledge, from unique blueprints to various sets of skills and competences that are constantly requested from the job markets.

In global societies, built upon the central dogma of free trade and free movement of workers, goods and people, a few monetary currencies conventionally «translate» the value of a good or a service in economic terms[7]. The system is centered on a specific currency that is

universally accepted in international markets (in the contemporary age the dollar covers this fundamental role) and many others that serve as ancillary or perfectly exchangeable currencies (i.e., the euro, the pound, the swiss franc), not always in monetary form. On this ground commodities like gold and oil are a good example of high value resources that can be used as alternative means to complete a given transaction. But there are many instances of invisible assets, associable to a broad definition of wealth, that take the form of fiscal exemptions or tax relieves, facilitations (facilities), free access to specific public services etc. that are rightly considered additional parameters in the calculation of the exact value of the assets of the single citizen.
Furthermore, the prevalence of a «limited» or «extensive» definition of wealth, greatly influence the reliability of indexes adopted to determine the national and international distribution of global assets.

There are several methods to esteem the wealth level of a nation. The first technique is an estimation obtained through a statistic regression of the total wealth possessed by regions of the world or single countries. The evaluation is based on the theoretical concept of net worth: the value of financial assets in addition to real assets (e.g., real estates, housing, plots of lands etc.) owned by households, minus their debts[8]. The Credit Suisse's classification includes private pensions funds assets and insurance care policies, but excludes from the abstract reconstruction of the households' balance sheets the annuities of public retirement funds. As mentioned before, the assessment of the value of human assets, according to the intentions of the authors, lies beyond the scope of the analysis; the same thing is also applied with the credit or debt situation of households towards the state. Furthermore, the esteems are calculated in end-period exchange rates[9] (i.e., the exchange rate of the currency ruling at the end of the fiscal year). This data can undergo several changes if the adopted measure unit is the nominal local currency or the real local currency (converted using the Gross Domestic Product as deflator). For example, due to the inflation rate, a USD dollar in 2010 was worth 16% more than in 2019; the depreciation of the dollar in the last decade tends to slightly reduce the performance of countries whose currency gained more value. At a first overlook of

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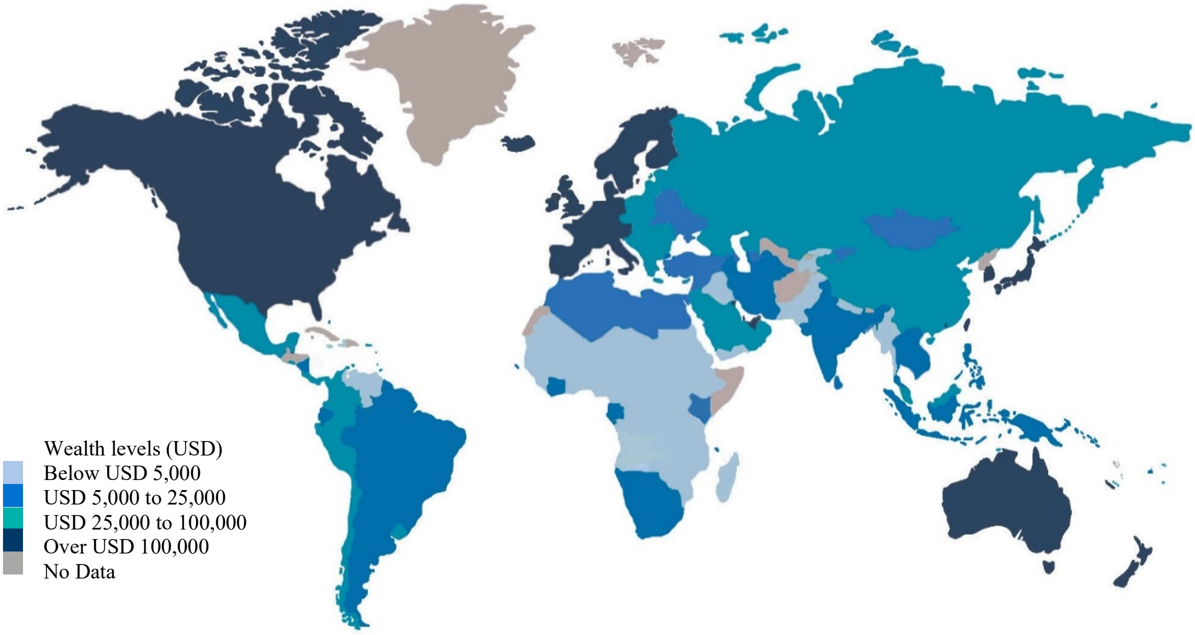
8 Lerman, Donald L., and James J. Mikesell. 'Impacts of Adding Net Worth to the Poverty Definition.' Eastern Economic Journal, vol. 14, no. 4, 1988, pp. 357–370. JSTOR, www.jstor.org/stable/40325236

9 External Debt: Definition, Statistical Coverage and Methodology, A Report by an International Working Group on External Debt Statistics of the World Bank, IMF, BIS, OECD, OECD, Paris, 1988, Glossary.

world wealth distribution, it can be easily spotted in the overall colouring of Figure 1 (Global Wealth Report 2019, edited by Credit Suisse).

Figure 1: World Wealth Map 2019



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global wealth databook 2019

The colours attributed to a specific wealth bracket divide the regions of the world in different macro-areas, corresponding to the four classes of overall wealth identified. The latter (measured in United States Dollars, USD[10]), range from the lowest tier, with a group of nations that are placed in the wealth bracket below a total amount of USD 5,000 billion, to the highest tier, composed by countries whose average wealth surpasses the impressive threshold of USD 100 trillion. As it is easily recognizable, USA, Canada, United Kingdom, Australia, New Zealand, Japan and all the Northern and Western European countries rank among the top tier. The discrepancy in terms of net wealth in relation to the available demographic data is evident: although accounting just for roughly 17% of the world's total population (1,114 billion people, UN World Population Prospect 2019) North America and

[10] To foster a better understanding of the wealth patterns and allow an easier confrontation between indexes, all the values of the tables will be presented in dollars, included the analysis and the times series of the following paragraphs, related to countries of the Euro-zone.

Europe detain the 57% of total household wealth[11] (205,359 USD billion). Elsewhere, population shares overcome the total wealth; for example in Latin America, the population share is threefold the total amount of regional wealth. A simple disaggregation of the previous data allows the passage from a region visual to country visual (table 1).

Table 1: Household wealth report (2018–19) by region

Rank	Country	Region	Total Wealth (USD bn, 2019)	Global Share (%)
#1	United States	North America	$105,990	29.4%
#2	China	China	$63,827	17.7%
#3	Japan	Asia-Pacific	$24,992	6.9%
#4	Germany	Europe	$14,660	4.1%
#5	United Kingdom	Europe	$14,341	4.0%
#6	France	Europe	$13,729	3.8%
#7	India	India	$12,614	3.5%
#8	Italy	Europe	$11,358	3.1%
#9	Canada	North America	$8,573	2.4%
#10	Spain	Italy	$7,772	2.2%
#11	South Korea	Asia-Pacific	$7,302	2.0%
#12	Australia	Asia-Pacific	$7,202	2.0%
#13	Taiwan	Asia-Pacific	$4,062	1.1%
#14	Switzerland	Europe	$3,877	1.1%
#15	Netherlands	Europe	$3,719	1.0%
	Rest of the world		$56,585	15.7%
	Global amount		**$360,603**	**100.0%**

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global wealth databook 2019

As it can be observed, the fifteen wealthiest countries detain the 84.3 % of global wealth, with the average wealth of the top tier being equal to $20,268 billion.

An alternative method to present and assess global wealth data is the index of total wealth per adult. For example, in 2019 the global adult population was about 5,1 billion people. Conventionally, assuming that in the vast majority of legal systems children attain the age of majority at 18 years old, and considering the difficulties to esteem the small part of global wealth entitled to the youngest age bracket, the data are filtered so to include private assets owned exclusively by adults. The most significant data, updated to 2019, have been summed up in table 2.

[11] The percentage is rounded for excess (0,56948).

Table 2: Household wealth report (2018–19) by region

	Total wealth	Change in total wealth		Wealth per adult	Change in wealth per adult	Change in financial assets		Change in non-financial assets		Change in debts	
	2019	2018-19	2018-19	2019	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19
	USD bn	USD bn	%	USD	%	USD bn	%	USD bn	%	USD bn	%
Africa	4,119	130	3.3	6,488	0.4	1	0.1	164	6.6	35	7.7
Asia-Pacific	64,778	825	1.3	54,211	-0.3	539	1.5	672	1.9	386	4.2
China	63,827	1,889	3.1	58,544	2.6	88	0.2	2,273	7.5	471	10.9
Europe	90,752	1,093	1.2	153,973	1.2	127	0.3	1,156	2.0	190	1.4
India	12,614	625	5.2	14,569	3.3	37	1.4	708	6.9	120	11.5
Latin America	9,906	463	4.9	22,502	3.2	193	4.0	340	5.7	70	5.0
North America	114,607	4,061	3.7	417,694	2.7	3,334	3.6	1,353	3.8	626	3.8
World	360,603	9,087	2.6	70,849	1.2	4,319	2.0	6,666	3.7	1,898	4.0

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global wealth databook 2019

Alongside the total wealth variation, table 2 introduces the esteems of wealth per adult, categorised by region (third and fourth column of the table); the latter offers a more realistic picture of the net worth of households, since, compared to the wealth per capita index, restrict the available assets' data only to those holders of wealth who came of age. The variation of total wealth is then disaggregated into the three main components of the creation and transfer of wealth: financial assets, non-financial assets and change in debts. Once again, the scores of North America and Europe stands out, as the adults' wealth shares of these two regions respectively are 5.89 and 2.17 greater than the global wealth share. But the comparative analysis of the two indexes provides a clearer understanding of the current state of wealth inequalities. In terms of total wealth shares North America surpasses China's quota by 11.7%; however, with an adult population about 4 times smaller (in 2019 223,593,000 people against 862,923,000), North America has a total wealth per adult 7.139 greater than China's.

In order to refine the level of accuracy of the wealth indexes, it is important to apply the Gini coefficient, widely used to appraise the statistical dispersion amidst elements of a given frequency distribution. A simple math formula to calculate the Gini index is:
G = $\frac{2covar(y,r_y)}{N\bar{y}}$, where $covar(y, r_y)$ is the covariance between income (y) and the income

related rank assigned to each member of a given ensemble, ranging from the poorest individual (rank=1) to the richest. N is the frequency of the ensemble and $\bar{y}$ the mean income[12]. A Gini coefficient equal to 1 expresses the highest level of inequality in a large group of individuals or households (meaning that only one person detains the 100% of the income share), while a Gini coefficient of zero highlights a condition of perfect income equality (each member of the group owns the same amount of income). It is worthwhile to mention that the index value linked to relative wealth is usual higher than the one associated with relative income (for example in 2019 the Gini income coefficient for Switzerland was 0.306, while the wealth coefficient was 0.706)[13]. A common example to understand the functioning of Gini coefficient is that if 1% of the world population should own 50% of total wealth, the index would be at least par to 49 %. At the beginning of the last decade (2010), the global esteem for the Gini index was 0.893 while at the end of 2019 stabilised at 0.885; in ten years world wealth inequality decreased only of 0.008 percentage points. Even though the proximity of the Gini coefficient to the highest rank was greater at the beginning of 2000 (0.919), the impressive growth of the world population, increased of 1,586 billion in twenty years, did not manage to stop the slow trend reduction of the wealth inequality among countries[14] (see table 3).

[12] Milanovic, B. (1997). A simple way to calculate the Gini coefficient, and some implications. *Economics Letters*, *56*(1), 45–49. https://doi.org/10.1016/s0165-1765(97)00101-8
[13] For the purpose of this analysis the standard Gini coefficient will be the one obtained from wealth data rather than income ones, as the chosen databank expresses the coefficient following the wealth criteria.

[14] Global Wealth databook, Shorrocks, Davies, Lluberas, 2019

Table 3: Gini index and top tier shares of wealth for the world (10%, 5%, 1%)

		Share of wealth held by		
Year	**Gini index (%)**	**Top 10%**	**Top 5%**	**Top 1%**
2010	89.3	83.9	70.7	42.1
2011	88.9	83.0	69.9	41.3
2012	88.7	82.6	69.8	41.8
2013	89.0	82.6	70.2	43.0
2014	88.8	82.4	70.6	44.4
2015	88.6	82.1	70.4	44.8
2016	88.6	81.8	70.4	45.2
2017	88.1	81.1	69.4	44.1
2018	88.5	81.8	70.2	44.9
2019	88.5	81.7	70.2	45.0

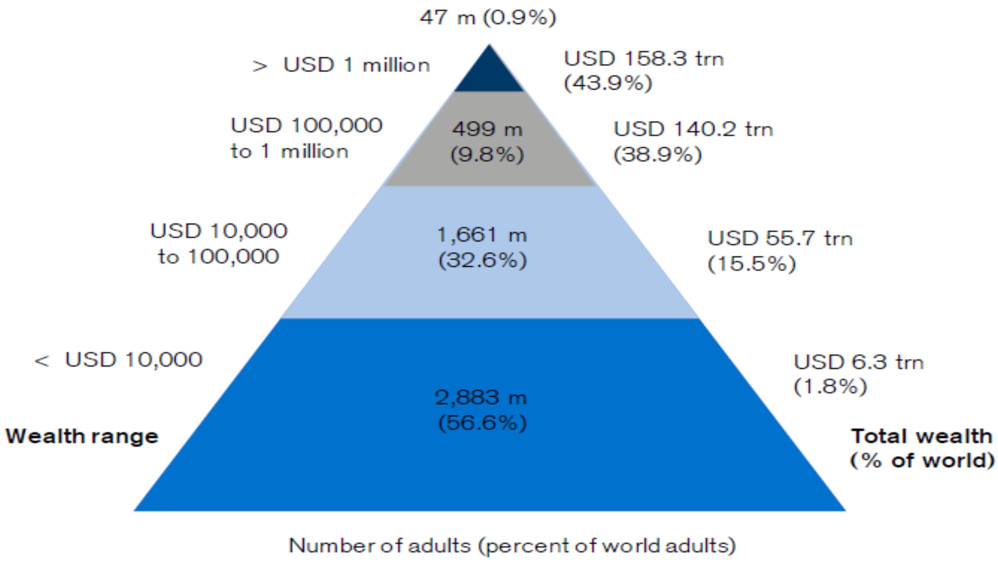
Source: Original estimates James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global wealth databook 2019

It should also be noted that, due to a different degree of absolute wealth, two countries with the same Gini coefficient may not be similar in terms of quality of life. Two countries might express a reasonable level of equality according to income Gini indexes, even though the wealth indices express a considerable wealth inequality status, because of the difficulties to gauge alternative income sources, such as succession assets[15]. Moreover, comparing the Gini indexes of developing countries scarcely inhabited with the same coefficients regarding full developed economies with large population would introduce a bias against those nations featured by an inferior demographic weight. Structural changes in household income distribution, modification in the age brackets of adult population, «invisible income transfer» (see introduction) and, above all, the impossibility to evaluate the wealth shifts in «informal economies» (e.g., grey economies, black markets etc.) are factors which tend to limit the

[15] Bellù, Liberati, 'Inequality Analysis – The Gini Index'. Food and Agriculture Organization, United Nations (2006)

accuracy of Gini index[16]. As noted by Piketty[17], a synthetic index such as the Gini coefficient mix the inequality dimension with respect to both labour and capital, and it can be difficult to distinguish the interplay between these different variables. The spectrum of information concerning wealth shares for the world population need also to include an additional set of variables. On this account, it is useful to explicate the wealth detained dividing the world population in different tiers, thus excluding the division according to regional or national criteria. A popular instrument used to accomplish this result is the wealth pyramid. As it is possible to find out examining figure 2, each step of the pyramid is associated to a share of the global population; on the left side of each step there is the respective income bracket, while on the right side there are the wealth shares owned by each population cluster.

Figure 2: The global wealth pyramid in 2019



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global wealth databook 2019

An overview of the pyramid reveals that the lowest tier, accounting for 2.883 billion people (56.6% of the overall world adult population), owns only the 1.8% of the world total wealth, while the wealth per adult of the ensemble's components is lower than USD 10,000. In

16 Schneider, Buehn, Montenegro, 'New Estimates for the Shadow Economies all over the World' (2010). International Economic Journal. 24 (4): 443–461
17 Piketty, Goldhammer, 'Capital in the twenty-first century', 2014, p.243

contrast, the top tier, accounting just for 47 million people, owns 158.3 trillion (43.9% of the total wealth) and the relative wealth per adult tops the threshold of USD 1 million. Table 4 presents a more detailed representation of the same data regarding the top 15 world wealthiest countries. For example, according to the Gini index value (0.626), Japan resulted to be the nation where wealth was better distributed among its population in 2019, while Netherlands displayed the highest level of wealth inequality. In point of fact, despite in 2019 Netherlands had a superior wealth per adult compared to Japan ($233,168 vs $188,846), Japan's median wealth per adult ($96,162) was greater than Netherlands' ($89,360). Countries with a greater discrepancy between the top and the bottom tier of the national wealth pyramid will replicate a parallel disproportion in the mean and the median. Considering the obvious differences in terms of adult population[18], the main factors that influence the net worth spread and the wealth accumulation trends (such as higher GDP growth, higher rate of appreciation of the currency, higher saving rates etc.) mirror in the median wealth value. The latter, coupled with the Gini index, gives a more reliable view of household's wealth endowments.

Table 4: Distribution of wealth for selected countries, 2019

Number of adults (thousands)						
Country	**Wealth range (USD)**				**Gini index data**	
	Under 10,000	**10,000-100,000**	**100,000-1 million**	**Over 1 million**	**Overall ranges**	**(%)**
United States	65,949	75,993	84,584	18,614	245,140	85.2
China	268,511	708,311	108,963	4,447	1,090,231	70.2
Japan	4,828	44,764	52,345	3,025	104,963	62.6
Germany	27,465	14,190	23,825	2,187	67,668	81.6
United Kingdom	8,912	16,909	22,927	2,460	51,209	74.6
France	6,961	17,651	23,038	2,071	49,722	69.6
India	677,431	172,758	14,836	759	865,783	83.2
Italy	2,792	22,433	21,788	1,496	48,509	66.9
Canada	5,934	8,284	13,595	1,322	29,136	72.8
Spain	6,347	12,930	17,194	979	37,450	69.4
South Korea*[19]	N.S.	27,923	13,056	741	41,721	60.6

[18] Japan's adult population (104,243,000) is 8.3 times greater than Netherlands'.
[19] Korean data for the lowest wealth tier is not satisfactory and thus has not been recorded. It should be noted that South Korea's national quota of expenditure on welfare is among the lowest among OECD countries

Australia	1,247	5,155	11,074	1,180	18,655	65,6
Taiwan**[20]	2,981	8,403	7,383	528	19,296	75.1
Switzerland	893	1,422	3,741	810	6,866	70.5
Netherlands	6,006	1,780	4,708	832	13,326	90.2

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global wealth databook 2019

Another largely adopted visual of wealth distribution is the number of millionaires per countries; this circumstance depends on several factors. First, an increase in the mean wealth per adult signals a change of pace in the net worth accruing trend. If we assess the number of individuals, whose assets surpass the threshold of USD 1 million, helps in monitoring the reshuffling and thus the transformation of the wealth distribution shape. Second, the demographic growth enlarges the pool of possible candidates that have the potential to pass from the middle-low and the middle-high steps to the top of the pyramid.

Third, a substantial decrement or increase of wealth inequalities (ascertained with the aid of the Gini coefficient) does not necessarily imply an intensification or a containment of the wealth accretion trend, namely the pace at which a quota of wealth scales towards the top of the pyramid. The census of millionaires provides for a more detailed outlook of the phenomenon.

At the beginning of 2010, when the world adult population amounted to 3.696 billion people, the millionaires were 24,546,000 (0.006% of the total) and they owned 69,200 billion. In 2019, the adult population with an overall wealth par or superior to USD 1 million was 46.8 million (0.91% of the adults of the planet, namely 5,089,766 individuals), thereby they controlled 158,300 billion of the world wealth, 44% of the total. However, despite in ten years the adult population increased by 37%, the increment of millionaires was faster (+90%); this is confirmed by the relatively small decrease of the Gini index which fluctuated around the threshold of 0.88 since 2014. In table 5 and 5.1, we can observe a general recapitulation of the parameters hitherto discussed.

[20] Chinese (Taipei)

Table 5: Data recapitulation for selected countries, 2019 (1)

Country	Population	Adults	Total wealth	Mean wealth per adult	Median wealth per adult	GDP per adult
	thousand	**thousand**	**USD bn**	**USD**	**USD**	**USD**
United States	327,930	245,140	105,990	432,365	65,904	85,319
China	1,417,554	1,090,231	63,827	58,544	20,942	12,663
Japan	127,020	104,963	24,992	238,104	110,408	48,332
Germany	82,366	67,668	14,660	216,654	35,313	58,848
United Kingdom	66,766	51,209	14,341	280,049	97,452	55,243
France	65,357	49,722	13,729	276,121	101,942	55,678
India	1,361,395	865,783	12,614	14,569	3,042	3,282
Italy	59,254	48,509	11,358	234,139	91,889	42,237
South Korea	51,252	41,721	7,302	175,015	72,198	39,259
Canada	37,117	29,136	8,573	294,255	107,004	59,212
Spain	46,419	37,450	7,772	207,531	95,360	38,118
Australia	24,930	18,655	7,202	386,058	181,361	75,992
Taiwan (Chinese Taipei)	23,726	19,296	4,062	210,525	70,191	30,855
Netherlands	17,109	13,326	3,719	279,077	31,057	68,545
Switzerland	8,576	6,866	3,877	564,653	227,891	102,782

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global wealth databook 2019

Table 5.1: Data recapitulation for selected countries, 2019 (2)

Country	**Members of global wealth**	
	Top 10%	**Top 1%**
	thousand	**thousand**
United States	98,853	19,816
China	99,907	4,878
Japan	52,781	3,391
Germany	25,037	2,409
United Kingdom	24,413	2,733
France	24,135	2,303
India	13,855	827
Italy	22,285	1,662
South Korea	12,308	806
Canada	14,432	1,461
Spain	17,138	1,080
Australia	11,880	1,307
Taiwan (Chinese Taipei)	7,400	579
Netherlands	5,416	914
Switzerland	4,443	893

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global wealth databook 2019

1.2 THE SELECTION CRITERIA: A COMPARATIVE PERSPECTIVE BETWEEN ITALY, GERMANY, AND FRANCE

Wealth distribution is a topic of paramount relevance in Italy. A decade of slow but constant growth of inequalities has stimulated and greatly influenced the political agenda of the country, pushing the unstable parliamentary majorities emerged after the national elections (in 2013 and in 2018) to ensure, particularly to the low-income strata of the population, different typologies of assistance schemes. I selected other two member states of the EU (namely Germany and France) as the providers of competitive models of social care, in order to evaluate and study the effects of these provisions, and especially the efficacy of Italian social policies to tackle wealth inequality,

Several factors played an important role in the dynamics of the selection process. Firstly, the sorting was strongly influenced by the similarities shown in the three countries in their respective wealth distribution shape at the beginning of the last decade (see paragraphs 1.3, 1.4 and 1.5). Secondly, indirectly correlated variables such as the human development index, the degrees of social mobility and the demographic weight of the lowest income tiers in each of the three states showed parallel patterns of social evolution.

In spite of the different growth rates of the annual Gross Domestic Product (GDP), which is one of the main determinants of wealth accumulation, the time evolution of the trade balance and the wealth per capita index in all the components of the comparison group seemed to permit a valid enquiry on the topic. Thirdly, as Merryman and Pérez-Perdomo have remarked in their seminal work "The civil law tradition"[21] (2018), the Romano-Germanic legal system which imbued medieval Europe since the issue of the Justinian Corpus Juris Civilis (534 A.D.), afterwards enriched and modified by the canonical, feudal and Napoleonic code (1804), constitutes the common root and the judicial basis of the majority of the EU's

[21] John Henry Merryman and Rogelio Pérez-Perdomo, 'The Civil Law Tradition : An Introduction to the Legal Systems of Europe and Latin America, Fourth Edition, Stanford University Press, Fourth Edition, 201

member states. As a matter of fact, the precedence accorded to a formal, primary source of law alternative to case law (the Anglo-Saxon common law or jurisprudential system) contributes to create resemblances, denote parallel approaches and trace affinities among national welfare policies. The confrontation between wealth disproportion trends is also facilitated by the accuracy and the richness of the statistical data offered by the national Audit offices of each state, such as the Italian «Corte dei Conti», and its German («Bundesrechnungshof») and French («Cour de comptes») counterparts. In the next paragraphs I will explore the wealth accumulation trends of each country, providing a description of the manifold features of the main programmes of redistributive policies, their duration, the impact of eventual overlaps, revisions or substantial modifications performed through new legal acts, also trough forms of partial withdrawal or suspension of the economic relief tools.

1.2.1 ITALY: TEN YEARS OF WEAK ECONOMIC GROWTH AND AN OVERALL INCREASE IN WEALTH DISTRIBUTION (2010-2020)

In 2010, Italy had a GDP per capita equal to USD 35,231[22], with an adult population of 48.679 million individuals; its wealth per adult amounted to USD 226,423 (about 89% higher than the value recorded at the beginning of the millennium) and its share of the world wealth was 5.67 %. Notably, in 2000 the GDP per capita/wealth per capita ratio was 0.208, while ten years before it was 0.192. This indicates that, despite the weak annual GDP growth that featured Italy in the years 2000-2010, the wealth accumulation trend proceeded at a stable pace during the decade. Notwithstanding the effects of 2008's financial crisis, the estimates of the mean wealth per adult (226,423, nearly doubled from the year 2000) and the median wealth per adult (115,182) made of Italy among the small group of countries holding the highest share of world wealth (see paragraphs 1.1 and 1.2). Furthermore, the Gini coefficient measured in 2010 was 62.6, considerably smaller than the values recorded in Germany (68.4) and France (75.8) in the same years (see paragraphs 2.2 and 2.3). The wealth distribution shape of the period finds further confirmation in the high percentages of adults placed in the second best (over USD 100,000) and in the middle wealth ranges (USD 10,000-100,000):

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[22] As always calculated at the end-period exchange rates between dollar and euro (end of 2010).

respectively 55.5% and 41.4%. According to Italian household wealth surveys[23], the composition of the household net worth saw a prevail of real assets (60%) over financial assets; the low level of indebtedness (in 2010 amounting only to 9%, well below both the global and the OECD average) historically strengthened the wealth statistics of the country[24].

However, the scenario changed in the following decade (2010-2020). On the one hand, as it is clearly outlined in table 6, Italian real GDP (calculated at current prices) manifested signals of economic recovery after the financial crisis of 2008 only starting from 2010, maintaining an erratic pattern throughout the whole decade. From 2014 (the maximum peak of annual GDP change since 2010 to 2017) the GDP growth rate started to decline, prompting consequently a remarkable slowdown in the growth trend of total wealth.

Table 6: Real gross domestic product (GDP) growth rate from 2010 to 2019

Italy GDP Growth Rate – Time series (1)		
Year	**GDP Growth (%)**	**Annual Change (%)**
2010	1.71	6.99
2011	0.71	-1.01
2012	-2.98	-3.69
2013	-1.84	1.14
2014	-0.00	1.84
2015	0.78	0.78
2016	1.29	0.52
2017	1.67	0.37
2018	0.94	-0.72
2019	0.34	-0.60

Source: World Bank, World Development indicators, Databank

In addition, a brief exam of table 6 reveals that the level of wealth inequality increased consistently in Italy starting from 2011. The upward trend of the Gini coefficient (table 7) stopped momentarily in 2017, only to reach the peak of the decade in 2018. The decline of median wealth per adult advanced alongside the increase of inequalities; again, the conjuncture halted in 2017, when the index stabilised around USD 90,000.

[23] Bank of Italy, Survey of household income and wealth (SWHI), 2012, https://www.bancaditalia.it/statistiche/tematiche/indagini-famiglie-imprese/bilanci-famiglie/distribuzione-microdati/ricerca/ricerca.html?min_anno_pubblicazione=2012&max_anno_pubblicazione=2012

[24] The stricter concessions of mortgages usually played a decisive role in keeping to low level Italian household debt

Table 7: Gini coefficient and wealth per adult from 2010 to 2019

Gini coefficient and wealth per capita index- Italy- Time series (2)				
Year (end of the period*[25])	**Gini coefficient (%)**	**Median wealth per adult (USD)**	**Mean wealth per adult (USD)**	**Share of world wealth (%)**
2010	62.6	143,477	237,300	4.8
2011	61.3	129,056	229,972	4.4
2012	64.6	123,953	239,454	4.3
2013	65.0	107,454	248,360	4.2
2014	66.1	92,345	239,623	4.0
2015	66.7	79,424	216,059	3.6
2016	68.7	76,164	208,577	3.3
2017	66.0	91,700	241,549	3.3
2018	68.9	90,319	235,141	3.2
2019	66.9	91,889	234,139	3.1

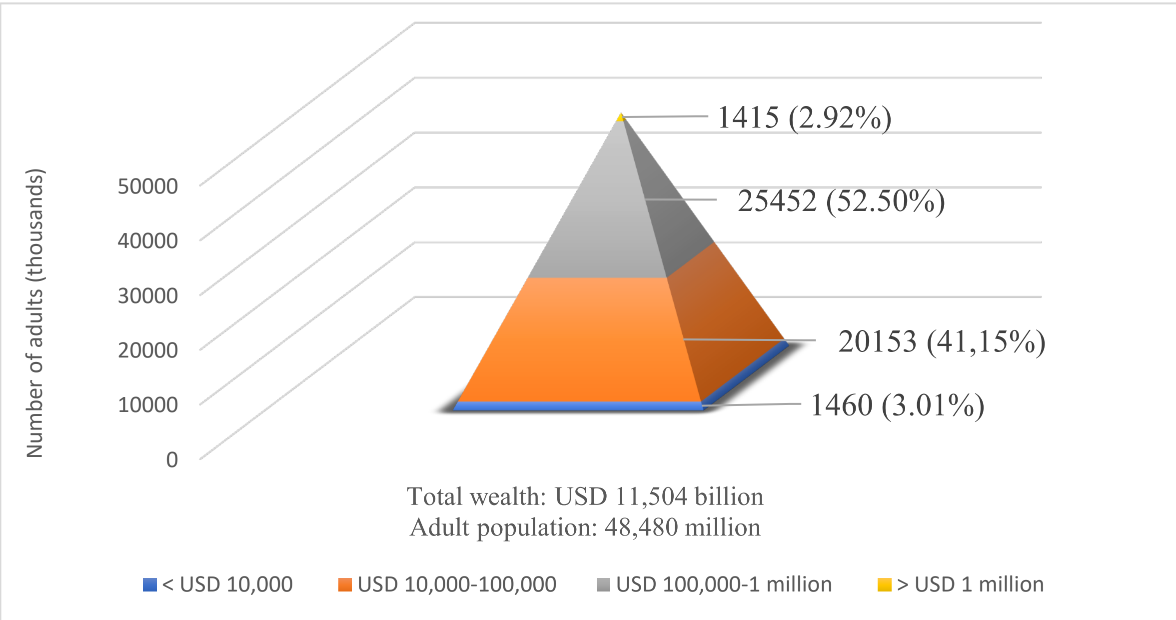
Source: World Bank, World Development indicators, Databank

The progressive decrement of median wealth per capita and the drop of world wealth share detained by Italy (diminished from 5.67% to 3.2%) provides yet other signals of how the Italian wealth distribution shape underwent noteworthy effects. The passage from one wealth bracket to another, determined by the availability of more valuable assets, higher income, greater financial earnings etc., affects the opportunity for households' members to gain access to superior levels of education, facilitates or hinders the access to credit, and can even grant fairer or more disadvantageous working conditions. Moreover, wealth accumulation plays a pivotal role in improving or deteriorating the economic resilience. The latter, defined as the capability of a household to contain the loss of income sources (triggered both by programmed or unexpected expenses) and maintain intact the pre-existing level of quality of life, is especially important in times of crisis. In fact, without the shield represented by savings, which are a component of wealth, the State will have to expand its social schemes, since households deprived of their economic defences would be powerless against macro-economic phenomena such as recessions, market collapse, inflation, plummet of the real estate market prices etc. In the Italian case, the well-documented «Matthew effect» (Bonitz et alii, 1997), the empirical law which states that in times of weak economic expansion or

[25] For 2018 as well as 2019 the esteems refer to the middle of the year

stagnation, both the top and the bottom of the wealth pyramid begin to inflate fully manifested. Figure 3 and 4 better describe this effect. In 2010, as it is shown in figure 3, the number of Italians placed within the medium-high wealth bracket (from USD 10,000 to USD 100,000) amounted to more than 25 million individuals (52.50% of the overall adult population). In 2019 (figure 4) the middle wealth tier (second step of the pyramid from the vertex) reduced by 7.58% compared to the aforementioned value of the same bracket: approximately 3,676 million people passed from this segment to others. The most consistent fraction of this group stepped down in the medium-low segment (which increased by 5.1%) while another part fell at the bottom of the pyramid (about 2.75 of the total adult population). While the number of adults remained substantially unchanged, only a small portion of citizens managed to reach the apex of the pyramid (this subject will be treated more extensively in chapter 2).

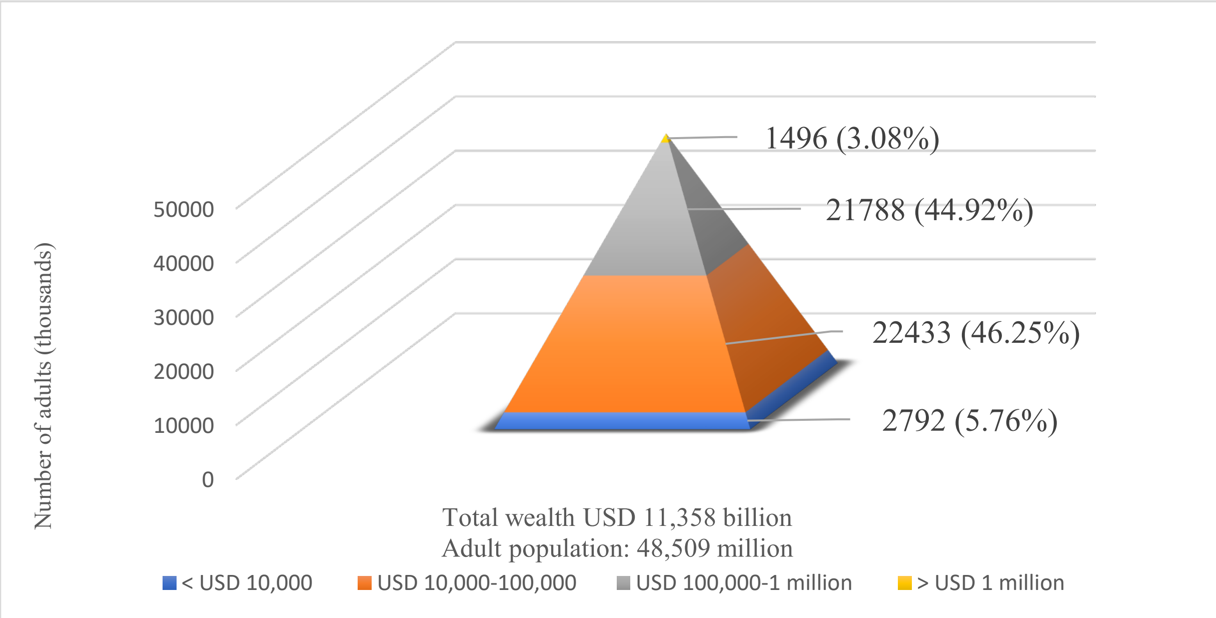
Figure 3: Italy-Number of adults divided for wealth range (USD) in 2010



Original adaptation (data collected from Global wealth databook 2019, Credit Suisse)

The segment of population, owning at the end of 2019 about 10% of the overall Italian wealth, came to possess about six times the amount of assets detained by the poorest half. Furthermore, the holders of 41% of national net worth (5% of the adult population) owned more absolute wealth than the share possessed by the poorest 80% of the population.

Figure 4: Italy-Number of adults divided for wealth range (USD) in 2019



Original adaptation (data collected from Global wealth databook 2019, Credit Suisse)

1.2.2 THE EVOLUTION OF ITALIAN SOCIAL SCHEMES: AN OVERVIEW

From 2015 insofar, Italy has experimented various combination of social schemes to combat the growth of disparities among different social strata produced by the enlargement of the wealth spread. Although a large portion of the cadres of all political parties (excluded the left-wing of the heterogeneous centre-left coalition) were against a radical revision of the country's progressive fiscal system (that weighted on national undertakings comparatively more than their European counterparts), the strategy activated to reduce inequalities consisted in the approval of a mix of subsidies, unemployment benefits and minimum income schemes. The origins of this fundamental nucleus of welfare schemes can be traced directly to the Italian constitution; article 38 of the constitutional chart (in the section "Economic dispositions") states that ""[...] workers have the right to the provision of financial support sufficient to meet their needs in case of accidents at work, ill health, disability, old age and

involuntary unemployment[...]". According to part of the literature (Kohl 1981; Esping-Andersen 1990; Ferrera 1996) this «transfer centred» model of social inclusion hindered Italy's capabilities to reduce the growth rate of unemployment, giving incentives to a part of the workforce to wait for better job opportunities, while maintaining an ensured and often fixed economic support. In addition, the degree of fragmentation of both income maintenance programmes and support in cash initiatives is greater in Italy (and France as well) than Germany, and generally much more articulated in the Union's southern states than in northern member states. In this respect, it emerges a specific framework of a southern Europe Welfare model which is much corporatist and less cost efficient compared to other continental forms (e.g., Scandinavian social security). Workers are divided in many micro-groups, each constituting a distinctive occupational collectivity (e.g., self-employed private workers, free practitioners, public workers operating in special sectors) and each of them is generally associated with a tailored income maintenance scheme[26].
Parallelly, public pension institutions such as INPS ("Istituto Nazionale di Previdenza Sociale") also provide a general cash support, which contributes to bestow economic reliefs to the poorest tiers of the population. The growth of the involuntary unemployment certainly accelerated this path; governments were trying to reduce the unemployment rate and at the same time reduce the quota of the inactive adult population, i.e., adults formally not seeking a job and thus not counted in the pool of unemployed individuals.

Historically, even before Italy's adhesion to the EU, governmental benefits have been the preferred instrument to address income inequalities, in the form of liquidity transfers determined by the total amount of paid contributions[27]. The system of incentives and subsidies is not centralised: alongside with the central state, regions and municipalities independently manage their own benefits at a local level. A fraction of these cash transfers often assume the form of discounts and facilitations that allow household to abate the economic burden of the access to essential services: a long list of income related bonuses (usually discounts on a fixed monthly fee) that are devised to contain the costs faced by families for electricity, gas, phone bills etc. These provisions are extended also to individuals

[26] Ferrera, The 'Southern Model' of Welfare in Social Europe. Journal of European Social Policy, 1996, 17-37

[27] Note 24, ibidem

entitled to low-value pensions that are in need of free or very cheap current accounts[28]. Another commitment of expenditure for the public administration is represented by maternity allowances, followed by family and kindergarten bonus, the latter almost ever correlated to the household size and the equivalised income (which in this instance is not a requirement, but a parameter for the calculation of the bonus). The framework of social care includes also contribution for households living in rented house or apartments (financed by a proper «Fund for unvoluntary back rent»), education allowances (tax reliefs for the economic support of disadvantaged families and one-time bonuses for the purchase of school material) and healthcare benefits (exemptions from the payment of the health ticket requested by the national health service).

In time, cash benefits became also the favourite method to contain the income losses caused by economic crises. Whereas the latter progressively transformed into shock absorbers, the measure became a mean to alleviate the drain of income sources suffered by household budgets. Above all, the Italian unemployment insurance system is widely income-based, state-provided and featured by an average level of decommodification. The latter, defined as the level of immunity of workers from market dependency[29], an abstract esteem of the wealth necessary to an individual to leave the job market by free choice, ranges Italy in the same group of EU's members where France and Germany are collocated, up to countries such as Spain and Greece, but below Sweden and Denmark. A perfect example of this is the so called "New social insurance for employment", in Italy commonly referred to as "NaSpI". The allowance is attributed to workers who have involuntarily lost their previous job (e.g., for a sudden redundancy motivated by economic reasons adducted by the employer, but also for just cause resignation) and who possess compatible requirements. Aside for a permanent state of unemployment based on the Italian job legislation, workers must prove that in the four years preceding the start of the unemployment condition they had at least thirteen weeks of paid contributions and at least 30 days of effective working period in the twelve months foregoing the loss of the previous occupation[30]. The value of the allowance covers the 75% of the taxable monthly wage earned by the worker prior to its redundancy (with effect from the

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[28] The basic bank account policy was introduced in Italy with a decree of the Ministry of Economics and Finance in 2018, in actuation of the European Directive 2014/92/EU

[29] Janoski, Alford (2003). The Handbook of Political Sociology: States, Civil Societies, and Globalization (1st ed.). Cambridge. p. 511.

[30] Riccardo Del Punta, 'Diritto del lavoro', 2019, Giuffrè Editori

fourth last year of employment) and it must not be superior to a maximum earning threshold set by law and annually revaluated. The entire measure is built around the so called «principle of conditionality», in this instance being the recurring participation of the individuals entitled to the economic relieves into job-seeking initiatives and the mandatory attendance of professional education courses promoted by the regional offices of employment[31]. The conditionality exerts its influence also on the duration of the allowance; the latter diminishes by 3% per month with effect from the fourth month of retribution. Furthermore, it cannot surpass half of the contribution weeks accounted to the worker in the foregoing four years and in any case, it cannot overcome the maximum of 78 weeks.

Another form of unemployment benefit is the so-called «DIS-COLL» (Italian acronym, literally "unemployment of collaborators") paid to workers who were previously in an employer-coordinated freelance working relationship[32] and lost their job. Independent contractors, fellows and PhD students entitled with a scholarship are also part of the audience of possible beneficiaries. The measure was introduced with the legislative decree no.22/2015 and further modified with the legislative decree no.101/2019 and provides for the disbursement of a monthly allowance for workers who received at least one monthly salary in the previous civil year[33]. The maximum of the benefit is defined each year, depending on the variation of the index consumer prices annually esteemed by the ISTAT. The amount of the benefit, if the latter is inferior to the maximum established in the reference year, must be equal to 75% of the average monthly income of the applicant. In case the average monthly income surpasses the maximum threshold, the allowance receives a bonus equal to 25% of the difference between the average income and the maximum set by law. In 2019, the latter was equal to €1328. Much like in the "NaSpI" case, the "DIS-COLL" benefit starts reducing by 3% per month from the fourth month of receipt. Finally, the allowance is automatically suspended if the beneficiary signs a fixed- term contract whose length is par or inferior to five days; upon expiration of the latter, the benefit reactivates for the remainder of the validity period.

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[32] The Italian 'Rapporto di collaborazione coordinata e continuativa' is a pseudo self-employment contract, based on a continued collaboration relationship. It came into force in the Italian legislation with the legislative decree no.273/2003 and further amended with the law no.92/2021 and the legislative decree no.81/2015 (also known as 'Job act').

[33] R.Rizza, Gli ammortizzatori sociali nel Jobs Act, in 'Politiche Sociali, Social Policies' 2/2015, pp. 335-340,

1.2.3 THE EVOLUTION OF SOCIALI INCLUSION PROGRAMME: FROM REI TO THE CITIZENSHIP INCOME

The history of Italian social care schemes in the last ten years reflects well the alternance of different cabinets started from the middle of XVI Legislature (2011, Monti cabinet) and persisted in the XVII and in the XVIII. All the cabinets emerged from the political elections of 2013 and 2018, whose common denominator was a strong heterogeneity of the political parties included in the parliamentary majority, tried to foster new programmes of social inclusion which for the most part overlapped with their direct predecessors. The long reform process begun in 2012[34],with the introduction of the "New social card" pilot scheme; in 2016, a large-scale anti-poverty strategy was launched through a suitable earmarking in the Italian Stability Law, which arranged the creation of a national "Fund to fight poverty and social exclusion". A year later, in September 2017 a proper governmental decree (No 147/2017) defined the contours of a new social inclusion scheme, formally entered in force with effect from 2018, "REI" ("Reddito di inclusione"). Introduced in Italy after almost two decades of political discussion, REI was also the first minimum income scheme experimented in the country and a timid attempt to reinvigorate the declining wealth of the low-income segment of the adult population. The Italian inclusion income was a monetary benefit disbursed on the basis of households' "Indicator of equivalised economic conditions" (the Italian ISEE index), which provides a comparative coefficient of household income and wealth, used to divide the adult population in order to determine specific criteria of eligibility. Nevertheless, very much alike the allowance "NaSpi", and its direct predecessor, the ASDI (unemployment cheque), the inclusion income was founded upon labour conditionalities. The applicant had to sign a "social contract" whose goal was to offer to the requester a special array of services aimed at the collocation of low-income individuals in the labour market.

In addition, to be eligible for the fixed cash transfer, interested household had to prove to have a maximum ISEE of €6,000, an equivalised income of maximum €3,000 and a total asset value (additional housing and financial wealth with the exception of the first residency) not superior to €30,000. REI showed also similar time limits and maximum amount

[34] XVI Legislature, so called 'Monti cabinet', from the name of the former Prime minister and senator of the Italian Republic Mario Monti

thresholds to those associated with the unemployment allowance; it could not be paid for more than 18 months and its value could not trespass the monthly ceiling of the old age allowance maximised by 10% (around € 6,5000 by the end of 2018)[35]. Moreover, REI increased proportionally in accordance with the household size, where a single member household on average received about € 190 per month, where household with more than five elements could receive a sum around €540. Only half of the income was disbursed in cash; the other 50% was tied to a set of food stamps spendable in a selected category of shops and resellers. Another characteristic of REI was its impossibility to coexist with the regular payment of complementary unemployment benefits. This peculiar attribute of the inclusion income clearly demonstrated how the legislator started to focus more on the enlargement of the audience of possible applicants rather than the insertion of low-income unemployed in the labour market.

Nevertheless, the social inclusion measure that captured the interest of the public opinion (and contextually generated a variety of opposing evaluation of its efficacy) was certainly the heir of REI, namely the citizenship income ("Reddito di cittadinanza"). From start, the foremost priority of the new parliamentary majority[36]risen to power after the elections of 2018, was the approval of an innovative minimum income scheme, devised to be at the same time an enhancement and an overall revision of the former REI. This was also in conformity with the principle 14 of the ESPR chart (European Pillar of Social Rights), an initiative proposed by the European Commission to rebalance economic policies with greater social consideration. Even if some EU's member states contested the application of the document, outlining the absence of a formal obligation to implement the suggested provisions and commenting that the Commission's requests possibly foreshowed an abuse of the principle of subsidiarity, the Italian government emphasised the Union's favourable stance on the matter. Supporters of the measure remarked that most of European partners had already introduced a form of basic income in their domestic legislation, thus claiming a supranational legitimisation for the introduction of the citizens' income, described as a fundamental instrument to alleviate wealth inequalities. However, while the choice of the name for the social welfare system could be interpreted as an attempt to evoke to the general public a

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[35] Raitano, Raitili, Jessoula, European Social Policy Network, February 2018, ESPN Flash Report

[36] Formally addressed as 'Conte I cabinet', the first cabinet of the XVIII legislature received the vote of trust of the Italian Parliament in June 2018

profile of universal basic income, indeed the structure of the measure outlines a form of guaranteed minimum income for households. Accordingly, the citizenship income is identified as a component of the social safety net, because it offers aids to vulnerable households who fail to comply with one or more means test, and it is not extended universally (and automatically) on the basis of Italian citizenship; rather interested parties must submit a proper application to be entitled to the cash transfer. In other words, holding Italian nationality is the necessary, but not the sufficient condition to be eligible for financial aids. In this respect, the continuity with the practical configuration of the previously in force inclusion income, apart from some relevant modification in the selection criteria, is evident: the principle of conditionality lingers and so does, in the formula to calculate the monthly payment, the multiplier connected to the household size. The real change brought by the measure in the Italian social assistance scheme is the dimension of the audience of low-income household admitted to receive the benefit as well as the greater entity of the monthly cheque. Firstly, as evidenced in the Italian law decree of 28th January 2019 (no. 4) and in the corresponding conversion law no. 26/2019, there is no age limitation in the access to the social security compensation. If a member of the household overcomes the threshold of 67 while receiving the fixed income, the latter becomes a citizenship pension ("Pensione di cittadinanza")[37] and the beneficiaries are exempted by the sign of the "Pact of social inclusion" (the set of services aimed at the entry of the subjects in the labour market). Secondly, the citizens' income has a formal duration of 18 months, but it can be renewed for an indefinite amount of time if the applicant has failed to sign an employment contract (both fixed-term or open-ended) throughout the period of receipt of the guaranteed income. Thirdly, the application will obtain full clearance only if the requester shows an equivalised yearly income lower than €9,630 and only if the value of its private assets (savings, bank accounts, outstanding receivables etc.) is inferior to €6,000. As mentioned before, the maximums are extended with regard to the dimensions of the families and the presence of disabled individuals within them; for example, considering households which includes respectively two and three components, the maximum of private assets is augmented in order by 33% and 66%. Finally, it is important to remark that, unlike what the name would suggest, the possession of Italian citizenship does not appear in the list of the official requirements necessary to gain access to the benefit. Nevertheless, the applicant must submit the necessary

[37] INPS Information report, https://www.inps.it/docallegatiNP/Mig/Allegati/Brochure_Informativa_RdC.pdf

registry office certifications to vouch for the length of his residency in Italy, which needs to be equal or superior to ten years and not interrupted for the two years preceding the presentation of the formal request. Therefore, it could be argued that the eligibility conditions generate a strong bias against immigrants, particularly those who are regularly settled in Italy with a residency permit, but remain devoid of the requirement of a stable ten years of permanence in the country. Since the likelihood of newcomers being in the lowest income bracket is much higher than the one associated with long-term settlers, the citizenship income does not reach an extensive percentage of the poorest households. In fact, out of 1.7 million households living in absolute poverty in Italy (approximately 4.6 million individuals), 32% of the possible beneficiaries are foreigners who have dwelled in the country only for a few years. Hence, more than one third of possible applicants, eligible in terms of income status, are excluded from the group of beneficiaries in light of their recent arrival in Italy (source: ISTAT, the Italian national institute for statistics)[38].

As for the economic value of the benefit, a single individual is to receive €6,000 per year (€ 500 per month). For households who reside in a rented house, the measure provides a further bonus of €280, diminished to €150 in case the beneficiaries are paying instead the instalments of a mortgage. Additional income is attributed according to a proportional equivalence scale, which assigns a coefficient of 0.4 to each additional household member (diminished by half for family members aged less than 18) and is bounded to a maximum value of 2.1. Hence, a household made up by five elements, two adults (1+0.4) and three minors (0.2*3), will receive a coefficient of 2 and will be entitled a maximum benefit of €12,000 per year (2*€6,000), which is equal to a monthly income of €1,000 (€1,280 in case the beneficiaries rent their accommodation)[39].

The analysis of the social inclusion programmes examined so far leads to a series of considerations:

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[38] Report on absolute poverty, ISTAT, June 2020, https://www.istat.it/it/files/2020/06/REPORT_POVERTA_2019.pdf

[39] Jessoula, Raitini, Raitano, 'Italy: implementing the new minimum income scheme', ESPN flash report 2019/35, July 2019

I) Since the citizenship income is also compatible with unemployment benefits such as the allowance "NaSpI", the conditionality rules at the basis of its bestowal have been further strengthened when compared to REI. In fact, aside from signing a work pact with Public Employment services (PES), the applicant is compelled to accept one out of three different job proposals negotiated by public intermediaries. Each of these offers must fulfil the criterion of "suitability", whose fundamental variables are the value of the average wage and the distance between the workplace and the domicile of the hired person. The first variable implies that the monthly salary of the new employee must be at least above €850, which is an endowment superior by 70% compared to the value of the benefit accorded to a single-member household (see also subparagraph II). The second variable, instead, progressively enhance the distance radius of acceptable offers over the territory; pinning as central point of the circle the residential address of the applicant, the suitable research area ranges from 100 km (second job offer) to the whole national area (third job offer). The conditions also include (under penalty of forfeiture from the entitlement) the obligation to be available and, when requested, participate social activities useful for the municipalities of residency.

II) In particular, the legislator put considerable efforts in the containment of those overlapping economic processes which tend to escalate rather than halt the poverty trap (also known as the cycle of poverty). In point of fact, when the grantee signs a permanent contract, the employer becomes automatically the subject entitled to the credit of the residual instalments of the benefit (up until the end of the established 18 months of duration). Consequently, when the procedures linked to the conditionality rule are fulfilled, the citizenship income becomes a job incentive, a cog of the national employment strategy. Certainly, the risk of employees receiving lower salaries than those ensured by the guaranteed minimum income is very low. As evidenced by some scholars (Lucifora, 2019; Saraceno, 2019) EU-SILC[40]statistics indicate how 18.2% of workers earn less than a monthly wage of €700[41]. In southern Italy regions, registering the highest concentration of beneficiaries of the minimum guaranteed income (394.626

[40] Statistics on living income conditions
[41] Lucifora, C. (2019), 'Welfare e lavoro povero' [Welfare and in-work poverty], https://www.welforum.it.

households, 39.85% of the national total) in 2019, the percentage of workers earning less than €700 was generally higher, close to 28%. This means that on top of 23.383 million employees (48,2% of the Italian adult population) about 2.560 million people (11.07%) have a potential access to a monthly benefit on average equal or higher (between €400 and €600) than the job market supply compatible with their previous income bracket[42]. The poverty trap lies in the hidden incentive for the beneficiaries to retain the income provided by the state refusing unfavourable job offers; the advantage lies in the possibility to convert relax hours in additional working hours, signing fixed term contract that provide further economic revenues maintaining the eligibility requirement to receive the citizenship income.

III) The audience of beneficiaries is imbalanced in favour of single-member households because the scale of equivalence grants proportionally less funds to large families, thus penalising low-income households with respect to their size (Saraceno, 2019). The rationale of this choice is to allow the guaranteed income to reach a higher number of families, while at the same time relieves the government from the urge of adjusting the budgetary costs through an increment of the public expenditure.

IV) The focus on employability partially mitigates the efficacy of the measure in relieving those households that, although already having one or more income sources in their family budget, remain in a grave poverty status due to the weight of family expenses (educational costs, healthcare, elderly care etc.). On the one hand, family allowances, rewards and other benefits are not disregarded in the calculation of the equivalised income, thus pushing the requirements for the assignation of the economic aids close to the limits established by law. On the other hand, about 20% of the earnings of the new employees are omitted in the computational formula of the benefit. Whereas, family allowances on average weight more in the household budget than the fifth of the receipt salary, the risk of

[42] Ministry of Labour and Social Policies, 'Rapporto 2020 relativo all'anno 2019: reddito di cittadinanza', https://www.lavoro.gov.it/notizie/Documents/Rapporto-annuale-Reddito-di-cittadinanza-2020.pdf

an unemployed individual not fitting the requirements enshrined in law because of the acceptance of competing subsidies is only partially attenuated. For example, assuming that the initial wage of a new hired individual is €850, the earnings disregarded in the eligibility equation for the grant of the citizenship income would be equal to €170 (20% of the total). In Italy, the most diffused household allowance or ANF ("Assegno nazionale per la famiglia") assigns a monthly benefit of €375 to a five-member household (two adults and three minors), which is about 44% of the hypothetical income mentioned above[43].
At the beginning of 2020, a year after the introduction of the indemnity, with the significant exception of unemployment benefits and disability pensions, the system of exemptions (and fiscal relieves) was still not completely harmonised with the receipt of the citizenship income.

Overall, out of 2.4 million applications filed, about 1.117 million household received the *placet* of the INPS, for an estimated share of beneficiaries par to 2.734 million people. In its annual statement of public finances (2019), the Italian Accounting Court reported that the public expenditure directly correlated with the introduction of the citizens' income amounted to 3.8 billion euros, 66.3 % of the budget earmarked by the government (5.728 billion euros). The territorial distribution of the citizenship income saw a noticeable prevalence of beneficiaries in southern Italy with respect to the total number of households (8.3%), more than double compared to the frequency registered in central (3.2%) and northern regions (2.3%). Apparently, the results in the distribution shape of wealth in Italy seemed encouraging, since the Gini index lowered from 68.9 to 66.9 in just one year. However, even though the audience of beneficiaries increased substantially when compared to REI (+ 123%), the Gini coefficient calculated at the end of 2019 (66.9) was still higher than the one gauged in 2017 (66.0), i.e., a year before the approval of the first experimental inclusion income. Whereas (according to data still incomplete) in 2020 the economic crisis drastically altered the reduction trend of the Gini coefficient, it would be hard to predict how the impact of the citizens' income would have evolved without the outburst of the pandemic.

[43] EC Europa, 'Italy: family benefits', 2020
https://ec.europa.eu/social/main.jsp?catId=1116&intPageId=4617&langId=en

On several occasions, further confirmations of the previous statements came from the scarce rate of success of the income beneficiaries to sign job contracts compatible with the strict requirements indicated by the implementing decree. In fact, only 2% of the beneficiaries managed to find a stable employment (40,000 individuals); the annual statement of the Court of Audit (2020) pointed out that there were at least two critical factors which limited the hoped-for results set out by the government. The first one is the fragmentation of competences between the national agency for the active labour market policies (ANPAL) and the regional employment centres. ANPAL services, the in-house company that was originally tasked[44] with the coordination of the bureaucratic procedures inherent to the employment services (e.g., management of contacts among interested parties, support in the negotiation phase, interviews, contract stipulation, introduction in the workforce, professional formation etc.) never received the core competences needed to address the deep territorial disparities affecting the Italian labour market. According to the intention of the legislator, the functions and powers of the new national employment agency ought to be expanded and secured by the positive pronunciation of the electoral body in the constitutional referendum held in 2016. The latter contemplated a substantial reform of the Title V of the Italian Constitutional chart and specifically of the article 117. The concurrent legislative competence of employment, from 2001 shared between the central State and regional entities, was meant to return to the national administration. Furthermore, the scheme of reform provided for the introduction of a «primacy» or «supremacy» clause that should have guaranteed the prevail of the central state whenever a dispute between competing powers occurred. Theoretically, the legal possibility (on administrative matters) to transfer specific set of functions to superior legislative bodies, in case the inferior ones proved unable to perform their assignments (so-called «principle of subsidiarity»), should have provided the agency with the exclusive management of the employment services. In practice, according to the databank of the region Emilia-Romagna (updated to September 2019), the frequent contrasts on concurrent functions, generated between 2011 and 2018 more than 1,800 recourses in front of the Italian Constitutional Court[45].The negative outcome of the referendum determined a phase of paralysis and institutional confusion due to the overlapping tasks and concurring roles between the agency and the regional centres for employment, which maintained their original body of civil

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[44] The main modifications of the legal systems were implemented trough several dispositions; among the others, Law 16th May 2014, no.78; law 10th December 2014, no. 183; legislative decree n. 4th March 2015, n.23.

[45]Regional databank of Emilia-Romagna (2019), see also https://www.ilsole24ore.com/art/le-liti-stato-e-regioni-impegnano-1-sentenza-2-consulta-ACQ5Jmf

servants (about 7,000). The second factor that obstructed the desired growth of the employment rate, which was to be supported through the implementation of the active labour policies planned by the government, is indirectly linked to the previously denoted employment figures. The recruitment of professional labour consultants (commonly addressed as “facilitators” or “navigators”) proceeded slowly, mostly due to the reluctancy of the regional offices to include the new public advisors into the existing organisational charts. The lack of personnel appears evident when comparing the staff assigned to the German and the French offices of labour; whereas in Italy about 8,000 public officials work in the regional employment offices, there are almost 100,000 employees in Germany and 50,000 in France[46]. Furthermore, the average age of the personnel is close to 50 years; in absence of periodic refresher courses, the relative elderly age of the staff hampers the overall performance of bureaus, whose primary task should be the comprehension of the ever-changing nature of the contemporary labour markets. Under this aspect, the rise of globalisation and the speed of the technology advancement multiplied the transitions in different economic compartments not only of low-skilled workers (the majority of whom are beneficiaries of the governmental benefits) but also of trained individuals. This peculiarity, combined with the proliferation of non-standard contractual regimes and the absence of a centralised database dedicated to active labour policies, demands a renovation, in qualitative and quantitative terms, of the structures entitled to reduce wealth inequalities through the implementation of redistributive policies.

[46] Global census of public administrations, Istat, 2019, https://www.istat.it/it/files/2019/12/Report_CENSIMENTO-ISTITUZIONI-PUBBLICHE-_2017.pdf

CHAPTER 2: WELFARE MEASURES AND WEALTH INEQUALITIES. A COMPARISON BETWEEN ITALY, GERMANY, AND FRANCE

As noticed by many scholars (Franzini, Pianta 2015; Dagnes, Filandri, Storti, 2018) social inequality is subjected to a variable degree of compression both from the upper and the bottom section of the wealth pyramid. The growth of absolute and relative poverty amplifies the distance between wealth brackets and fuels the polarisation of society in many intermediate segments, increasingly enveloped in themselves and impermeable to external interferences. The mechanism of self-defence implies the existence of a pressure force (eminently economic) acting similarly to one of the well-known five forces of Porter, namely the threat of new entries[47]. Incumbents will try to maintain their level of wealth lobbying for their interests, due to a regression in terms of social mobility which produced a tightening of the barriers to entry. For example, the matter of inequalities has pushed some Italian economists to endorse the introduction of an inheritance tax on valuable assets, devised to limit the disparities in opportunities between households. Whereas in Germany the fiscal system provides for a rate on taxable assets which varies between the 7% and 50% of the estate[48], Italy exhibits one of the lowest tax expenses in Europe related to the hereditary matter.

The Italian standard rate is in fact equal to 8% (lower than 37% when compared to France), but a widespread system of fiscal exemptions reduces the rate to a mere 6% if the involved subjects are brothers, and 4% in case of direct heirs (sons, spouse, civil partners). In addition, there is a total exemption for assets with an esteemed value lower than €100,000 and government securities (and equated financial instruments). The opponents of the fiscal reform argue that the contribution revenue coming from the actual rate is very low: just 0.1% of the

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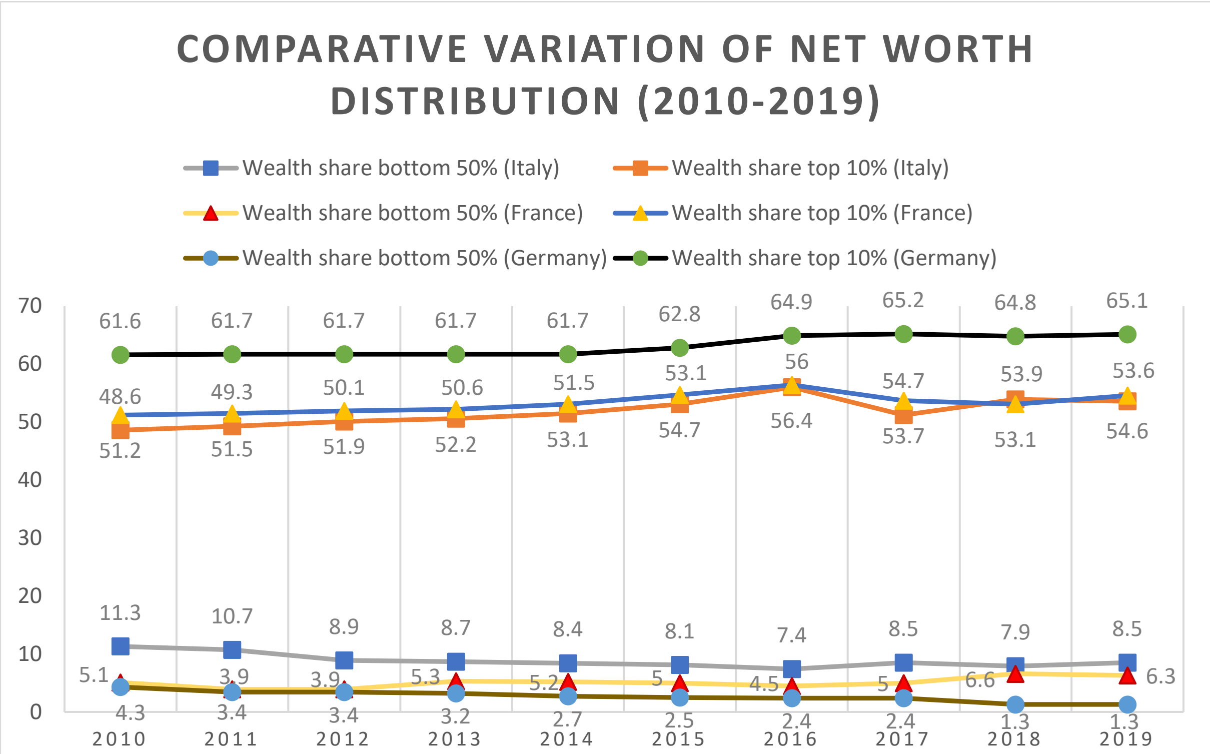
[47] Michael E. Porter, 'How competitive forces shape strategy, *Harvard Business Review*, May 1979 (Vol. 57, No. 2), https://hbr.org/1979/03/how-competitive-forces-shape-strategy

[48] In most of the cases the applicable rate is around 30%, see also https://osservatoriocpi.unicatt.it/cpi-archivio-studi-e-analisi-pro-e-contro-dell-imposta-su-successioni-e-donazioni

total revenues (around 800 million euros in 2019, against the 14 billion euros collected by France and 7 billion by Germany). But the reasons behind the inter-classes rejection of the project are more deep-rooted. Despite the fact the tax proposal would affect the assets of less of 1% of Italian households, the psychologic sense of apprehension for the loss of economic status prevails over the impetus for the reduction of inequalities.

Stated that, a low level of social mobility in developed countries does not necessarily follow the same trajectories of developing economies: liberal markets generally present a higher stratification in the central section of the pyramid and more homogeneity in the upper and lower steps. Therefore, if in coordinated market economies wealth distribution takes the form a pyramid, in liberal economies the shape of the census classes resembles more an hourglass. Throughout the years, Italy showed signs of passage from the first figure to the second one. The reduction of the state intervention in the country's economy, with the contextual expansion of the private sector, accelerated the accumulation trends of the upper strata, while at the same time reduced the same patterns in the lower ones. A keen analysis of figure 6 reveals the extent of the phenomenon in the three countries of choice. the past decade, the share of wealth accruing the bottom half of the Italian and German adult population (extrapolated from the combination of the lowest five wealth deciles) reduced at an impressive pace, while in France only in the biennium 2018-2019 the curve entered in an upward phase. In Italy, the bottom half wealth holders passed from a share of 11.3% (2010) to 8.5% (2019); the descending trend reached its lowest point in 2016 (7.4%), only to oscillate around the interval [7.9; 8.5]. Notably, as it will be discussed in the following paragraph, the implementation of the citizenship income coincided with a significative transfer of wealth which brought Italy back to the level reached in 2017. In France, at the beginning of the decade, wealth holders placed in the bottom 50% tier suffered a pronounced reduction of their assets; the effects of the collapse of the real GDP suffered in 2009 (a striking -2.9%) persisted till the end of 2012. Afterwards, the favourable economic conjuncture allowed for a relative robust recovery, which even outpaced the official data of 2010 (the peak was attained in 2018, a share of 6.6%). In Germany, instead, there was a further worsening of social inequalities. The descent of the bottom half curve, already begun before the outbreak of the financial crisis of 2008, slowly continued to erode the wealth share of the bottom half of the population. On this extent, it would not be wrong to assume that the pandemic of 2020 expanded a gap arrived in the last five years to an alert level, since the top 10% of German wealth holders in 2019 owned 10% more of their French and Italian equivalents. About 1% of the adult population owns approximately 30% of the national private wealth, against the 22% of both France and Italy. The comparative perspective of the Gini indexes (figure 7) measured in the usual ten-years term is coherent with the data illustrated above. At the beginning of 2010s the wealth distribution shape in Italy and France differed by 5.8% to the advantage of the former; in 2018 the difference was a mere 0.2% in favour of France (the trend slightly reverted in 2019, confirming the positive impact of the extension of the guaranteed minimum income in Italy).

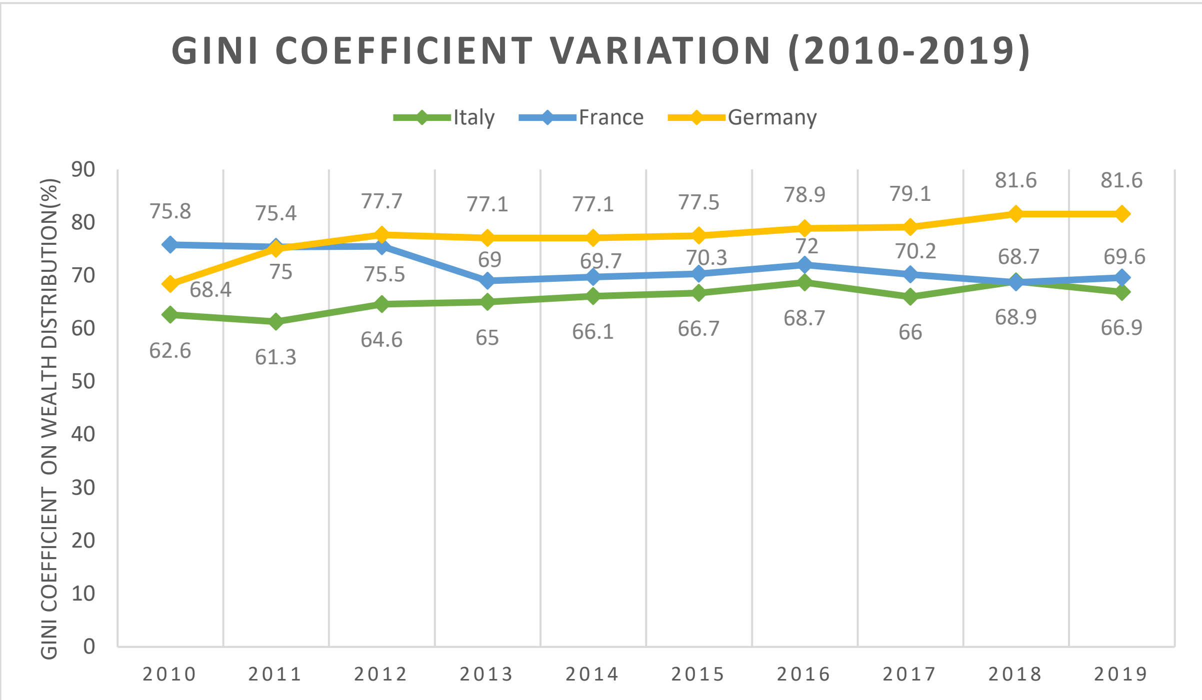
Figure 6: Variation of the net worth distribution in the decade 2010-2019 (Italy, France, Germany)



Original adaptation (data collected from Global wealth databook 2019, Credit Suisse)

As mentioned above, the disproportion in the allocation of wealth among different social strata augmented even more remarkably in Germany (+13.2%). At the end of 2010, the Gini coefficient value associated with Germany ranked in the middle between France and Italy (68.4%): in 2011, due to the the ruinous fall of German real GDP of 2009, wealth disproportion was on par with France. Nine years later it had reached the impressive level of 81.6%. This confirms to a certain extent that, while the larger quantity of benefits derived from favourable macro-economic trends is absorbed by a minority of households and adult individuals (incrementing the wealth gap only in the middle-run), a financial crisis produces in the short-run major setbacks that accelerate consistently the loss of wealth suffered by the lowest tiers of the pyramid. The consequences on the social texture are much more difficult to control, given that the corrective interventions of the government are usually aimed at restoring (for a fixed time-frame) the income level ruling out the net worth, despite the latter, during periods of crisis, suffer often critical trauma (i.e., losses of values and changes of ownership). Meanwhile, job losses and the parallel activation of emergency procedures such as temporary lay-offs (very often accompanied by wage cuts), amplifies the effects of wealth accruing factors (foremost the access to capital and the debt position). Furthermore, the expansion of both the pinnacle and the base of the division provokes the compression of the mid-range of the wealth distribution, whose upper and lower bounds tend to be assimilated in the proximity segments. Thus, the process of restoration of the previous wealth levels (not to be categorised just as a paternalistic "struggle against impoverishment") entails a thorough evaluation of the changes which underwent the various sub-clusters of the adult population, both in demographic and economic terms.

Figure 7: Ten-years variation of the Gini coefficient (Italy, France, and Germany)



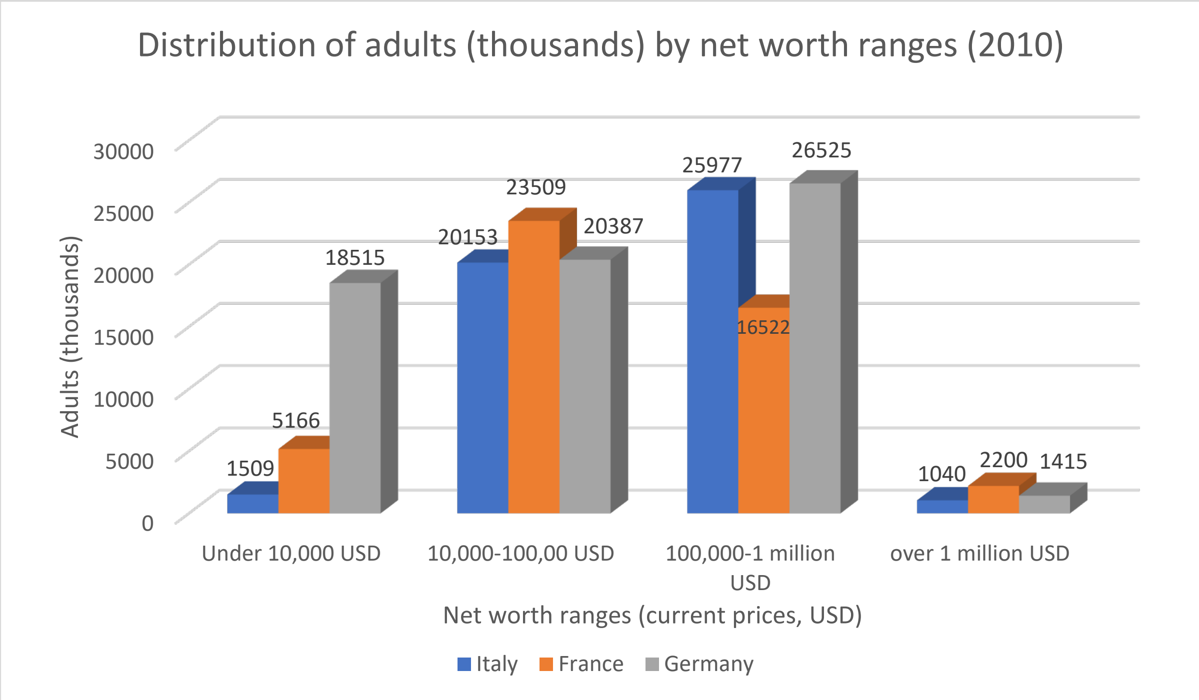
Original adaptation (data collected from Global wealth databook 2019, Credit Suisse)

In figure 8 and in figure 9 (p.42), the grouped bar charts describe the changes in said distribution. In ten years the first group of wealth owners starting from the left (under 10,000 USD) increased (with different proportions) in all three countries of choice. In Italy, where both the adult population (+0,003%) and the total population (-0,008%) remained practically stable, the poorest wealth tier increased by an impressive 85%. In France this growth was more contained (+34.7%), particularly so given the greater demographic growth of the adult component of the population (+3.7%, integrating almost completely the ten-years increment[49]). In Italy, the lowest wealth tier, although far less populated in absolute value (around 10% of the German equivalent), maintained a similar pattern of proportional growth (+85.02%) throughout the decade. In each country the transfer of wealth followed different routes. In Italy, the population placed in the middle-high net worth range decremented by 19.22%; this means that about 4,189 million adults moved in different segments of the pyramid (see also chapter I, paragraph 1.2.1). The majority of these wealth holders shifted down in the middle-low segment (54,42%) and in the lowest segment (30.62%): only 10.88% moved upward in the top wealth bracket. Unsurprisingly, considering the erratic decrease of the Gini coefficient continued from 2013 insofar (in 2018 for the first time became lower than its Italian counterpart), a relatively large share of wealth owners (almost six million people) stepped from the middle-low net worth bracket in the middle-high section: in ten years the latter aligned almost perfectly with the Italian and German values. Furthermore, the evolution of the upper section of the French wealth pyramid followed a reverse direction compared to the ones observed in Italy and Germany: in ten years it decreased by 54.55%. Finally, the German case appears most delicate on the wealth distribution ground; aside from the growth of disparities, the upper and lower bounds of the pyramid are clearly disproportionate with respect to Italy and France. In fact, Germany presents the typical "hourglass" composition described above (see p.38); although its population increased only by 1.81%, in 2019 the adult population belonging to the net worth range below USD 10,000 raised by 48.33% (a trend involving almost nine million people). The progressive impoverishment of the middle-low segment is undeniable: in ten years, the grey bar in that range plummeted by 43.67%, accompanied by the more moderate drop of the population inscribed in the middle-high range (-11.33%). The increment at the apex of the distribution, albeit proportionally significant (+54.55%), in absolute value covered only 8.67% of the wealth transfers discussed so far. Notwithstanding the fact that Germany in 2019 was the

[49] According to the last census made by the Insee ('Institute national de la statistisque et dès ètudes èconomiques'), French population raised to 65,357 million in 2019 (in 2010 it was equal to 63,027 million and, to May 2021, it surpassed 67 million).

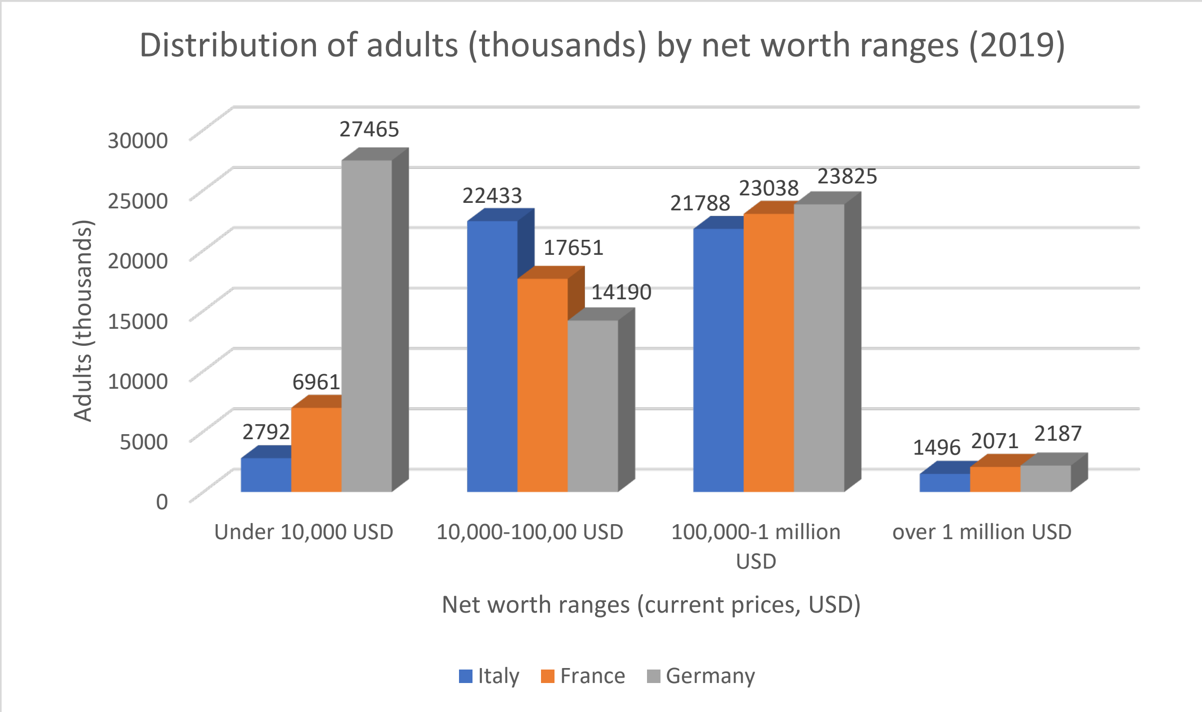
fourth wealthiest country of the world, its ranking related to the mean wealth per adult was far lower (19th place) and close to Italy.

Figure 8: Distribution of adults by net worth ranges in 2010 (Italy, France, and Germany)



Original adaptation (data collected from Global wealth databook 2019, Credit Suisse)

Figure 9: Distribution of adults by net worth ranges in 2019 (Italy, France, and Germany)



Original adaptation (data collected from Global wealth databook 2019, Credit Suisse)

Considering the nature of German household wealth, whose greatest component consists of non-financial assets with a preponderance of real estate properties (accounting for 58% of its total gross assets), the steady increase of value of the housing sector multiplied the wealth gap between social classes[50]. This is also proved by the increase of the number of ultra-high net worth individuals: at the end of the decade in Germany there were 6,800 individuals worth more than 50 million USD and the country classified third in this special ranking, preceded only by the USA and China. A comparison between table 7 (p. 23) and table 8 (p.44) provides more detail on the matter. In 2019, the Gini coefficient associated with Italy was 13.2% lower than the German one; ten years before, the distance was only 5.8%.

[50] According to Destatis (‘Statistisches Bundesamt’ the German Federal Statistical Office), the revenues related to the housing sector in Germany reached 290 billion euros in 2020, and, in spite of the pandemic, the average price of houses and apartments increased by 6.6% on annual basis.

Table 8: Gini coefficient and wealth indexes 2010 to 2019 (Germany)

Gini coefficient and wealth indexes-Germany-Time series				
Year (end of the period)	**Gini coefficient (%)**	**Median wealth per adult (USD)**	**Mean wealth per adult (USD)**	**Share of world wealth**
2010	68.4	30,267	180,903	5.0
2011	75.0	30,610	180,650	4.7
2012	77.7	33,272	191,685	4.7
2013	77.1	34,842	207,353	4.8
2014	77.1	30,589	190,687	4.4
2015	77.5	27,636	179,258	4.1
2016	78.9	28,215	180,894	4.0
2017	79.1	30,898	215,428	4.0
2018	81.6	30,323	213,410	4.1
2019	81.6	35,313	216,654	4.1

Original adaptation from World Bank, World Development indicators, Databank

Both countries experienced a reduction in their share of world wealth, but, whereas Germany managed to contain the loss (-0.9%), the weak growth of the Italian real GDP weighted more over the performance of the country, which lost 1.7% of its share. Considering the remarkable differences in the dimensions of the respective adult populations (on this ground Germany precedes Italy by 39.49%), German median wealth per adult appears still much lower than the Italian one (-56.14%). Nevertheless, the gap between the respective values of the median wealth dramatically reduced: back on 2010, the discrepancy among the two was an outstanding 474% (USD 143,477 versus USD 30,267). As a matter of fact, since in Germany wealth inequalities magnified compared to the past, the reduction of the Italian median wealth per adult can be ascribed uniquely to the mediocre macro-economic performance of the country, which created a fracture between the diverse groups of wealth holders.

Further evidences of this last statement arrive when focusing solely on the French median wealth statistics, which back in 2010 were moderately lower than Italy, while the mean wealth per adult was far higher (due to the superior share of world wealth detained by the country).

Table 9: Gini coefficient and wealth indexes 2010 to 2019 (France)

Gini coefficient and wealth per capita indexes-France-Time series				
Year (end of the period)	**Gini coefficient (%)**	**Median wealth per adult (USD)**	**Mean wealth per adult (USD)**	**Share of word wealth**
2010	75.8	137,490	282,676	5.6
2011	75.4	130,193	280,018	5.3
2012	75.5	118,210	277,672	5.0
2013	69.0	112,954	289,132	4.8
2014	69.7	92,058	254,131	4.3
2015	70.3	86,422	236,795	4.0
2016	72.0	87,427	238,444	3.8
2017	70.2	105,399	281.803	4.0
2018	68.7	103,269	277,201	3.9
2019	69.6	101,942	276,121	3.8

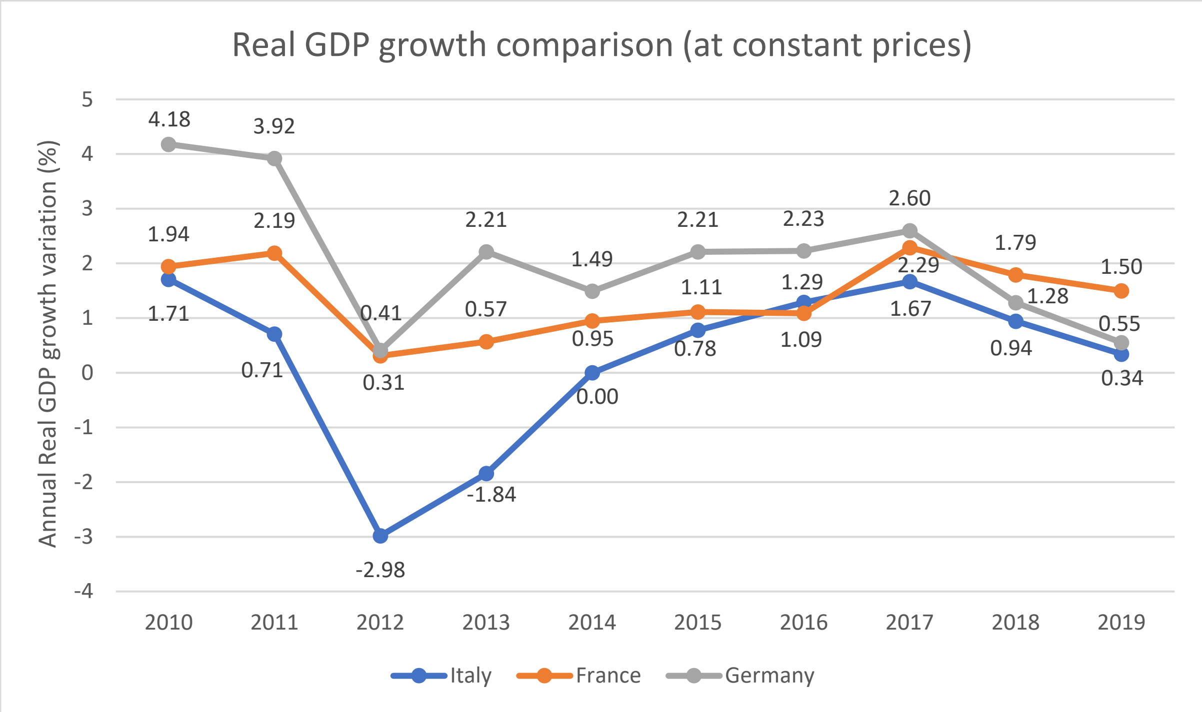
Original adaptation from World Bank, World Development indicators, Databank

Even though the median wealth diminished by 34.87%, at the end of 2014 the Italian early advantage was practically zeroed (the esteemed difference was about 0.003%). Notably, as reported in the annual "Survey on Household income and wealth" (SHIW)[51] published by the Bank of Italy, in 2014 the fall of the average equivalent income led to a regression of the indicator back to the levels of the late 1980s. The drop of the value of Italian exports measured in 2012 (which in Italy, according to the trade-to-GDP ratio of the same year, accounted for 55.55% of the country's GDP[52]) affected the distribution of wealth at least till the end of 2015 (figure 10). However, the median wealth, which divides the distribution exactly in two halves, started decline not only because of the markdown of the average income, but also because of a first drop in house prices, which accounts for more than 60% of the non-financial assets included in the wealth portfolio of French and Italian adult population.

[51] The SWIH databank also provides raw data available since 1977 https://www.bancaditalia.it/pubblicazioni/indagine-famiglie/bil-fam2014/en_suppl_64_15.pdf?language_id=1

[52] World Bank, World Development indicators, http://datatopics.worldbank.org/world-development-indicators/

Figure 10: Real GDP growth comparison (Italy, France, Germany)



Original adaptation from World Bank, World Development indicators, Databank

Summing up the data analysed so far, out of the three countries at the centre of the study, France was the most efficient in reducing its Gini index despite of the slow but constant decrease of its share of world wealth. A result even more remarkable, given that at the beginning of the decade the country showed worse performance than Italy in terms of wealth inequalities. As it will be explained in the following paragraph, French social care system underwent an interesting process of renovation between 2012 and 2019. The latter, coupled with a steady increase of the GDP managed not only to stop the growth of inequalities, but was successful in reverting the process of wealth accumulation favouring the top tier of the distribution.

2.1 A STRATIFIED MODEL OF SOCIAL SECURITY: THE FRENCH CASE

In France, the RSA (*«revenu de solidaritè active»,* literally "allowance of active solidarity") is structured as an income support measure meant to integrate the household budget of low-income workers who obtained a stable job. The core function of the RSA is to earmark to the eligible categories of disadvantaged workers a minimum monthly income covering the basic costs of living. In 2020 the value of the monthly benefit was set at €545 for a single person, with a supplement of €218 for each additional family member (up to five-member household). Nevertheless, critics remarked that the number of applications for the grant of the RSA covered only one third of the audience of possible beneficiaries, not only because of the intricated and time-consuming administrative procedures, but also due to the fear of a large share of interested parties to be labelled negatively for their overt condition of poverty (social stigma). An exam of the data issued by the *Caisse Nationale des allocations familiales* (National fund for family benefit) reveals the in 2018 the RSA covered up to 1.83 million households[53]. It is interesting to notice how the latter are still numbers much more significant than their Italian equivalent (amounting to 1.117 million), considering the discrepancy in the respective adult population (+3.39% in favour of Italy). This is mostly due to the nine years advantage in the implementation of the RSA (2009) compared to the citizenship income (2018).

Another problem of the RSA consisted in the scarce level of attention of the measure upon the matter of youth unemployment (the age limit for the requester was set by law at 25). Originally, the provision was criticised for a series of structural weaknesses that mirror the ones related to the Italian citizenship income (discussed in paragraph 1.2.3). The critics objected that the rigid eligibility criteria provided for to the allowance could negatively influence the process of reintegration of the unemployed individual in the working life. In fact, if the final income of the worker who received an employment opportunity (whatever the typology of the contract signed, whether it be fixed or permanent) was to be equal or inferior to the one granted as social allowance, citizens would feel discouraged in actively seeking a new job. In point of fact, at least in microeconomics terms, the wage represents the opportunity cost of free time (also "price of free time"). Since free time is most probably a normal good for the vast majority of the workforce, if the monetary salary increases, the

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[53] Report on family allocations, 2018, https://www.caf.fr/

average individual will choose to consume greater quantities of free time. Therefore, there will be an incentive to spend the national allowance for alternative purposes other than job seeking. Only an effective increase of the average wage will affect the value of the earned income, making of free time a more expensive good. Hence, the increase in the average wage leads to a reduction of the consumption of free time (substitution effect).

The PPE, instead, acts as a tax relief, compensating workers with a supplementary bonus to increase their income sources. The measure encompasses almost all the possible beneficiaries (oscillating between 95% and 97% of the potential requesters) but the amount of the monthly cheque often results insufficient to ensure the economic stability of low-income workers. In fact, the tax credit (calculated as a percentage of the income) ranges from a rate of 7.7% applied for a salary per person comprised between €3,4743 and €12,475 and a rate of 19.3%, which is reckoned onto the difference between the salary and the maximum legal limit of €17,451[54]. In the five years before the approval of the reform of 2015, according to the INSEE, the PPE allocated a monthly average of €33. Since the tax credit is applied on the labour income of the previous years, there is also a time gap between the grant of the bonus and the receipt of the salary. Finally, it is important to point out that the PPE acts as a refundable tax credit: this means it can be received even when there are no tax liabilities (that is why is sometime referred as a negative income tax).

In 2015, the introduction of a new typology of employment bonus modified the eligibility criteria of the older social inclusion schemes, expanding the sphere of potential beneficiaries and simplifying the annexed bureaucratic procedures[55]. The new public intervention came into force in January 2016 and sought to correct the drawbacks of the *revenu de solidarite active* implemented six years before, merging the pre-existing legislation of the RSA and the PPE without drastically modify the mechanism of the two economic instruments.
On the theoretical ground, the approach of the French legislator in defining the tenets of the new social programme was inspired to the idea of active solidarity (*solidaritè active*) which

[54] *Rapport établi par M. Christophe Sirugue Député de Saône-et-Loire Parlementaire en mission auprès du Premier ministe*r, 2013, https://www.vie-publique.fr/sites/default/files/rapport/pdf/134000431.pdf

[55] Grasso, Dal revenu de solidarité active al prime d'activité: gli strumenti francesi di innovazione sociale per combattere povertà e isolamento, in 'Diritto pubblico comparato ed europeo, Rivista trimestrale' 2/2019, pp. 517-530

provided for a softening of the strict interpretation of conditionality adopted by other EU countries such as Italy. As hinted above, in 2009 the French government had made the decision of sustaining unemployed workers with the RSA and the recently employed individuals with a proper subsidy (PPE), keeping separated the support phase from the connected employment services, which in Italy now coexist in a single social care scheme (the citizens' income). However, in 2015 the second Valls government (led by the prime minister Manuel Valls) chose the merge the two forms of state benefits intended to support to low-income worker in a new social security benefit, the «*Prime for activité*» (PA)[56]. The latter, translating literally as "employment reward", was juridically designed as a state funded employment bonus, incorporating many characteristics of its direct predecessors, including the juridical regime and the mechanisms of selection of the beneficiaries. Even the public entities entitled to the disbursement of the allowance and the management of the bureaucratic procedures (such as the *caisse d'allocations familiales or the mutualité sociale agricole)* remained the same. The audience of beneficiaries was further extended, in a way that traces closely the transformations of the inclusion income in Italy. For the first time, students who came of age, apprentices and interns were included in the reform scheme, provided their labour income was higher than 55% of "*SMIC*", the minimum interprofessional wage introduced in France since 1950[57]. In 2019, the gross minimum income meant to be paid to subordinate workers in France was set by law at €10.03 per hour with an increase of 1.50% compared to 2018. This means that, for a worker to be eligible for PA in the same year, he or she must have earned at least a wage par to €836.671 (considering that the maximum length of full-time working hours, legally binding for the employer, is set to 35 hours) [58]. Moreover, the annual revaluation of the minimum income is linked (exactly like for the Italian «DIS-COLL») to the annual variation of the indexes of prices, plus half of the annual variation of the purchasing power of the average income for the 20% of the poorest households[59]. The PA follows the same rationale of similar social security benefits: it is inversely proportional to workers' revenues and star to decline as soon as it is hit the yearly SMIC threshold. For example, a childless household who earned €300 net per month in 2017, would have get a bonus of €195 (around 65% of the stated income), while another earning €1200 net per month

[56] Decree no. 1710/2015
[57] 'Smic horaire', 2019, https://lentreprise.lexpress.fr/outils-classements/indicateurs-chiffres/smic-et-smic-horaire_1744186.html
[58] In appliance of the EU Community directives 91/71/CE and 2014/67/EU converted in the French legal system (see also the transposition in the French Code du Travail)
[59]Decree of the French republic No. 1173/2018 of December 19, 2018, 'Raise of the minimum growth wage'

would have received a bonus of €138. The first and fundamental requirement is the stable involvement in a gainful working activity on French soil, during the semester preceding the presentation of the application. An additional bonus (much like in the RSA case) is paid for each employed member of a household, provided that his or her income is par or superior to 50% of SMIC (around €600 net per month in 2019). Without a proper labour income, it is not possible to obtain the bonus, but only the social (*socle*) RSA which survived as a complementary social security instrument. Finally, the reform of 2019 increased the maximum of the bonus to €160 per month, further extending the audience of beneficiaries of a million people

2.1.1 THE GHENT SYSTEM IN FRANCE: A SHARED RESPONSIBILITY BETWEEN SOCIAL PLAYERS

As for the measures supporting unemployed workers, in France the Ghent approach found wide application since 1958. Named after the city of Ghent, in Belgium, the approach consists in shifting the financial weight of welfare measures onto the subjects claiming for economic support. Although government subsidies can be part of the fundraising cycle, the system heavily relies on trade and labour unions rather than government agencies and public entities to manage unemployment benefits and other work-related allowances. The fact that the system was not structured to receive the higher portion of aids directly from the central state increased deficit risks, which were overcome with a progressive reduction of the length of the benefits. After the fusion of the *Agence national poir l'emploi* (the former French national employment agency) with the *Association pour l'emploi dans l'industrie et le commerce* (the agency entitled to the collection of contributions from employers and employees), the *Pole d'emploi* became the only subject authorised to manage the payments of the unemployment benefits. Unemployment benefit in France is called *l'allocation d'aide au retour à l'emploi (ARE)*, literally meaning "indemnity for reintegration into employment".

The amount of the contributions and the value of the benefits to be allocated to the interested parties are decided every three years according to the clauses of the collective agreement approved by the trade unions and the employee organisations. To avoid any deficit risk, the Unedic accords of 2009 established the principle that the overall insurance schemes costs are

to be considered part of the public expenditure: any borrowing or transfer of liquidity required by partners is thus guaranteed by State.
As for the requirements, applicants need to prove their stable residency in the territory of the French Republic (included the Overseas departments). The worker needs to prove that he or she had worked for at least six months before losing the job and that, in the semester following the dismissal, no lump sum severance payment was attributed by the employer as accessory compensation. They are also compelled to register for the employment services and participate to specific training programmes issued by the *Pole d'emploi*.
Therefore, much like for the Italian citizenship income, the access to the unemployment scheme is bounded to the conditionality rule.
The maximum length of the benefit depends entirely on the quantity paid contributions and in every case it cannot exceed the threshold of 24 monthly repayments; only for the age class of the over 50 the benefit can be extended up to 36 months. The provision contemplates also the possibility for the worker to mature again the right for the benefit (rechargeable rights); the law sets a transition of six months after which it is possible for an individual losing a second time the job after obtaining a new one to apply again for the benefit. In 2011 the beneficiaries of the unemployment benefit amounted to 2.439 million people
The value of the bonus is calculated adopting the previous salary level as main reference. The final sum is a percentage of the so called *salaire journalier de référence* (SJR) or daily standard salary. An employee who used to earn €68 per day before losing his or her job will be entitled to a percentage of the SJR (in 2019 equal to 40.4%) plus a variable bonus, or simply to 57% of the SJR if the linked percentage determinates a higher quota of daily compensation. The minimum amount per day is par to €29.26 (lowered by 26.18% in case the worker is enrolled in a training programme), while the maximum is up to €248 (no more than 75% of the SJR). This results in an average monthly payment oscillating around a value of € 1187[60], greater by 97.83% to the average compensation obtained through the adhesion to the Italian citizenship income. The measure acts also as a safeguard for workers who lost their job up to nine years before their could reach their legit retirement age, exempting them from the benefit reduction by 30% for gross income equal or superior to €4,500. Finally, a fraction of the benefit will still be paid to part-time employees or gig workers with no stable job.

[60] Average monthly gross amount of unemployment benefits in France between 2011 and March 2018, https://www.statista.com/statistics/756980/average-value-unemployment-benefit-france/

The overview of the data presented so far appears to confirm that the efforts of the French government, more than being focused on the reintegration of a part of the labour force in the working life, were aimed at avoiding the creation of poverty traps that could obstacle the long-term goal of reducing the involuntary unemployment rate to physiological levels. However, it must be remembered that the French unemployment rate remained always lower than the Italian one in the last ten years and the difference appears even more prominent limiting the comparison only the age class from 18 to 25 years. For example, in 2019, France showed an unemployment rate of 8.43% against 9.89% of Italy; but, in the same year, the youth unemployment rate in France was 19.15% against the 29.30% of Italy. From 2015 insofar, the same year the PA entered in force, the French unemployment rate started to decline constantly at annual rate close to 0.6%. Another factor to take into account in the analysis is the Italian percentage of non-working people in working age (18-65), who are not included in the unemployment rate statistics, since they claim of not seeking a job: the latter is par to a striking 22.2% out of 13.268 million individuals against the 2% of France. Almost one European inactive worker out of three is Italian. Thus, it can be concluded that the diverging performance of the two countries on this ground are a possible explanation of the different approaches chosen for addressing income inequalities. The Italian government focused on the increase of the employment rate, while the French presidency concentrated on supporting the purchasing power of the poorest households. In conclusion, the success of France in reducing its Gini Index, keeping the level of wealth inequalities under the European average, seems to derive from a mix of factors. It is directly correlated to a proficient tax collection system (relying on lower fiscal avoidance and evasion rates compared to Italy) and to the efficiency of its centralised *Pôle d'emploi* (employment centres). This national offices receive a budget of 5.7 billion euros per year and can rely on a personnel up to 54,000 individuals, surpassing more than six time the staff employed in Italy for the completion of equivalent services (see p.38). Nonetheless, the importance of its minimum wage system and the welfare measures described so far contributed to increase domestic consumption without altering the dynamics of the labour market.

2.2 A PROGRESSIVE SOCIAL CARE SYSTEM: THE GERMAN CASE

In Germany, one of the first country of the world to introduce old-age, disability, and invalidity insurances during the Chancellery of Otto von Bismarck (1889), the matter of social security is often considered of paramount importance in the political discussion. In 2013, at the eve of the federal elections for the Bundestag, the SPD (*Sozialdemokratische Partei Deutschlands,* Social Democratic Party of Germany) proposed the introduction of higher negotiated wages in those industrial sectors were the minimum wage regime previously adopted by the country did not find concrete application. As a result, in 2015 the Bundestag voted in favour of the introduction of a universal minimum hourly wage, fixed at €8.50 per hour (about €1,440 per month). The German government appointed a permanent commission, charged with the task of I) proposing yearly adjustments to the minimum wage level according to the requests of employers and employees and II) of evaluating the sustainability of the legal income regime in relation to the growth rate of involuntary employment. In 2019 the minimum wage per hour reached the threshold of €9.19, almost perfectly aligned with its French counterpart, only higher by 8.9%. Despite the doubts raised by an independent scientific study[61] concerning the impact of the measure on the employment rate (and the subsequent warning on the potential loss of 900,000 jobs), according to the Ahlfedt et alii[62] the introduction of a legally binding minimum wage did not significantly alter the values of regional employment rates. Nevertheless, the same study demonstrated how, in total accordance with the economic law of demand and supply, employers who provided for low-income salaries renounced to use lay-offs to cope with the increase of labour costs. Instead, they simply opted to cut off the aggregate working hours, preferring to employ workers with part-time contractual regimes.
The harsh positions taken by German political parties on the matter of the minimum wage income found their *raison d'etre* in the scarce effectiveness of the existing unemployment benefits in supporting the temporary inactive workforce. The latter, due to the descending trend of the involuntary unemployment rate in Germany, accounted just for 3.04% in 2019.

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[61] 'CESifo-Gruppe München - Der flächendeckende Mindestlohn von 8,50 Euro gefährdet bis zu 900.000 Arbeitsplätze', 2014, http://www.cesifo-group.de/de/ifoHome/presse/Pressemitteilungen/Pressemitteilungen-Archiv/2014/Q1/pm-20140319-mindestlohn.html
[62] Ahlfeldt, G, Roth, D and Seidel, T. 2018. 'The regional effects of Germany's national minimum wage'. London, Centre for Economic Policy Research. https://cepr.org/active/publications/discussion_papers/dp.php?dpno=13005

A thorough examination of the data[63] provided by DESTATIS (the German Federal Statistics Office) revealed that just three months before the outbreak of the Covid-19 pandemic, 1.4 million individuals, comprised in the age class 15-74, declared to be seeking a job. Given the aforementioned differences in terms of adult population placed in the same age class, the total amount of inactive job seekers in Italy and France is respectively 78.57% and 61.6% higher than Germany's. This means that unvoluntary employment benefits in Germany address a limited percentage of the total adult population and thus cannot be regarded as a fundamental instrument to address income inequalities.

There are two distinct categories of unemployment benefits acknowledged in Germany: the unemployment benefit I, also known as the unemployment insurance, and the benefit II, also known as the Hartz IV social programme. The unemployment "benefit I", entirely managed by the German Federal Employment Agency, follows a different theoretical perspective compared to that of Italy and France. On the one hand, it is funded both by the employer and the employees (except for freelancers, public employees, and part-time workers, who participate on a voluntary basis). Employees fund the benefit through a deduction from their gross salary of 1.5% out of its total amount, but only if the latter is below the solidarity ceiling. Employers, instead, are compelled to disburse to the State 1.5% more on top of the salary paid to workers. Both contributions are mandatory only if the gross salary of the given employee ranks below the annual social security threshold. In addition to these two basic financing sources, the State takes charge of the costs to effectively run the employment centres. Despite of the diverging means of financing, "benefit I" was projected in order to provide unemployed workers with similar social aids to those predisposed by the citizens' income in Italy. The beneficiaries are entitled to a monthly allowance, paid to workers who can prove to have regularly paid due contributions during the year preceding the event of the job loss. Applicants will get approximately 60% of their old net wage with a bonus of an additional 7% if claimants are part of a three-members household (spouses with at least one child). Therefore, the German benefit is approximately 7% lower than the maximum accorded by the Italian "NaSpI" and 15% lower than the maximum of French "ARE"[64]; the

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[63] 'Ungenutztes Arbeitskräftepotenzial im Jahr 2019 um 5,0 % gesunken', https://www.destatis.de/DE/Presse/Pressemitteilungen/2020/10/PD20_397_13231.html

[64] The discrepancy in this case is even greater, given the fact that ARE is computed on the previous job gross income

maximum monthly payment provided by the state was fixed at €2805 for the western *Länders* (German federal states) and €2685 per month for eastern *Landers* (belonging to the former GDR[65]). Furthermore, in Germany the duration and the eligibility criteria are more diversified than in France and Italy. In particular, the more an allowance recipient gets closer to his or her retirement age, the longer the law allows for an extension of the benefit's time length (ranging from a minimum of 12 months to a maximum of 24 months for over 58)[66]. This is due to the inner characteristic of involuntary unemployment in Germany: youth employment rate was always relatively low (5.42% in 2019), with a preponderance of elderly people (between 40 and 65 years) among the job seekers group.

The second typology of benefit is the open-ended Hartz IV social programme (*Arbeitslosengeld II* in German language). The name derives from the president (Peter Hartz) of the 15-members labour committee appointed by the Schröder cabinet with the task of proposing a set of recommendations to reform German labour market. The Hartz's IV set of recommendations focused on a new social inclusion programme which came into force on January 2005 and was further reformed in 2015. It is one of the closest provisions to the Italian citizenship income model adopted by a European country, often used as reference by the supporters of more incisive social inclusion measures. In fact, similarly to its Italian equivalent, Hartz IV constitutes a form of guaranteed minimum income, whose configuration aims to make economically self-sufficient the recipient, at least in in the medium-term. The eligibility criteria are particularly strict: the applicant needs to pass the means test, i.e., he or she must prove an absolute incapability to satisfy the minimum standards of living defined by law[67]. On the one hand, the stated condition of poverty needs to be irreversible, not amendable simply by selling real estate and other assets not conformed to a chronicle lack of means. On the other hand, contrary to the apparent meaning of the name, the unemployment benefit II does not list among its accessibility requirements the working inactivity of the recipient. But the greatest divergence from the Italian model lies in the many causes that can provoke the forfeiture from the measure and the application of sanctions such a retrenchment or a cut-off of the allowance. The beneficiaries must accept the first nationwide job offer

[65] Germany Democratic Republic
[66] 'The German unemployment insurance system', UNEDIC, 2019, https://www.unedic.org/sites/default/files/2020-01/Insight_Germany-unemployment-insurance-system-ENG_decembre_2019.pdf
[67] Kohlbrechera, Hochmutha, Merkla, Gartnerca, Christian b., Hermann 'Hartz IV and the Decline of German Unemployment: A Macroeconomic Evaluation', 2019, Institute for Employment Research (IAB)

proposed, regardless of the professional qualifications of the interested parties. The state partially reimburses some of the annexed costs, even subsidising an eventual change of residency, but only as long as the daily commute duration is too much prohibitive (the allowed limit is up to 3 hours per day). The decadence of the economic benefit is irrevocable; therefore, the risks for low-income individuals to fall into absolute indigency push claimants to fully comply with the legal obligations provided by the measure.[68] In 2019 the amount of the allowance reached €436 per month for a single individual, a sum slightly lower than the average sum paid by recipients of the citizenship income (-14,67%).

[68] During the Covid-19 pandemic, the government temporally suspended the obligations, in order to avoid undue hardships to the recipients.

CONCLUSION

The wealth distribution trends assessed for Italy, France and Germany are coherent with the different budget allocations associated to another crucial macroeconomic statistics: the general government expenditure in the social protection field. The last available EUROSTAT data for 2019, referring to the last period of regular economic growth and industrial production, confirm that France allocated 23.9 % of its GDP in this specific sector of public interest, followed by Italy (21.2%) and Germany (19.7%). Among the three countries, Italy and Germany worsened during the last decade the wealth spread between the bottom and the top of the wealth pyramid; in 2018 France reached the same value of the Gini coefficient measured in Italy, while Germany surpassed the threshold of 0.80, the highest in the EU aside from Netherlands. At the end of 2019, Italy managed to reduce by 2% the Gini coefficient, returning to the levels of mostly due to the active implantation of the citizenship income. The comparative analysis conducted in this study demonstrates how this last measure ranks, for characteristics, coverage of the poorest tiers of the inactive adult population and overall value of the monthly payment, in the middle of the equivalent social security model adopted by France and Germany. The outbreak of the Covid-19 pandemic and the consequent economic paralysis have exasperated the opportunity gap among social classes, forcing government to enhance the social inclusion schemes

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SUMMARY

The unfair wealth distribution shape in globalised societies is at the centre of current political debate; in the first 100 days of his presidency, the 46th President of the United States of America (USA), Mr. Joe Biden, has issued one of the most ambitious economic manoeuvres in this specific field, the «American Family Plan». The programme, apart from the conspicuous investment in favour of Public Education (6.000 billion dollars, roughly 20% of 2020 U.S. GDP), constitutes an audacious attempt to redistribute a substantial amount of private wealth, introducing a broader system of subsidies, non-repayable loans, as well as tax credits that will increase the household budget of the middle and lower class [note 1]. Similarly, the European Union’s (EU) «Next GenerationEU» long-term programme (also known as «European Recovery Plan») not only sets the guidelines for a robust economic upturn concerning the Union’s member states, but also encompasses measures of social fairness and income redistribution policies. In actual fact, the notorious divergence of opinion between member states and European institutions on the controversial theme of the respect of budget constraints in the process of definition of national plans concerning economic development, have been partially put on hold[69]. This allowed national Parliaments to start defining the expenditure headings linked to the European recovery fund stepping out the legal barriers and bureaucratic impediments that narrowed the governments’ operative space in times of ordinary planning.

In order to refine the level of accuracy of the wealth indexes, it is important to apply the Gini coefficient, widely used to appraise the statistical dispersion amidst elements of a given frequency distribution. A simple math formula to calculate the Gini index is:
$G = \frac{2covar(y, r_y)}{N\bar{y}}$, where $covar(y, r_y)$ is the covariance between income (y) and the income related rank assigned to each member of a given ensemble, ranging from the poorest individual (rank=1) to the richest. N is the frequency of the ensemble and $\bar{y}$ the mean income[70]. A Gini coefficient equal to 1 expresses the highest level of inequality in a large

[69] In fact, member states decided to borrow from capital markets 750 billion € in order to sustain the economic burden of the reconstruction
[70] Milanovic, B. (1997). A simple way to calculate the Gini coefficient, and some implications. *Economics Letters*, *56*(1), 45–49. https://doi.org/10.1016/s0165-1765(97)00101-8

group of individuals or households (meaning that only one person detains the 100% of the income share), while a Gini coefficient of zero highlights a condition of perfect income equality (each member of the group owns the same amount of income). It is worthwhile to mention that the index value linked to relative wealth is usual higher than the one associated with relative income (for example in 2019 the Gini income coefficient for Switzerland was 0.306, while the wealth coefficient was 0.706)[71]. A common example to understand the functioning of Gini coefficient is that if 1% of the world population should own 50% of total wealth, the index would be at least par to 49 %. At the beginning of the last decade (2010), the global esteem for the Gini index was 0.893 while at the end of 2019 stabilised at 0.885; in ten years world wealth inequality decreased only of 0.008 percentage points. Even though the proximity of the Gini coefficient to the highest rank was greater at the beginning of 2000 (0.919), the impressive growth of the world population, increased of 1,586 billion in twenty years, did not manage to stop the slow trend reduction of the wealth inequality among countries

Another largely adopted visual of wealth distribution is the number of millionaires per countries; this circumstance depends on several factors. First, an increase in the mean wealth per adult signals a change of pace in the net worth accruing trend. If we assess the number of individuals, whose assets surpass the threshold of USD 1 million, helps in monitoring the reshuffling and thus the transformation of the wealth distribution shape. Second, the demographic growth enlarges the pool of possible candidates that have the potential to pass from the middle-low and the middle-high steps to the top of the pyramid.
Third, a substantial decrement or increase of wealth inequalities (ascertained with the aid of the Gini coefficient) does not necessarily imply an intensification or a containment of the wealth accretion trend, namely the pace at which a quota of wealth scales towards the top of the pyramid. The census of millionaires provides for a more detailed outlook of the phenomenon.
At the beginning of 2010, when the world adult population amounted to 3.696 billion people, the millionaires were 24,546,000 (0.006% of the total) and they owned 69,200 billion. In 2019, the adult population with an overall wealth par or superior to USD 1 million was 46.8

[71] For the purpose of this analysis the standard Gini coefficient will be the one obtained from wealth data rather than income ones, as the chosen databank expresses the coefficient following the wealth criteria.

million (0.91% of the adults of the planet, namely 5,089,766 individuals), thereby they controlled 158,300 billion of the world wealth, 44% of the total. However, despite in ten years the adult population increased by 37%, the increment of millionaires was faster (+90%); this is confirmed by the relatively small decrease of the Gini index which fluctuated around the threshold of 0.88 since 2014.

For Italy, the progressive decrement of median wealth per capita and the drop of its world wealth share detained (diminished from 5.67% to 3.2%) provides yet other signals of how the Italian wealth distribution shape underwent noteworthy effects. The passage from one wealth bracket to another, determined by the availability of more valuable assets, higher income, greater financial earnings etc., affects the opportunity for households' members to gain access to superior levels of education, facilitates or hinders the access to credit, and can even grant fairer or more disadvantageous working conditions. Moreover, wealth accumulation plays a pivotal role in improving or deteriorating the economic resilience. The latter, defined as the capability of a household to contain the loss of income sources (triggered both by programmed or unexpected expenses) and maintain intact the pre-existing level of quality of life, is especially important in times of crisis. In fact, without the shield represented by savings, which are a component of wealth, the State will have to expand its social schemes, since households deprived of their economic defences would be powerless against macro-economic phenomena such as recessions, market collapse, inflation, plummet of the real estate market prices etc. In the Italian case, the well-documented «Matthew effect», the empirical law which states that in times of weak economic expansion or stagnation, both the top and the bottom of the wealth pyramid begin to inflate fully manifested

Historically, even before Italy's adhesion to the EU, governmental benefits have been the preferred instrument to address income inequalities, in the form of liquidity transfers determined by the total amount of paid contributions[72]. The system of incentives and subsidies is not centralised: alongside with the central state, regions and municipalities independently manage their own benefits at a local level. A fraction of these cash transfers often assume the form of discounts and facilitations that allow household to abate the economic burden of the access to essential services: a long list of income related bonuses

[72] Note 24, ibidem

(usually discounts on a fixed monthly fee) that are devised to contain the costs faced by families for electricity, gas, phone bills etc. These provisions are extended also to individuals entitled to low-value pensions that are in need of free or very cheap current accounts[73]. Another commitment of expenditure for the public administration is represented by maternity allowances, followed by family and kindergarten bonus, the latter almost ever correlated to the household size and the equivalised income (which in this instance is not a requirement, but a parameter for the calculation of the bonus). The framework of social care includes also contribution for households living in rented house or apartments (financed by a proper «Fund for unvoluntary back rent»), education allowances (tax reliefs for the economic support of disadvantaged families and one-time bonuses for the purchase of school material) and healthcare benefits (exemptions from the payment of the health ticket requested by the national health service).

In time, cash benefits became also the favourite method to contain the income losses caused by economic crises. Whereas the latter progressively transformed into shock absorbers, the measure became a mean to alleviate the drain of income sources suffered by household budgets. Above all, the Italian unemployment insurance system is widely income-based, state-provided and featured by an average level of decommodification. The latter, defined as the level of immunity of workers from market dependency[74], an abstract esteem of the wealth necessary to an individual to leave the job market by free choice, ranges Italy in the same group of EU's members where France and Germany are collocated, up to countries such as Spain and Greece, but below Sweden and Denmark. A perfect example of this is the so called "New social insurance for employment", in Italy commonly referred to as "NaSpI". The allowance is attributed to workers who have involuntarily lost their previous job (e.g., for a sudden redundancy motivated by economic reasons adducted by the employer, but also for just cause resignation) and who possess compatible requirements. Aside for a permanent state of unemployment based on the Italian job legislation, workers must prove that in the four years preceding the start of the unemployment condition they had at least thirteen weeks of paid contributions and at least 30 days of effective working period in the twelve months

[73] The basic bank account policy was introduced in Italy with a decree of the Ministry of Economics and Finance in 2018, in actuation of the European Directive 2014/92/EU

[74] Janoski, Alford (2003). The Handbook of Political Sociology: States, Civil Societies, and Globalization (1st ed.). Cambridge. p. 511.

foregoing the loss of the previous occupation. The value of the allowance covers the 75% of the taxable monthly wage earned by the worker prior to its redundancy (with effect from the fourth last year of employment) and it must not be superior to a maximum earning threshold set by law and annually revaluated. The entire measure is built around the so called «principle of conditionality», in this instance being the recurring participation of the individuals entitled to the economic relieves into job-seeking initiatives and the mandatory attendance of professional education courses promoted by the regional offices of employment. The conditionality exerts its influence also on the duration of the allowance; the latter diminishes by 3% per month with effect from the fourth month of retribution. Furthermore, it cannot surpass half of the contribution weeks accounted to the worker in the foregoing four years and in any case, it cannot overcome the maximum of 78 weeks.

Nevertheless, the social inclusion measure that captured the interest of the public opinion (and contextually generated a variety of opposing evaluation of its efficacy) was certainly the heir of REI, namely the citizenship income ("Reddito di cittadinanza"). From start, the foremost priority of the new parliamentary majority[75]risen to power after the elections of 2018, was the approval of an innovative minimum income scheme, devised to be at the same time an enhancement and an overall revision of the former REI. This was also in conformity with the principle 14 of the ESPR chart (European Pillar of Social Rights), an initiative proposed by the European Commission to rebalance economic policies with greater social consideration. Even if some EU's member states contested the application of the document, outlining the absence of a formal obligation to implement the suggested provisions and commenting that the Commission's requests possibly foreshowed an abuse of the principle of subsidiarity, the Italian government emphasised the Union's favourable stance on the matter. Supporters of the measure remarked that most of European partners had already introduced a form of basic income in their domestic legislation, thus claiming a supranational legitimisation for the introduction of the citizens' income, described as a fundamental instrument to alleviate wealth inequalities. However, while the choice of the name for the social welfare system could be interpreted as an attempt to evoke to the general public a profile of universal basic income, indeed the structure of the measure outlines a form of guaranteed minimum income for households. Accordingly, the citizenship income is identified as a component of the social safety net, because it offers aids to vulnerable

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[75] Formally addressed as 'Conte I cabinet', the first cabinet of the XVIII legislature received the vote of trust of the Italian Parliament in June 2018

households who fail to comply with one or more means test, and it is not extended universally (and automatically) on the basis of Italian citizenship; rather interested parties must submit a proper application to be entitled to the cash transfer. In other words, holding Italian nationality is the necessary, but not the sufficient condition to be eligible for financial aids. In this respect, the continuity with the practical configuration of the previously in force inclusion income, apart from some relevant modification in the selection criteria, is evident: the principle of conditionality lingers and so does, in the formula to calculate the monthly payment, the multiplier connected to the household size. The real change brought by the measure in the Italian social assistance scheme is the dimension of the audience of low-income household admitted to receive the benefit as well as the greater entity of the monthly cheque. Firstly, as evidenced in the Italian law decree of 28th January 2019 (no. 4) and in the corresponding conversion law no. 26/2019, there is no age limitation in the access to the social security compensation. If a member of the household overcomes the threshold of 67 while receiving the fixed income, the latter becomes a citizenship pension ("Pensione di cittadinanza")[76] and the beneficiaries are exempted by the sign of the "Pact of social inclusion" (the set of services aimed at the entry of the subjects in the labour market). Secondly, the citizens' income has a formal duration of 18 months, but it can be renewed for an indefinite amount of time if the applicant has failed to sign an employment contract (both fixed-term or open-ended) throughout the period of receipt of the guaranteed income. Thirdly, the application will obtain full clearance only if the requester shows an equivalised yearly income lower than €9,630 and only if the value of its private assets (savings, bank accounts, outstanding receivables etc.) is inferior to €6,000. As mentioned before, the maximums are extended with regard to the dimensions of the families and the presence of disabled individuals within them; for example, considering households which includes respectively two and three components, the maximum of private assets is augmented in order by 33% and 66%. Finally, it is important to remark that, unlike what the name would suggest, the possession of Italian citizenship does not appear in the list of the official requirements necessary to gain access to the benefit. Nevertheless, the applicant must submit the necessary registry office certifications to vouch for the length of his residency in Italy, which needs to be equal or superior to ten years and not interrupted for the two years preceding the presentation of the formal request. Therefore, it could be argued that the eligibility conditions

[76] INPS Information report, https://www.inps.it/docallegatiNP/Mig/Allegati/Brochure_Informativa_RdC.pdf

generate a strong bias against immigrants, particularly those who are regularly settled in Italy with a residency permit, but remain devoid of the requirement of a stable ten years of permanence in the country. Since the likelihood of newcomers being in the lowest income bracket is much higher than the one associated with long-term settlers, the citizenship income does not reach an extensive percentage of the poorest households. In fact, out of 1.7 million households living in absolute poverty in Italy (approximately 4.6 million individuals), 32% of the possible beneficiaries are foreigners who have dwelled in the country only for a few years. Hence, more than one third of possible applicants, eligible in terms of income status, are excluded from the group of beneficiaries in light of their recent arrival in Italy (source: ISTAT, the Italian national institute for statistics)[77].

As for the economic value of the benefit, a single individual is to receive €6,000 per year (€ 500 per month). For households who reside in a rented house, the measure provides a further bonus of €280, diminished to €150 in case the beneficiaries are paying instead the instalments of a mortgage. Additional income is attributed according to a proportional equivalence scale, which assigns a coefficient of 0.4 to each additional household member (diminished by half for family members aged less than 18) and is bounded to a maximum value of 2.1. Hence, a household made up by five elements, two adults (1+0.4) and three minors (0.2*3), will receive a coefficient of 2 and will be entitled a maximum benefit of €12,000 per year (2*€6,000), which is equal to a monthly income of €1,000 (€1,280 in case the beneficiaries rent their accommodation)[78].

As noticed by many scholars (Franzini, Pianta 2015; Dagnes, Filandri, Storti, 2018) social inequality is subjected to a variable degree of compression both from the upper and the bottom section of the wealth pyramid. The growth of absolute and relative poverty amplifies the distance between wealth brackets and fuels the polarisation of society in many intermediate segments, increasingly enveloped in themselves and impermeable to external interferences. The mechanism of self-defence implies the existence of a pressure force

[77] Report on absolute poverty, ISTAT, June 2020, https://www.istat.it/it/files/2020/06/REPORT_POVERTA_2019.pdf

[78] Jessoula, Raitini, Raitano, 'Italy: implementing the new minimum income scheme', ESPN flash report 2019/35, July 2019

(eminently economic) acting similarly to one of the well-known five forces of Porter, namely the threat of new entries[79]. Incumbents will try to maintain their level of wealth lobbying for their interests, due to a regression in terms of social mobility which produced a tightening of the barriers to entry. For example, the matter of inequalities has pushed some Italian economists to endorse the introduction of an inheritance tax on valuable assets, devised to limit the disparities in opportunities between households. Whereas in Germany the fiscal system provides for a rate on taxable assets which varies between the 7% and 50% of the estate[80], Italy exhibits one of the lowest tax expenses in Europe related to the hereditary matter.

The Italian standard rate is in fact equal to 8% (lower than 37% when compared to France), but a widespread system of fiscal exemptions reduces the rate to a mere 6% if the involved subjects are brothers, and 4% in case of direct heirs (sons, spouse, civil partners). In addition, there is a total exemption for assets with an esteemed value lower than €100,000 and government securities (and equated financial instruments). The opponents of the fiscal reform argue that the contribution revenue coming from the actual rate is very low: just 0.1% of the total revenues (around 800 million euros in 2019, against the 14 billion euros collected by France and 7 billion by Germany). But the reasons behind the inter-classes rejection of the project are more deep-rooted. Despite the fact the tax proposal would affect the assets of less of 1% of Italian households, the psychologic sense of apprehension for the loss of economic 3.3 status prevails over the impetus for the reduction of inequalities.

Stated that, a low level of social mobility in developed countries does not necessarily follow the same trajectories of developing economies: liberal markets generally present a higher stratification in the central section of the pyramid and more homogeneity in the upper and lower steps. Therefore, if in coordinated market economies wealth distribution takes the form a pyramid, in liberal economies the shape of the census classes resembles more an hourglass. Throughout the years, Italy showed signs of passage from the first figure to the second one. The reduction of the state intervention in the country's economy, with the contextual expansion of the private sector, accelerated the accumulation trends of the upper strata, while

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[79] Michael E. Porter, 'How competitive forces shape strategy, *Harvard Business Review*, May 1979 (Vol. 57, No. 2), https://hbr.org/1979/03/how-competitive-forces-shape-strategy

[80] In most of the cases the applicable rate is around 30%, see also https://osservatoriocpi.unicatt.it/cpi-archivio-studi-e-analisi-pro-e-contro-dell-imposta-su-successioni-e-donazioni

at the same time reduced the same patterns in the lower ones. A keen analysis of figure 6 reveals the extent of the phenomenon in the three countries of choice. the past decade, the share of wealth accruing the bottom half of the Italian and German adult population (extrapolated from the combination of the lowest five wealth deciles) reduced at an impressive pace, while in France only in the biennium 2018-2019 the curve entered in an upward phase. In Italy, the bottom half wealth holders passed from a share of 11.3% (2010) to 8.5% (2019); the descending trend reached its lowest point in 2016 (7.4%), only to oscillate around the interval [7.9; 8.5]