



Does Inequality Matter?

HOW PEOPLE PERCEIVE ECONOMIC DISPARITIES AND SOCIAL MOBILITY



How does ITALY compare?

Across the OECD, most people are concerned about inequality. Concern varies across countries, and is higher where people perceive wide economic disparities, low intergenerational mobility, and that working hard does not suffice to get ahead in life. The more people are concerned about inequality and perceive low social mobility, the higher their demand is for redistribution. However, there may be insufficient support for inequality-reducing policies if people do not agree on policy options or have doubts about the effectiveness of such policies.

Is inequality a concern in Italy?

Italians are concerned about income inequality. In 2019, 93% of population agreed that income disparities were too large – much higher the OECD average of 80% (Figure 1).

While concern in Italy has traditionally been higher than the OECD average, it spiked during the Global Financial Crisis (GFC) of 2007-08 – when almost the entire population agreed or strongly agreed that income disparities were too large and the fraction who strongly agreed reached a peak of 70%. The share who strongly agree inequality is too high almost halved after the GFC, even though the overall level of concern remained high.

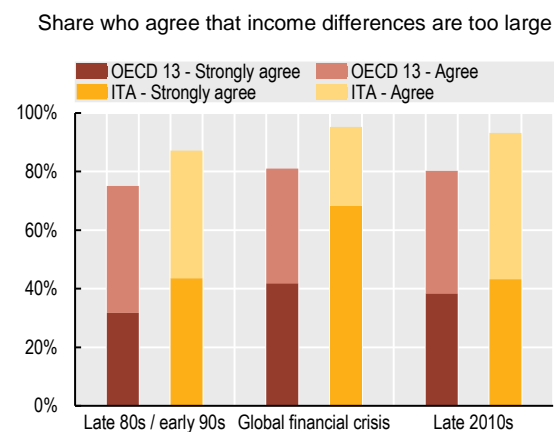
What factors affect the level of concern in Italy?

In Italy, the high level of concern reflects Italians' preference for low inequality and their perception that earnings disparities are large (Figure 2). Indeed, Italians tolerate only about half the level of disparities preferred on average across the OECD.

The lower tolerance of disparities is likely shaped by the limited confidence in the equality of opportunity in Italy. Compared to other countries,

Italians believe more strongly that having wealthy parents is important to get ahead in life, while hard work is not.

Figure 1. Italians are very concerned about inequality

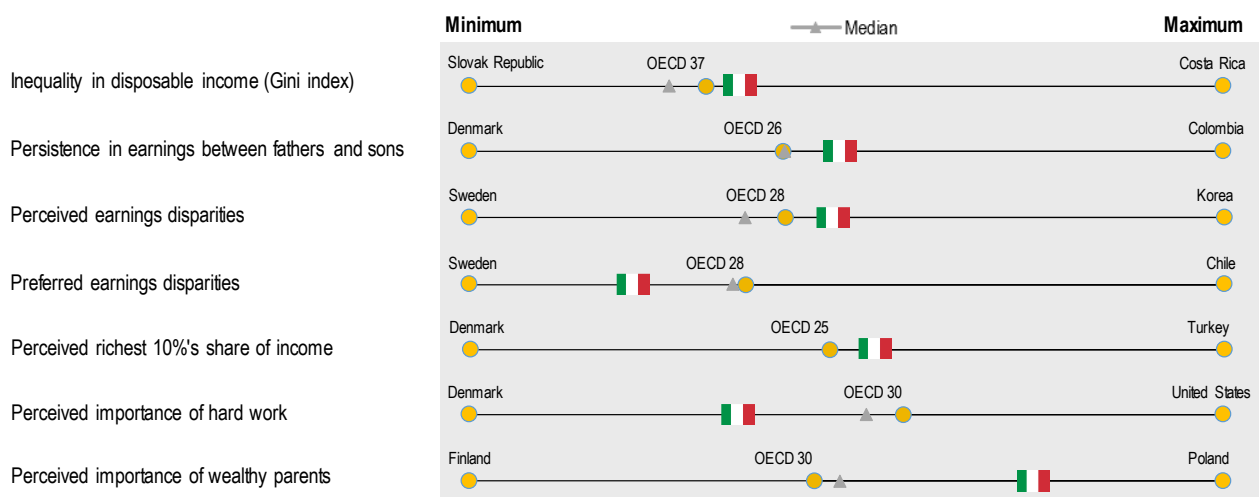


Source: OECD (2021), [Does Inequality Matter?](#), Chapter 2.

The limited confidence in the equality of opportunity accords with the picture described by conventional statistical measures, as a child's earnings is more affected by the parent's earnings than on average in the OECD.

Figure 2. Perceptions about inequality are in line with actual levels in Italy

Actual vs perceived indicators of inequality



Note: The OECD averages refer countries available for each indicator. Conventional statistical indicators refer to the latest available year; for perceived richest 10%'s share of income to 2020; all other data refer to 2009.

Source: OECD Income Distribution Database; OECD (2018), [A Broken Social Elevator?](#); OECD (2021), [Does Inequality Matter?](#), Chapter 2.

Are views on inequality divided in Italy?

Italy has more cohesive views on inequality than many other OECD countries. Almost 30% of people believe that the richest 10% of the population earns 40-60% of the total national income (Figure 3).

Italians are also in agreement with each other that people with low incomes earn too little and high-income earners earn too much. Almost 78% of Italians share this opinion, in contrast to an average of 52% of people across the OECD.

Figure 3. Most people think inequality is high in Italy



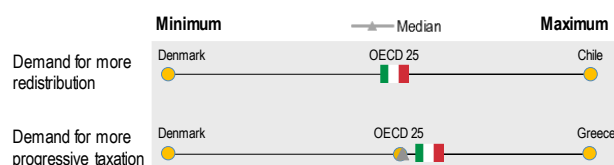
Source: OECD (2021), [Does Inequality Matter?](#), Chapter 4.

How much support is in Italy for inequality-reducing policies?

In Italy, people are more supportive of additional progressive taxation measures than redistribution (Figure 4). Indeed, Italians have demands for more progressive taxation that are slightly above the OECD average.

Italy's current level of redistribution is in line with the OECD average, which may be why Italians are not strongly in favour of additional policy efforts, despite their high level of concern about inequality (Figure 1). Once taxes and transfers are considered, inequality (as measured by the Gini index) falls by 23% in Italy, compared to 25% on average in the OECD.

Figure 4. Demand for more redistribution is in line with the OECD average



Note: Data refer to 2020

Source: OECD (2021), [Does Inequality Matter?](#), Chapter 3.

How can people's perceptions of, and concerns about, inequality inform policy?

Understanding how people form their perceptions and opinions is important for getting citizens and governments on the same page about policies that reduce inequality and promote social mobility. This includes:

Better understanding of public support for reform: Inequality of outcomes and opportunities matter to people, and hence policies should address both aspects. Nonetheless, people may favour specific policy mixes, depending on their beliefs and preferences.

Better understanding of the effectiveness of policies: People favour policies that they believe are effective. It is necessary to evaluate the impact of inequality-reducing policies transparently and facilitate people's understanding of how they function.

Better information on inequality and equality of opportunities: Providing reliable information about inequality can help provide a common ground for public debate and address division and polarisation of public opinion.

Contacts

Any questions? Contact us at: wellbeing@oecd.org

For more information, access the complete report at: <http://oe.cd/does-inequality-matter>