
























4. Economic well-being¹

Over the past year, economic well-being indicators² have mostly improved, with some set-back. Severe material deprivation has fallen (-1.6 percentage points), and so has the very low work intensity and the severe housing deprivation (-0.5 percentage points both). Average disposable income per capita (in nominal terms as of 2017) and financial vulnerability (as of 2016) also show favourable trends. At the same time, there are signs of deterioration for the indicator on the assessment of economic distress while average net wealth per capita is decreasing. Poverty measures are stable: the share of the population in absolute poverty stands at 8.4% and those at risk of poverty at 20.3%.

The mid-term comparison is still unfavourable, with most indicators showing lower levels comparing to 2010 (Table 1).

Table 1. Economic well-being indicators: value for the latest available year. Percentage variations on previous year and on 2010

INDICATOR	Latest available year value	% variation (compared with the previous year)	% variation (compared with 2010)
1. Per capita disposable income (<i>euro, 2017</i>)	18,505		
2. Disposable income inequality (<i>ratio of income shares, 2017</i>)	6.1		
3. People at risk of poverty (% , 2017)	20.3		
4. Per capita net wealth (<i>euro, 2016</i>) (a)	87,451		
5. People living in financially vulnerable households (% <i>households 2016</i>) (a)	2.7		
6. People living in absolute poverty (% , 2018)	8.4		
7. Severe material deprivation rat (% , 2018)	8.5		
8. Severe housing deprivation (% , 2018)	5.0		
9. Index of economic distress (% , 2018)	9.7		
10. Very low work intensity (% , 2018)	11.3		

— Comparison not available  Improvement  Stability  Deterioration

(a) Previous year = 2014

Note: variations between two points in time above 1% are considered positive (in green), below -1% are considered negative (in red). Variations between -1 and +1% refer to stability (in grey).

The indicators show a strong heterogeneity by region. The average disposable income per capita, a measure that does not take into account territorial differentials in price levels, in 2017 amounted to €24,968 per capita in Bolzano, almost double the average per capita income received in Calabria (€12,656). Compared to the national average (€18,505) the two regions differ by +34.9% (Bolzano) and -31.6% (Calabria) respectively.

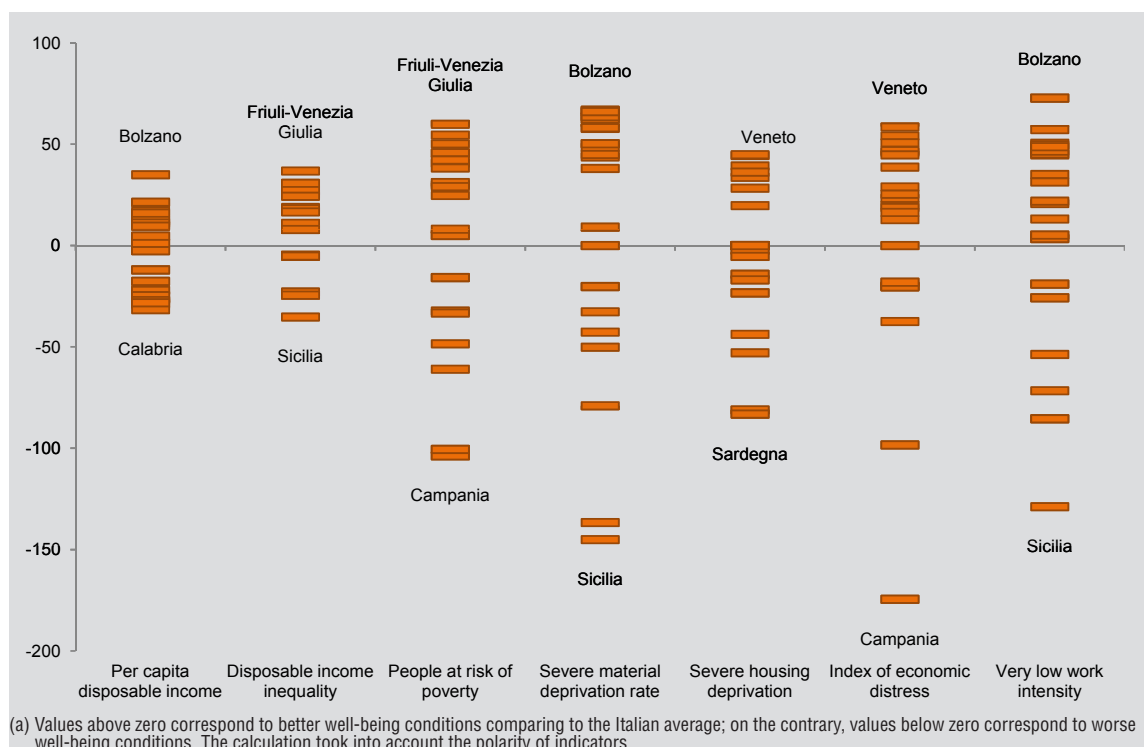
The southern and northern regions show wider disparities for indicators of severe material deprivation, index of economic distress, very low work intensity and risk of poverty. Campania and Sicilia are often in the most disadvantaged positions and significantly far from the

¹ This chapter was edited by Barbara Baldazzi with contributions from: Stefania Cuicchio, Valeria de Martino, Daniela Lo Castro, Isabella Siciliani.

² See definitions at the end of this chapter.

Italian average. Severe material deprivation is about 20% in Campania and Sicilia, more than double the Italian average (8.5%); 26.7% of people in Campania report difficulties in reaching the end of the month, almost three times the national average (9.7%). One out of every four people aged 0 - 59 in Sicilia and one out of every five in Campania live in households with a very low work intensity compared to 11.3% of the Italian average; about 40% of the population in Campania and Sicilia is at risk of income poverty compared to the average 20.3%. The regions in the Centre-North are usually above the national average, with the province of Bolzano, Veneto and Friuli-Venezia Giulia recording the highest values.

Figure 1. Percentage variation for Economic well-being indicators comparing to the value for Italy by region. Latest available year (a)



International comparison

In 2018, the adjusted gross disposable income per capita of total households amounted to €22,658; if expressed in Purchasing Power Equality (PPP), so as to eliminate the effect of price level differences, it amounts to 22,341 PPPs, a value 2.2% lower than the European average (22,850 PPPs) and 7.7% lower than the euro area average (24,204 PPPs).

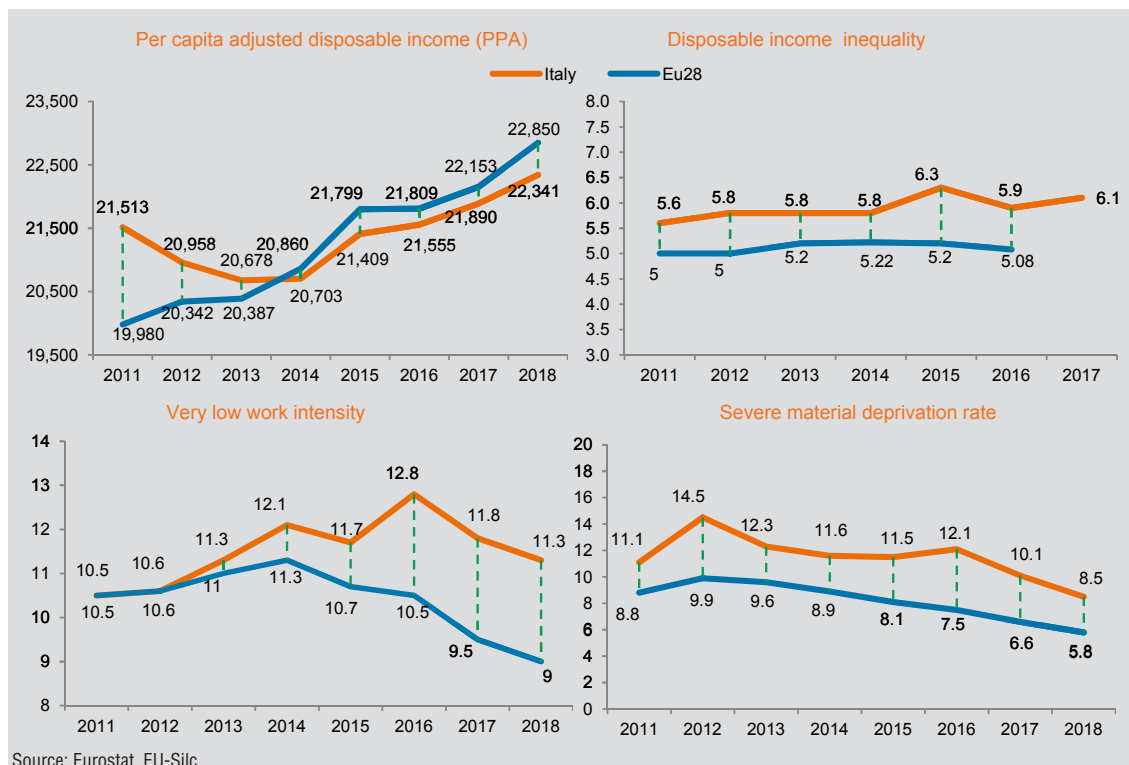
Between 2012 and 2017, the ratio between the total income held by the 20% of the population with the highest incomes and that held by the 20% of the population with the lowest incomes ranges between 5.8 and 6.3, higher than the European average (which ranges between 5 and 5.2). With regard to individual countries, inequality is highest in Bulgaria, Lithuania and Romania. In 2017, income inequality in Italy increased compared to the previous year (from 5.9 to 6.1).

In 2018, the share of people experiencing severe material deprivation, which according to Eurostat methodology occurs when four or more symptoms of economic distress occur

over the list of nine considered, drops to 8.5% (it was 10.1% in 2017), still about 2.7 percentage points above the European average. The highest values are observed in Bulgaria (20.9%), Romania (16.8%) and Greece (16.7%).

The very low work intensity indicator, which describes the difficulty of entering and remaining in the labour market, continues to decrease. In 2017, 11.3% of people aged 0-59 live in households with members who worked for less than 20% of their potential in the previous year. Higher shares are recorded only in Greece (14.6%) and Belgium (12.1%).

Figure 2. Selected indicators of Economic well-being in Italy and in the Eu28. Years 2011-2018 (Euro, income ratio, percentage values)



Source: Eurostat, EU-Silc

Analysis of national data

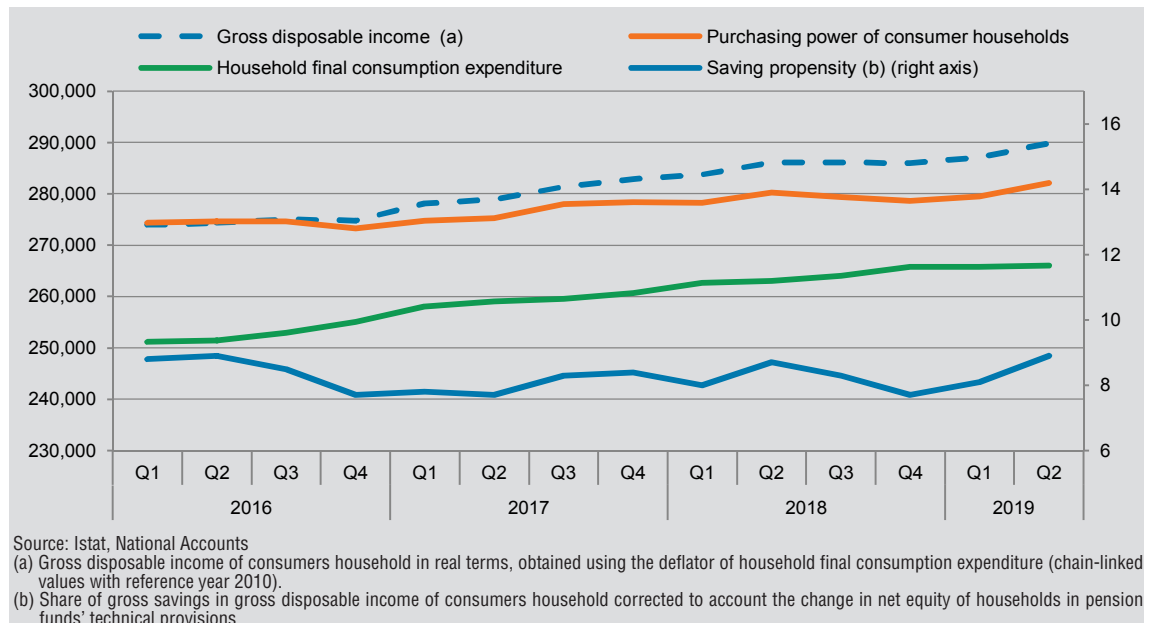
Nominal income, purchasing power and final consumption expenditure are increasing

In 2018 in Italy, the gross disposable income of consumer households increased by 1.9% compared to the previous year: in per capita terms, taking into account the resident population, the growth was 1.7% (€19,298³ per capita in 2018). Purchasing power also increased, i.e. disposable income in real terms (+0.9% compared to 2017). The nominal trend in consumers' expenditures (+1.8%) is in line with that of disposable income, with a propensity to save equal to 8.2% (it was 8.1% in 2017, Figure 3).

³ Gross disposable income per capita is calculated as the ratio between the sum of income of consumer households (which amounts to 1,142,093 million euros in 2018) and income of producer households (which amounts to 23,914 million euros in 2018) divided by the resident population.

In the first half of 2019, the positive signals continue but the intensity is attenuating: income grows by 1.2% compared to the first half of 2018, purchasing power by 0.6%, and final consumers expenditures by 1.2%, with a stable propensity to save (8.5%, it was 8.4%).

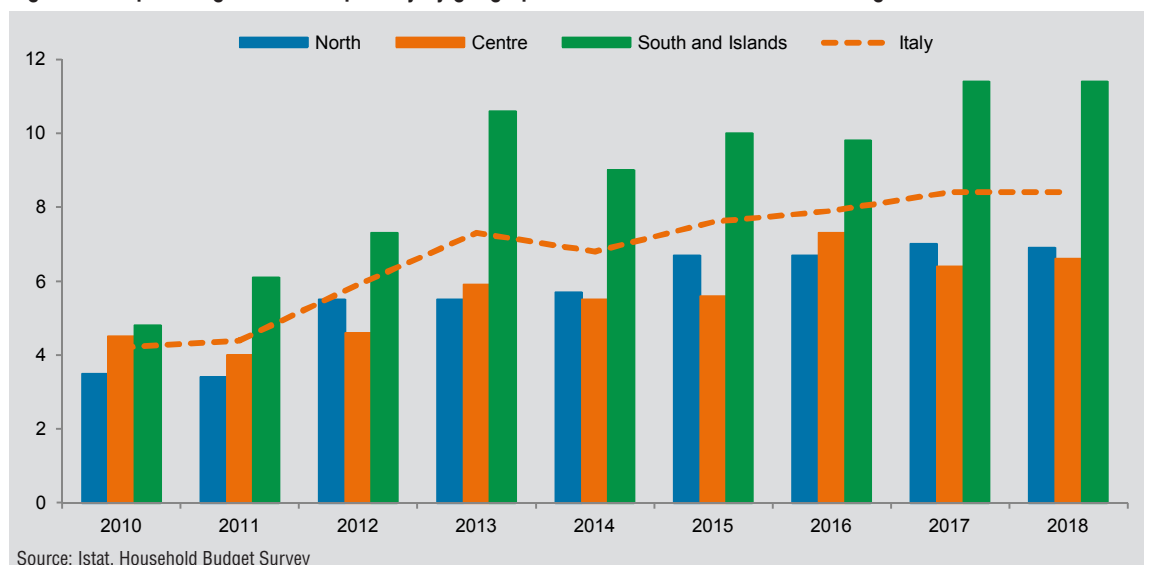
Figure 3. Gross disposable income, purchasing power, final consumption expenditure and propensity to save of consumer households. Years 2016-2019. Seasonally adjusted quarterly values in millions of euros and percentages



Stable the share of population in absolute poverty

In 2018, it is estimated that more than 1.8 million households are in absolute poverty, with an incidence of 7.0%, for a total number of 5 million individuals (8.4% of the total). After three years, the growth in the number and share of households in absolute poverty in all geographic areas halted. The incidence of individual poverty is 11.4% in the South and

Figure 4. People living in absolute poverty by geographic area. Years 2012-2018. Percentage values



Islands, while in northern and central Italy it is significantly lower and equal to 6.9 and 6.6% respectively. The largest number of poor people, over 2.350 thousand, live in the regions of the South and Islands (46.7%), while 37.6% live in the regions of the North, about 1.900 thousand individuals.

The disadvantage for the South and Islands of Italy remains and in some cases widens

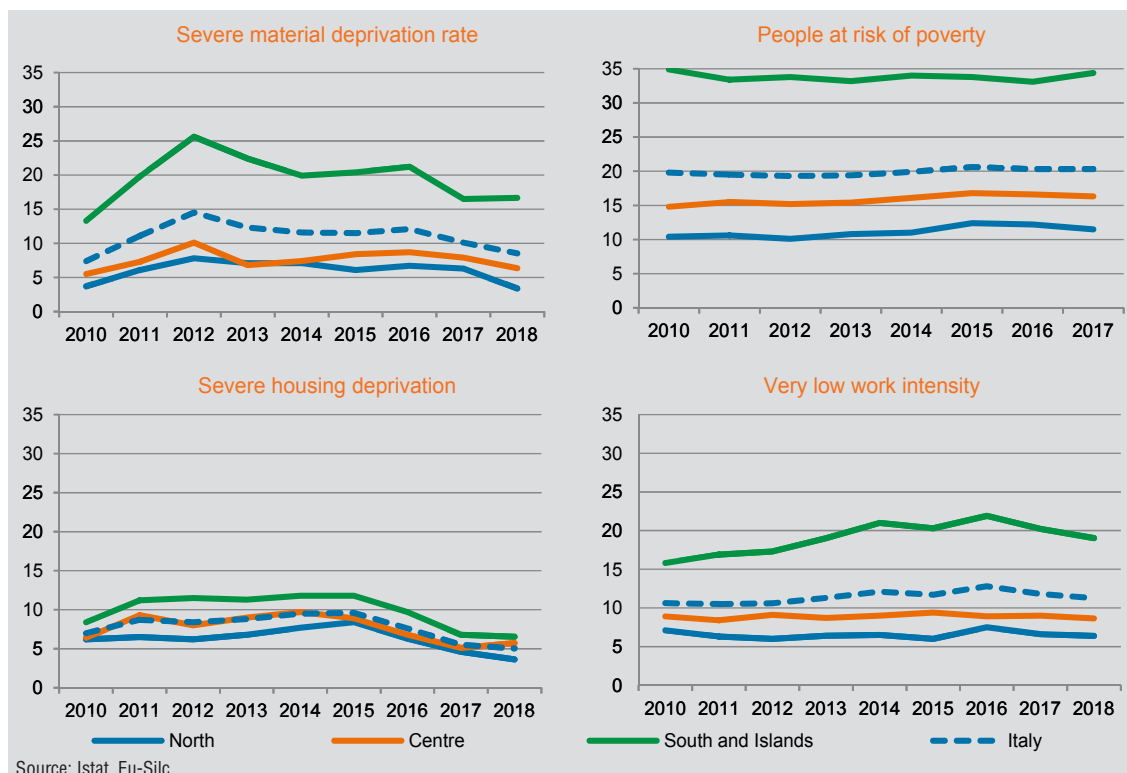
Income data, referring to 2017, show a substantial stability in the share of Italian residents at risk of poverty (20.3% as in the previous year). While in the North 11.5% of individuals are at risk of poverty (-0.7 percentage points compared to 2016), in the Centre the share is 16.3% (-0.3 compared to 2016) and in the South and Islands it reaches the highest incidence, 34.4%, with a further increase compared to 2016 (+1.3 percentage points).

The indicators referring to severe material and housing deprivation and very low work intensity improve. The share of people in severe material deprivation in the North (3.4%, almost halved compared to 2017) and in the Centre decreases (6.4%, -1.5 percentage points) while it remains at the same levels as the previous year in the South and Islands (around 16%).

The difference by territorial areas is large also for the proportion of people living in households where people of working age have worked less than 20% of their potential: in 2018, in the South and Islands they are 19% (-1.2 percentage points); in the Centre 8.6% and in the North 6.4% with no significant variation.

The territorial divide is less marked for the indicator of severe housing deprivation, which concerns 3.6% of the population in the North (it was 4.6% in 2017); 5.7% in the Centre (slightly up, +0.6 points) and 6.5% in the South and Islands (-0.3 points).

Figure 5. Selected Economic well-being indicators by geographic area. Years 2010-2018. Percentage values

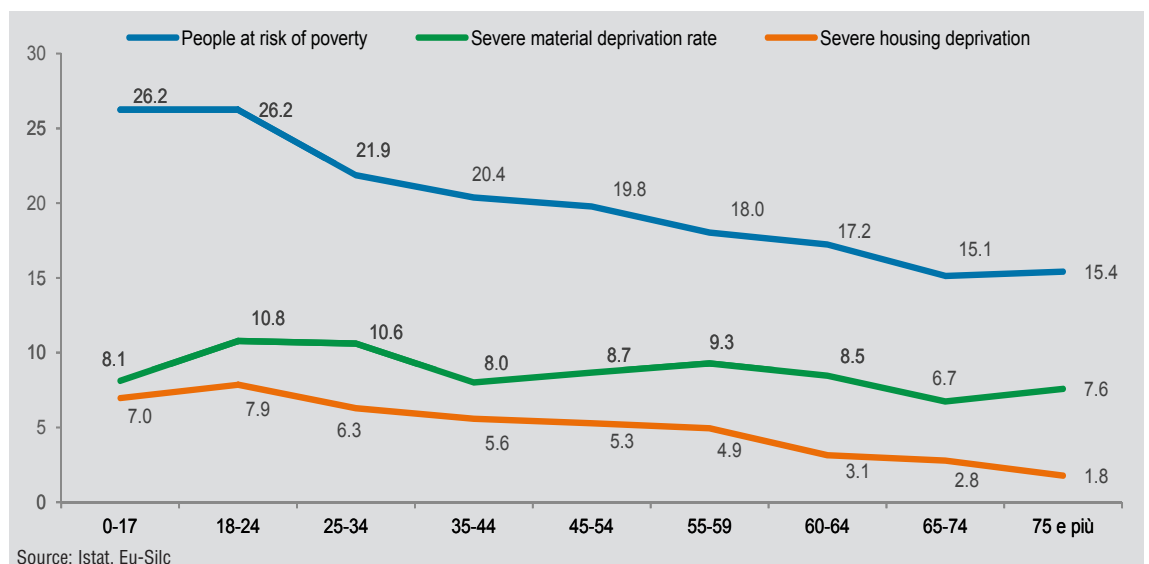


Source: Istat, Eu-Silc

Increased risk of poverty and deprivation for young people and children

All indicators of poverty and deprivation are worse for the younger age groups: 26.2% of children and young people aged 0-24 are at risk of income poverty, compared to 15% among the elderly aged 65 and over; severe housing deprivation affects about 8% of young people aged 18-24, just under 2% of the elderly aged 75 and over. Severe material deprivation is more homogeneous (just over 10% between 18 and 34 years and 7.6% among those aged 75 and over). Although the risk of poverty and severe housing deprivation show a decreasing trend with age, severe material deprivation is also high in the age groups which should be matched by stable and remunerative employment (35-65 year-olds).

Figure 6. Selected indicators of Economic well-being by age group. Year 2018. Percentage values



High levels of education reduce the risk of poverty

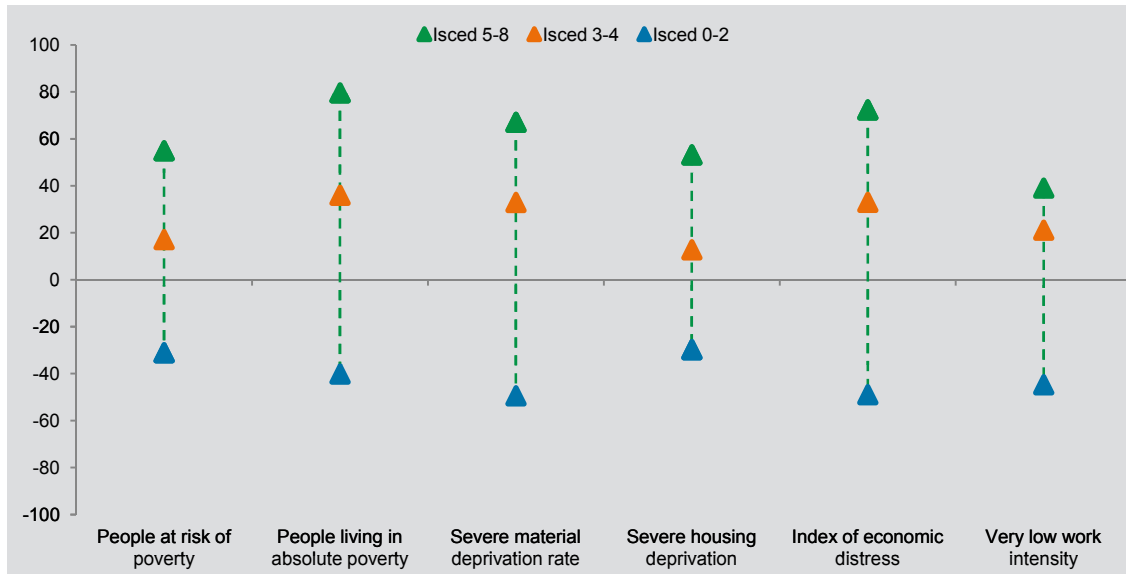
A higher level of education is an element of protection against poverty, disadvantage or deprivation. All indicators of poverty and deprivation get worse among those with the lowest educational attainment: one out of four people with low educational attainment (Isced 0-2) is at risk of income poverty, 11.8% are in absolute poverty, 12.7% live in severe material deprivation and 6.1% in severe housing deprivation, 17.8% live in very low work intensity households and 14% have great difficulty reaching the end of the month.

Compared to the Italian average, the mere achievement of an upper secondary school diploma is also protective: 16% are at risk of poverty, 5.4% are in absolute poverty, 5.7% live in conditions of severe material deprivation and 4.1% in severe housing deprivation, 9.7% live in families with very low work intensity and 6.3% say they reach the end of the month with great difficulty.

Levels of poverty and deprivation are even lower among those who have a higher education qualification with percentages of people living in poverty well below 10%. In fact, only 1.7% are in absolute poverty, 9.7% at risk of income poverty, 2.8% in severe material deprivation and 2.2% in severe housing deprivation; consequently, the great economic difficulty concerns only 2.6%, while the very low work intensity is 7.5%.

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Figure 7. Percentage variation for some Economic well-being indicators comparing to the value for Italy by level of education. Latest available year (a) (b)



Source: Istat, Eu-Silc

(a) Low level of education: Isced 0-2; Medium level of education: Isced 3-4; High level of education: Isced 5-8.

(b) Values above zero correspond to better well-being conditions comparing to the Italian average; on the contrary, values below zero correspond to worse well-being conditions. The calculation took into account the polarity of indicators.

Indicators

- 1. Per capita disposable income:** Ratio between disposable income of consumer households and the total number of residents (in euros).
Source: Istat, National Accounts
- 2. Disposable income inequality:** Ratio of total equivalised income received by the 20% of the population with the highest income to that received by the 20% of the population with the lowest income.
Source: Istat, Eu-Silc
- 3. People at risk of poverty:** Percentage of persons at risk of poverty, with an equivalised income less than or equal to 60% of the median equivalised income.
Source: Istat, Eu-Silc
- 4. Per capita net wealth:** Ratio of total net wealth of households to the total number of residents.
Source: Bank of Italy, Financial accounts and household wealth (SHIW)
- 5. People living in financially vulnerable households:** Percentage of households with debt service greater than 30% of disposable income on total resident households.
Source: Bank of Italy, Financial accounts and household wealth (SHIW)
- 6. People living in absolute poverty:** Proportion of individuals belonging to households with an overall consumption expenditure equal or below the threshold of absolute poverty.
Source: Istat, Household Budget Survey
- 7. Severe material deprivation rate:** Share of population living in households lacking at least 4 items out of the following 9 items: i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses (of 800 euros, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, or could not afford) vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone.
Source: Istat, Eu-Silc
- 8. Severe housing deprivation:** Share of population living in a dwelling which is considered as overcrowded, while also exhibiting at least one of the housing deprivation measures. Housing deprivation is calculated by reference to households with a leaking roof, neither a bath, nor a shower, nor an indoor flushing toilet, or a dwelling considered too dark.
Source: Istat, Eu-Silc
- 9. Index of economic distress:** Share of individuals in households that, considering all the available income, declare to get to the end of the month with great difficulty.
Source: Istat, Eu-Silc
- 10. Very low work intensity:** Proportion of people 0-59 living in households in which, in the previous year, household members of working age (person aged 18-59 years, excluding students aged 18-24) worked less than 20% of the number of months that could theoretically have been worked by the same household members (excluding households with only minors, students aged less than 25 and persons aged 60 and over).
Source: Istat, Eu-Silc

Indicators by region and geographic area

REGIONS AND GEOGRAPHIC AREAS	Per capita disposable income (a)	Disposable income inequality	People at risk of poverty (b)	Per capita net wealth (a)
	2017	2017 (*)	2017 (*)	2016
Piemonte	20,727	4.9	14.2	....
Valle d'Aosta/Vallée d'Aoste	20,901	4.2	12.0	....
Liguria	21,639	5.6	14.0	....
Lombardia	22,419	5.0	11.1	....
Trentino-Alto Adige/Südtirol	23,193	4.9	12.3	....
<i>Bolzano/Bozen</i>	<i>24,968</i>	<i>4.2</i>	<i>9.2</i>	....
<i>Trento</i>	<i>21,463</i>	<i>5.4</i>	<i>15.3</i>	....
Veneto	20,350	4.6	11.0	....
Friuli-Venezia Giulia	20,563	3.8	8.2	....
Emilia-Romagna	22,463	4.5	10.1	....
Toscana	20,275	5.0	14.4	....
Umbria	18,038	4.4	12.5	....
Marche	18,722	4.4	11.7	....
Lazio	19,366	6.4	19.3	....
Abruzzo	16,284	4.6	18.7	....
Molise	14,416	5.1	23.5	....
Campania	13,153	7.5	41.4	....
Puglia	13,932	5.6	26.8	....
Basilicata	13,483	6.4	30.1	....
Calabria	12,656	7.6	32.7	....
Sicilia	13,286	8.2	40.7	....
Sardegna	15,240	6.4	27.1	....
North	21,690	4.9	11.5	104,892
Centre	19,468	5.5	16.3	102,924
South and Islands	13,684	7.0	34.4	55,603
Italy	18,505	6.1	20.3	87,451

(a) In Euro;

(b) Per 100 persons;

(c) Per 100 households;

(d) For Valle d'Aosta, Trentino Alto Adige, Bolzano and Molise statistically not very significant data, because it corresponds to a sample size between 20 and 49 units;

(e) For Bolzano, Trento, Molise and Basilicata, statistically not very significant data because it corresponds to a sample size between 20 and 49 units;

(f) Percentage of people in families who manage to reach the end of the month with great difficulty;

(g) For Bolzano and Molise, statistically not very significant data, because it corresponds to a sample size between 20 and 49 units;

(h) For Bolzano, Valle d'Aosta and Molise, statistically not very significant data, because it corresponds to a sample number between 20 and 49 units;

(*) The indicator refers to the year of achievement of income (t) and not to the survey year (t+1).

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People living in financially vulnerable households (c)	People living in absolute poverty (b)	Severe material deprivation rate (b) (d)	Severe housing deprivation (b) (e)	Index of economic distress (f) (g)	Very low work intensity (b) (h)
2016	2018	2018	2018	2018	2018
....	4.2	3.3	8.5	8.9
....	3.2	..	6.9	5.6
....	4.4	3.1	4.5	7.3
....	3.1	4.1	7.8	6.2
....	2.2	6.2	3.6	5.3
....	2.8	7.3	6.0	3.1
....	5.2	..	7.7
....	3.6	2.8	4.0	4.8
....	3.6	3.2	11.7	5.7
....	2.9	3.6	5.2	6.2
....	5.3	2.8	4.8	6.0
....	4.2	5.8	7.4	8.8
....	4.8	5.2	5.2	5.8
....	7.8	7.7	7.3	10.9
....	11.3	9.1	7.9	10.7
....	4.7	2.0	5.4	9.8
....	20.2	7.3	26.7	20.9
....	12.8	5.9	11.7	13.4
....	12.2	4.6	13.4	17.3
....	15.3	6.2	8.1	14.2
....	20.9	5.3	11.5	25.8
....	10.3	9.2	19.3	19.3
3.1	6.9	3.4	3.6	6.6	6.4
2.3	6.6	6.4	5.7	6.2	8.6
2.3	11.4	16.7	6.5	15.8	19.0
2.7	8.4	8.5	5.0	9.7	11.3