

4. Economic well-being¹

The indicators related to Economic well-being show different and not always consistent trends. The Italian economy grows strongly in 2022, but less than in 2021. The growth in productive activity, with a 3.7% increase in GDP in volume terms, is accompanied by an expansion in labour input and employees compensation. In 2022, gross disposable income per capita is 9.0% higher than in 2019 (the year taken as a reference for the pre-COVID situation), exceeding the pre-crisis level. In 2020, a year characterised by a severe economic crisis (GDP falls by 9.0% compared to 2019), average annual net wealth per capita falls by 11.3% compared to 2010 (from 103,654 euro in 2010 to 91,896 euro in 2020) (Table 1). The economic and labour market difficulties lead to an increase in the individual incidence of absolute poverty to a maximum of 9.4% in 2020 and 2021, which is 1.7 percentage points higher than in the pre-pandemic year (7.7% in 2019) and 5.2 percentage points higher than in 2010 (4.2%). As a consequence of the pandemic, the net income inequality index also increases slightly in 2020 compared to the previous year (5.8, compared to 5.7 in 2019): this worsening was limited by the support measures introduced (emergency transfers and citizenship income), without which the inequality index would have been 6.9, much higher than the observed value. Despite the fact that, in the first year of the COVID-19 pandemic, household income fell again compared to the previous year, both in nominal (-0.9%) and in real terms (-0.8%), the at-risk-of-poverty rate remains broadly stable at 20.1% compared to the previous two years. The housing cost overburden indicator also remains stable, with 7.2 per cent of the population experiencing a severe burden. The pandemic significantly changes the way households perceive their situation, to the extent that it reverses the positive trend recorded in previous years for some indicators. The proportion of those who say their economic situation has worsened compared to the previous year, which was 25.8% before the crisis, increases in the two years of the pandemic and continues to rise, reaching 35.1% in 2022, an unprecedented level. A similar trend is observed for the share of people reporting great difficulty in making ends meet, rising from 8.2% in 2019 to 9.1% in 2021, but also for the share of people living in households with severe housing deprivation, rising from 5.0% in 2019 to 5.9% in 2021. In the years before the pandemic crisis, the share of people living in low work intensity households (with members aged 18-59 working less than a fifth of the time) falls: the indicator shows a positive trend, falling from 12.8% in 2016 to 10.0% in 2019. In 2020, the positive trend stops and the percentage of people living in this situation increases to 11.0% in 2020 and 11.7% in 2021. Severe material deprivation presents a seemingly contradictory trend to the economic picture described so far. Indeed, in the two years of the pandemic, the positive trend that has seen the proportion of people in this situation fall since 2016 continues. This dynamic is mainly a consequence of the evolution of two of the nine deprivation items covered by the indicator: the share of those who report that they cannot afford to take a week's holiday a year for economic reasons and the share of those who report that they cannot afford an unexpected expense of 850 euro has fallen significantly. The reason for the improvement in these two items is the strong increase in the propensity to save, which, having reduced their consumption as a precautionary measure during the COVID-19 induced recession, allowed them to count on an extra sum to cover sudden needs or to go on holiday if they so wished. In other words, at an aggregate level, the value of these indicators represents the synthesis between the worsening economic situation of the most vulnerable groups and the consumption behaviour of those households that managed to save more than usual in a period of uncertainty and concern about the future.

¹ This chapter was edited by Clodia Delle Fratte and Francesca Lariccia, with contributions from Barbara Baldazzi, Claudia Cicconi, Stefania Cuicchio, Daniela Lo Castro, Alessandro Brunetti and Carmela Squarcio.

Table 1. Economic well-being indicators: value for the latest available year and percentage changes for different periods

Indicators	Starting year	Latest available year	Latest available year value	Percentage changes			
				2019 compared with starting year	2021 compared with 2019	2022 compared with 2021	2022 compared with 2019
Gross disposable income per capita (absolute values)	2010	2021	19,753	●	●	-	-
Disposable income inequality (s80/s20) (absolute values) (a)	2010	2020	5.9	●	●	-	-
People at risk of poverty (%)	2010	2021	20.1	●	●	-	-
Per capita net wealth (absolute values) (b)	2010	2020	91,773	●	-	-	-
Absolute poverty (incidence) (%)	2010	2021	9.4	●	●	-	-
Severe material deprivation rate (%)	2010	2021	5.6	●	●	-	-
Severe housing deprivation (%)	2010	2021	5.9	●	●	-	-
Great difficulty in making ends meet (%)	2010	2021	9.1	●	●	-	-
Very low work intensity (%)	2010	2021	11.7	●	●	-	-
Economic situation of the household (%)	2016	2022	35.1	●	●	●	●
Housing cost overburden rate (%)	2010	2021	7.2	●	●	-	-

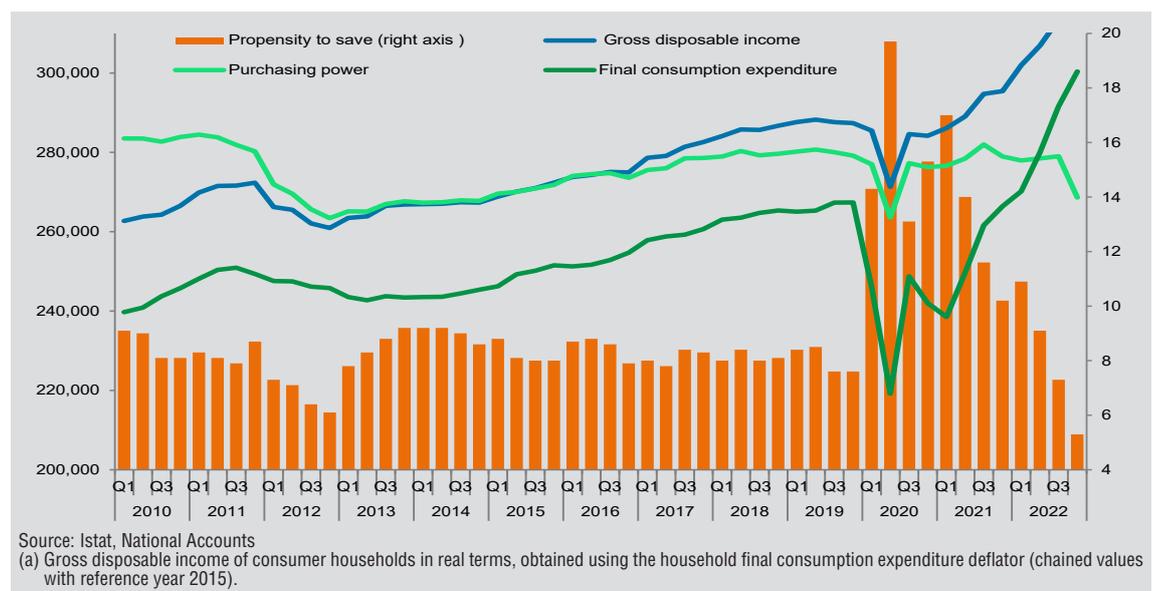
● Better ● Worse ● Stable - Not available

(a) Year 2021 not available. Changes calculated between 2019 and 2020.
(b) Year 2019 not available. Changes calculated between 2010 and 2020.
Note: If the relative change between the two years exceeds 1% it is considered positive (green), if it is lower than -1% it is considered negative (red). In the range -1 and +1% the change is considered stable (yellow). The polarity of the indicator was taken into account when calculating the changes to consider the improvement or worsening in terms of well-being.

Rise in disposable income and final consumption expenditure reinforces the downward trend in the propensity to save

In 2022, the gross disposable income of consumer households increased compared to the previous year (Figure 1). The strong increase in final consumption expenditure reinforced the downward trend in the propensity to save, which fell to a level lower than in the pre-pandemic period.

Figure 1. Propensity to save (right-hand scale), gross disposable income, purchasing power (a), final consumption expenditure of consumer households. Years 2010-2022. Seasonally adjusted data in millions of euro and percentage values



Rising wealth level

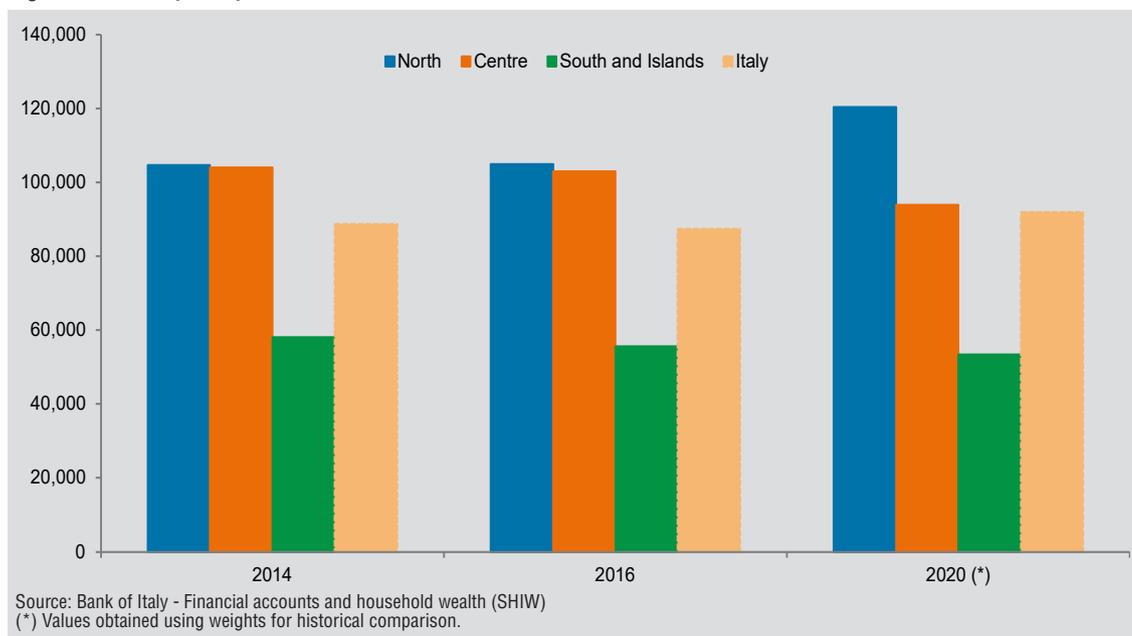
Average net wealth increases between 2016 and 2020, mainly due to the financial component, supported by both savings growth and higher asset values (Figure 2). The amount of average annual net wealth per capita is 91,896 euro (it was 87,451 in 2016). The

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gap is widening between the South, where wealth is still falling (-4.0%), at 53,369 euro per capita, and the North, where it is increasing (120,340 euro).

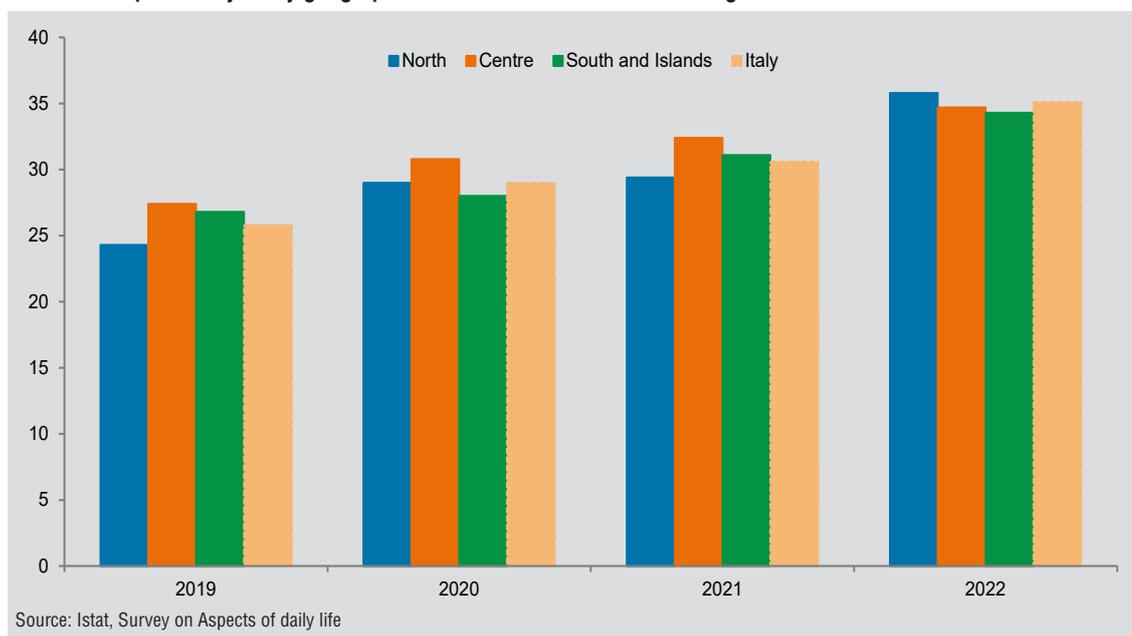
Figure 2. Median per capita net wealth. Years 2014, 2016, 2020. Data in euro



Perception of the economic situation still worsening in 2022

The pandemic significantly changes the way households perceive their economic situation, reversing the positive trend recorded in previous years for some indicators. The proportion of those who say their economic situation has worsened compared to the previous year, equivalent to 25.8% in 2019, rises in the two years of the pandemic and continues to rise in 2022, reaching 35.1%, an unprecedented level (Figure 3).

Figure 3. Households reporting that the household economic situation has worsened or worsened a lot compared to the previous year by geographic area. Years 2019-2022. Percentage values

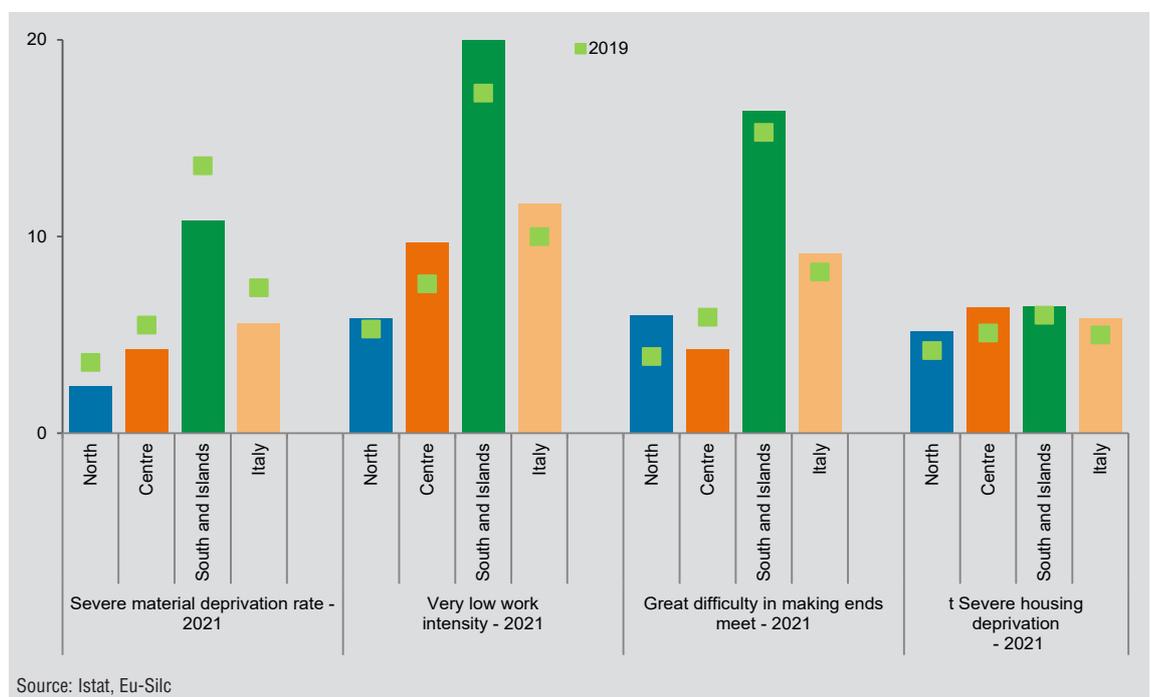


Most non-monetary indicators of living conditions worsen in 2021, high income inequality persists

In the years preceding the pandemic crisis, the share of persons living in low work intensity households (i.e. with members aged 18-59 who worked less than a fifth of the time) decreases, so that the indicator falls to 10.0% in 2019. In 2020, the positive trend stops and the share of persons in this situation rises to 11.0% and continues to rise in 2021 (11.7%).

A similar trend is observed for the share of people who say they have great difficulty in making ends meet, rising from 8.2% in 2019 to 9.1% in 2021 (Figure 4).

Figure 4. Non-monetary indicators of living conditions by geographic area. Years 2019 and 2021. Percentage values

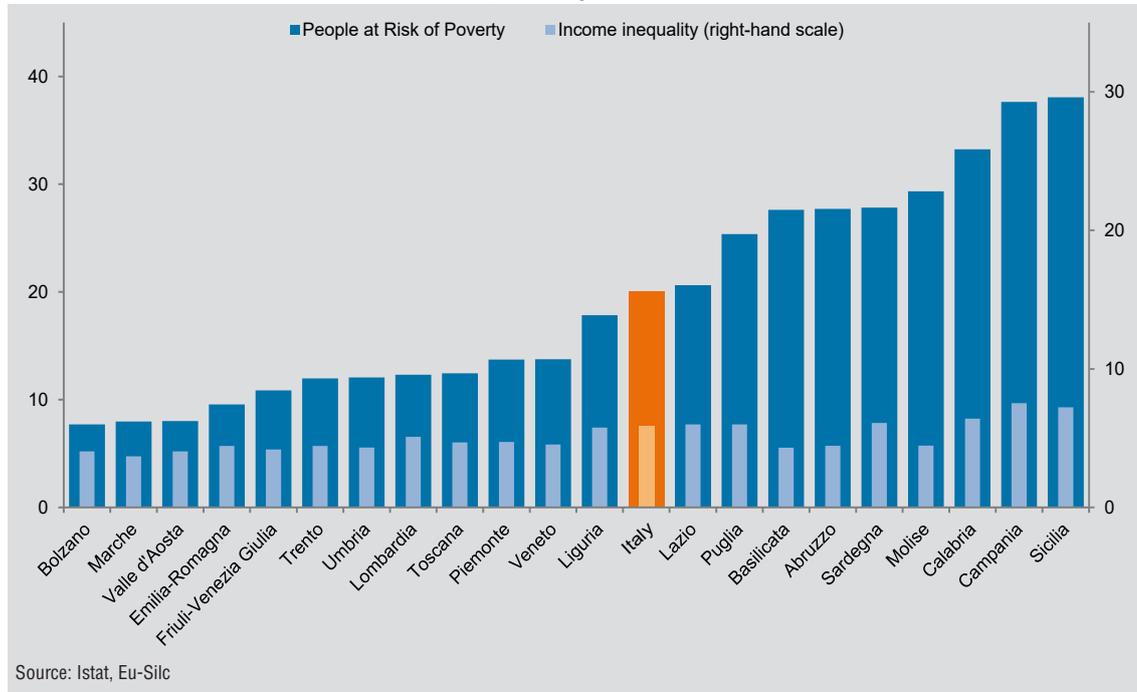


The net income inequality index increased slightly in 2020 compared to the previous year (5.9 compared to 5.7 in 2019) (Figure 5). The value recorded is the effect of the support measures introduced at the start of the pandemic (emergency transfers and citizenship income); without the support measures introduced, the estimated inequality index would have been 6.9.

The at-risk-of-poverty rate remains broadly stable compared to 2019, at 20.1%. In 2020, the housing cost overburden indicator also remains stable, representing a severe burden for 7.2% of the population.

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Figure 5. Income inequality (a) (right-hand scale) and people at risk of poverty by region. 2021 Survey year - 2020 Incomes. Ratio of S80/S20 incomes and percentage values

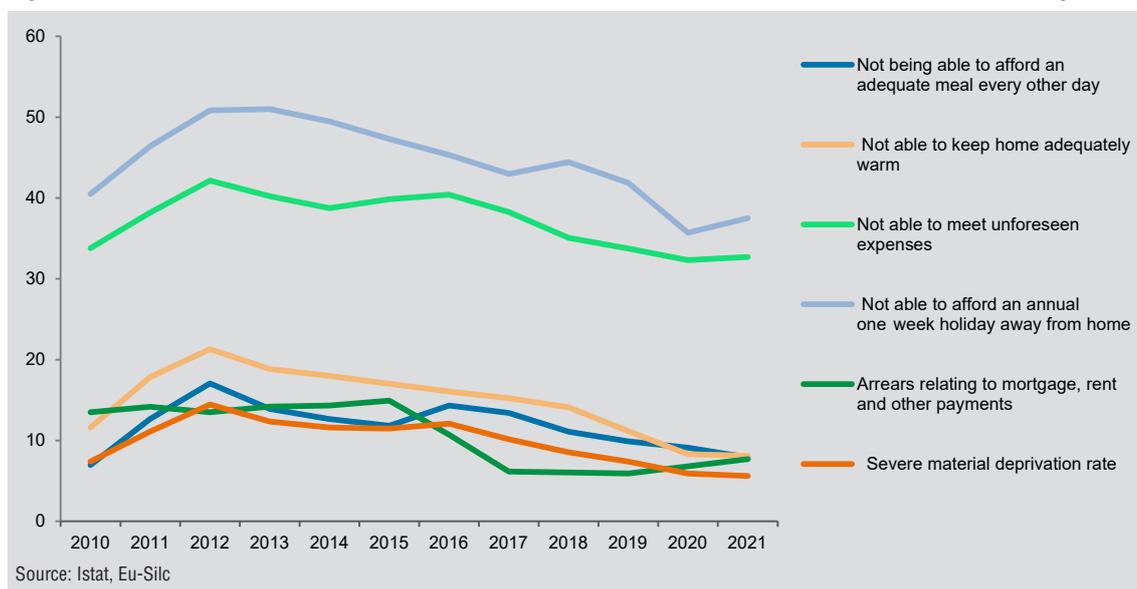


Housing conditions and material deprivation

In 2021, the positive trend of a decrease since 2016 in the proportion of people living in conditions of severe material deprivation (5.6%), i.e. having at least four of the nine symptoms of deprivation covered by the indicator, will continue (Figure 6).

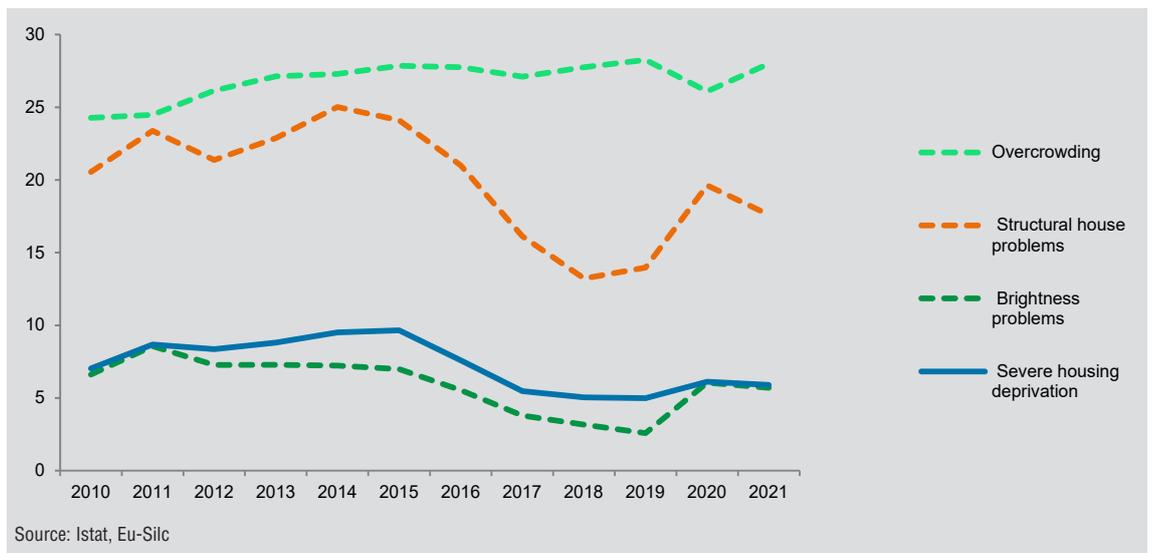
In particular, the proportions reporting that they could not afford one week's holiday a year for economic reasons and those living in households that could not meet an unexpected expense of 850 euro have increased slightly compared with 2020, the year in which both indicators reached their lowest levels over the last decade (+1.8 and +0.4 percentage points respectively).

Figure 6. People with severe material deprivation and specific deprivation conditions. Years 2010-2021. Percentage values



In 2021, the percentage of people living in severe housing deprivation, i.e. in overcrowded² dwellings or in dwellings lacking certain services and with structural problems (ceilings, fixtures, etc.), is 5.9%, slightly lower than in 2020 but still higher than in 2019 (Figure 7). Indeed, the component of the indicator that detects the presence of structural problems in the dwelling decreases, affecting 17.6% of the population in 2021. However, the overcrowding indicator remains at a high level, increasing by 1.9 percentage points (from 26.1% in 2020 to 28.0% in 2021).

Figure 7. People with severe housing deprivation and specific deprivation conditions. Years 2010-2021. Percentage values



² According to the methodology currently used by Eurostat, a dwelling is considered overcrowded when it does not have a minimum number of rooms equal to: - one room for the household; - one room for each couple; - one room for each member aged 18 and over; - one room for every two members of the same gender aged between 12 and 17; - one room for every two members up to 11, regardless of gender.

Indicators

- 1. Gross disposable income per capita:** Ratio between gross disposable income of consumer households and the total number of residents (current prices).
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:** Share of population 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. Absolute poverty (incidence):** Ratio of people belonging to households with total consumption expenditure equal to or below the absolute poverty threshold value and total resident people.
Source: Istat - Household Budget Survey.
- 6. 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 850 euros from 2020 survey), iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home vi) a colour TV, vii) a washing machine, viii) a car, or ix) a telephone.
Source: Istat - Eu-Silc.
- 7. 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.
- 8. Great difficulty in making ends meet:** 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.
- 9. 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.
- 10. Housing cost overburden rate:** Share of population living in households where the total housing costs represent more than 40% of disposable income.
Source: Istat - Eu-Silc.
- 11. Economic situation of the household:** Households reporting that their economic situation has worsened or worsened a lot compared to the previous year.
Source: Istat - Aspects of daily life.

Indicators by region and geographic area

REGIONS GEOGRAPHIC AREAS	Gross disposable income per capita (a)	Disposable income inequality	People at risk of poverty (b)	Per capita net wealth (a)	Absolute poverty (incidence) (b)
	2021	2020 (*)	2021 (**)	2020	2021
Piemonte	21,729	4.7	13.7	....	....
Valle d'Aosta/Vallée d'Aoste	21,593	4.0	8.0	....	....
Liguria	22,348	5.8	17.8	....	....
Lombardia	23,862	5.1	12.3	....	....
Trentino-Alto Adige/Südtirol	24,324	4.1	9.8	....	....
<i>Bolzano/Bozen</i>	<i>26,296</i>	<i>4.0</i>	<i>7.7</i>	....	....
<i>Trento</i>	<i>22,381</i>	<i>4.4</i>	<i>12.0</i>	....	....
Veneto	21,000	4.5	13.7	....	....
Friuli-Venezia Giulia	21,625	4.2	10.9	....	....
Emilia-Romagna	23,288	4.4	9.6	....	....
Toscana	20,747	4.7	12.4	....	....
Umbria	19,278	4.3	12.1	....	....
Marche	19,623	3.7	8.0	....	....
Lazio	21,001	6.0	20.6	....	....
Abruzzo	17,071	4.5	27.7	....	....
Molise	15,742	4.5	29.3	....	....
Campania	14,513	7.5	37.6	....	....
Puglia	15,392	6.0	25.4	....	....
Basilicata	15,732	4.3	27.6	....	....
Calabria	14,108	6.4	33.2	....	....
Sicilia	14,764	7.2	38.1	....	....
Sardegna	16,859	6.1	27.8	....	....
Noth	22,757	4.9	12.5	120,340	8.2
North-west	23,126	5.2	13.2	....	8.0
North-east	22,251	4.5	11.5	....	8.6
Centre	20,620	5.2	15.8	93,886	7.3
South and Islands	15,111	6.5	33.1	53,369	12.1
South	15,030	6.4	32.0	....	13.2
Islands	15,282	7.0	35.5	....	9.9
Italy	19,753	5.9	20.1	91,896	9.4

(a) In euro;

(b) Per 100 persons;

(c) Data for Valle d'Aosta statistically not very significant, because it corresponds to a sample size between 20 and 49 units;

(d) Data for Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Umbria and Basilicata statistically not very significant, because it corresponds to a sample size between 20 and 49 units;

(e) Data for Valle d'Aosta, province of Trento of Bolzano, Friuli-Venezia Giulia, Basilicata and Calabria statistically not very significant, 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;

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Severe material deprivation rate (b) (d)	Severe housing deprivation (b) (e)	Great difficulty in making ends meet (b) (f) (g)	Very low work intensity (b) (h)	Housing cost overburden rate (b) (i) (**)	Households economic situation (b)
2021	2021	2021	2021	2021	2022
4.5	9.8	6.8	7.2	7.3	40.3
..	11.7	4.9	6.1	5.5	34.8
4.1	8.6	5.6	10.6	8.6	33.9
2.7	4.3	8.3	5.3	7.5	33.1
..	5.7	2.9	5.4	8.2	30.4
..	8.4	4.1	4.2	8.5	30.5
..	3.0	1.7	6.8	7.9	30.3
1.2	4.3	4.4	5.8	5.7	38.0
2.1	2.3	3.6	8.4	4.6	35.5
0.8	3.0	3.4	3.9	4.3	37.1
2.6	5.3	2.7	8.4	7.7	37.9
2.0	5.9	2.3	6.8	4.5	35.7
4.6	5.8	5.7	7.8	3.6	39.8
5.5	7.3	5.2	11.4	6.5	31.4
7.2	10.3	20.8	13.2	4.4	38.7
..	11.6	16.8	14.5	3.0	35.6
17.3	6.8	31.9	29.6	11.6	28.6
8.6	5.2	9.9	13.7	8.7	34.2
4.3	6.8	8.2	9.8	6.3	29.2
8.9	4.5	6.4	11.8	5.5	33.4
9.6	6.7	8.8	22.9	9.5	38.7
6.0	5.9	11.9	18.4	4.3	38.4
2.4	5.2	6.0	5.9	6.6	35.8
3.3	6.2	7.6	6.3	7.6	35.2
1.1	3.7	3.8	5.3	5.3	36.7
4.3	6.4	4.3	9.7	6.4	34.7
10.8	6.5	16.4	20.6	8.6	34.3
11.8	6.4	19.7	20.1	8.8	32.1
8.7	6.5	9.6	21.9	8.2	38.6
5.6	5.9	9.1	11.7	7.2	35.1

(g) Data for Valle d'Aosta, Trentino-Alto Adige, province of Trento of Bolzano, Umbria and Basilicata statistically not very significant, because it corresponds to a sample size between 20 and 49 units;

(h) Data for Valle d'Aosta, province of Bolzano and Basilicata statistically not very significant, because it corresponds to a sample size between 20 and 49 units;

(i) Data for Valle d'Aosta, Molise, Basilicata and Sardegna statistically not very significant, because it corresponds to a sample size between 20 and 49 units;

(*) The indicator refers to the year of achievement of income (2020) and not to the survey year (2021);

(**) The indicator refers to the year of the survey (2021) while the year of achievement of income is previous year (2020).

