

AN ASSET BASED WELFARE PROPOSAL FOR ITALY:
A TOOL TO INCREASE EQUALITY OF OPPORTUNITY?

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An asset based welfare proposal for Italy: a tool to increase equality of opportunity?

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Abstract. The aim of this paper is to discuss a grant proposal allocated to each young adult at the age of nineteen years old, as a tool to enhance equality of opportunity in Italy. Even if inequality of opportunity is a consequence of a bundle of facts, mainly related with the family of origin, and a complete eradication of differences might be very difficult, the discussion on pros and cons of a grant accorded to Italian young people may point out the relevance of the “asset-welfare” in improving equality of opportunity in a ageing society. The implications of the “assets agenda” in a society with ageing population are not yet largely discussed, even if the increase in the average lifetime is not an Italian peculiarity but it is a fact shared with most of other western countries.

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Introduction

The aim of this paper is to discuss a grant proposal, accorded to young adults when they reach nineteen years old, and if they have the school-leaving certificate. This grant is discussed here as a tool to enhance equality of opportunity in a society which is quickly ageing. Actually, the proposal of a grant for young adults is not original, but it is a policy often suggested in the framework of the so-called “assets agenda” (or asset-welfare agenda). Even if equality of opportunity it’s a consequence of a bundle of facts, mainly related with the family of origin, and a complete eradication of differences might be very difficult, the discussion on pros and cons of a grant accorded to Italian young people can point out the relevance of the asset-welfare in improving equality of opportunity in a ageing society. The implications of the assets agenda in a ageing society are not yet largely discussed, even if the increase in the average lifetime is not an Italian peculiarity but it is a fact shared with most of other western countries. The paper is structured as follow: in Section 1 the forerunners and the most important scholars of the assets agenda are shortly reviewed. Besides, the main policies inspired from this theoretical framework and that have been experienced up to now are briefly described. In section 2, the proposal of a grant to young adults in Italy is shortly illustrated, including the cost of the scheme and the funding side. In section 3 the concept of equality of opportunity adopted is analyzed, by distinguishing between equality of results and equality of opportunity. In Section 4 some studies on equality of opportunity and social mobility in Italy are illustrated. In Section 5 data on income and wealth distribution between generations in Italy are presented. Section 6 concludes.

1. Assets agenda: forerunners, the most important academic contributions and the policies.

In this paper the expressions “assets agenda” and “asset-welfare agenda” will be used like in Prabhakar (2008) to indicate all the strands of thought in which the idea of taking into account not only income but also asset redistribution is discussed and the policies for spreading the latter are analyzed. The proposal of asset redistribution is not new, it involves scholars and policy makers, and the latter are (or they were) not always from the same political wing. Besides, in the last two decades more than one welfare reform in western countries was designed with this framework in mind. Even if a complete review of the academic and political debate on assets agenda is not the purpose of this paper, in this Section the most important academic contributions are mentioned and the most significant examples of policies adopted are shortly described.

Among academics, the most celebrated forerunner of a program of providing people with assets is Thomas Paine. In the pamphlet *Agrarian Justice* (1797) he distinguishes between the state of nature and civilization: in the former the earth is in its uncultivated state, while in the latter the world is cultivated by human activity. While Paine accepts that people are entitled to gather the product of their labors, he says that individuals cannot disabuse others of their natural inheritance and he states the principle that no one should be worse off under civilization than under the state of nature. To prevent the violation of his principle, he proposes creating a national fund to “to pay to every person, when arrived at the age of twenty-one years, the sum of fifteen pounds sterling, to enable him or her to begin the world” and he suggests to tax inheritances to finance this plan. In the proposal made by Thomas Paine there is of course not only the claim for equality of opportunity, but also the idea that wealth of one generation is a common asset to the next, and it cuts across the argument that individuals who have created

wealth should be free to give it all to their children. Ownership gives personal command of resources, but it is not easy to justify this persisting beyond the grave, especially when the life chances for many are reduced by lack of access to start-up capital. Even if assets agenda supporters can be found along all the 20th century², the most recent debate was renewed by M. Sherraden (1991) in *Assets and the Poor: A New American Welfare Policy*, by B. Ackerman and A. Alstot (1999), in *The Stakeholder Society*, and by Le Grand e Nissan (2000), in *A Capital Idea: Start-up grants for young people*.

All these authors reveal the huge increase of inequalities during the last three decade not only on income distribution, but especially in wealth allocation, either in Great Britain and in United States, and the relevance of assets' distribution in social mobility and poverty³. Besides, all of them are good judges of welfare systems in force in their countries. Actually, even if the *stake* of Ackerman and Alstot and the *universal capital grants* of Le Grand and Nissan are quite different, they both originate from the double conviction that the distribution of wealth is an obstacle to social mobility, and that rethinking welfare needs to focus on individual responsibility. As argued by the former British Home Secretary, Blunkett: "*owning an asset helps develop individual character and responsibility; assets holding offer positive behavioural benefits. People who have material stake in society are more likely to plan ahead for themselves and their children, and to care what happens in the community around them*"⁴. Providing young people with an asset is above all a way to level the playing field, but also it should change the passive attitude of those citizens who are waiting for income supplements, in case of unemployment or if household income is not enough, to an active approach in which they should learn to care about their future and the opportunities for their children from when they are young adults. In their illustration of the stakeholder society Ackerman and Alstot

² See Prabhakar (2008), pagg. 14-15.

³ See Brandolini, Magri and Smeeding (2010)

⁴ Blunkett (2001) as quoted in Prabhakar (2008).

say: “our goal is to transcend the welfare state mentality, which sets conditions on the receipt of “aid”. In a stakeholder society, stakes are a matter of right, not a handout”⁵.

Le Grand and Nissan suggest to provide young people, who are eighteen years old, with a capital grant of £ 10.000. This grant must be used to finance education, or the purchase of the house⁶ or the start up of a business. In their proposal the *capital grant* have to be deposited in a bank account, called Accumulation of Capital and Education (ACE), it should be managed by trustees who are in charge to approve the individual spending plan. The authors consider this way of granting and managing the money a required minimal paternalism.

The issue of the paternalism is probably the main difference between the Le Grand and Nissan proposal and the Ackerman and Alstot suggestion. Actually, the latter propose to give to each young adult an asset of 80.000 dollars when he/she is twenty one years old; the young is the only responsible for the money and neither trustees or restricted ways of using the stake are suggested. The only two conditions that the authors specify are that the receiver must have his/her high school diploma and he/her has to have a clean record. The risk that someone “wastes the money in Las Vegas”, or somewhere else, is not excluded by the authors, even if they are confident that one of the predictable effect of the *stakeholder society* could be the promotion of the responsibility of young adults in using their stake⁷ with the cooperation of schools, parents and peers. In their book they illustrate more than one reason of their scheme, which are not all explainable here, but -of course- the unequal distribution of wealth in North America⁸, and the longevity are two of the main justifications of the proposal. Actually, wealth inequality causes huge differences in opportunities for different groups of children, and even in the wealthy part of the population the ageing implies that the household bequeaths are transferred when receivers are now adults and less in need. In the proposal of Ackerman and Alstot the funding system of the stakes is articulated in two stages: in the first

⁵ Ackerman and Alstot (1999), pag. 9

⁶ According to the amount of the grant it could be the way for a young to obtain a loan from a bank.

⁷ See Ackerman and Alstot (1999), pag. 75

⁸ Ivi, pag. 8

period the stakes are funded with a wealth tax on assets bigger than 230.000 \$ with a rate of 2 per cent. In a second stage of the *stakeholder society*, the grant –which may be accepted or not by the young – is returned by the same stakeholders at the end of their life.

Even if trustees are part of the *capital grant* proposal and they are absent in the *stakeholder society*, as in Thomas Paine, both the proposals are universal and they are considered as a sort of economic citizenship, grounded on the thought that “*each individual citizen has a right to a fair share of the patrimony left by preceding generations*”⁹. As shown in the following paragraphs, family is a crucial institution in transferring wealth and, more generally, in defining the opportunities. In this framework any public interventions on the parents choices in educating their children, and in the parents decisions to transfer money may be the object of a debate. The universal asset to young adults are thought as tools to enhance equality of opportunity of a society. They are not accorded in a different measure in accordance with income and wealth of the original family, really because the idea is to weaken the role of the original family in the future of the young adults. Besides, the fact that the grant is universal can help the wealthier to accept the ways of financing the tool. In the Ackerman and Alstot scheme there is also a consideration of the republic citizenship, which it is expressed as follow: [...] “*we do believe that modern stakeholding will create a certain space for civic reflection in millions of lives now dominated by economic anxiety. Fewer Americans will be living on the economic edge; stakeholders will have more energy left to turn their attention to larger things, including the fate of the nation. Property will also breed sobriety, a resistance to the charismatic appeals of the demagogue, a willingness to consider the longer term. Broadening the property base enhances the stability and the quality of political life of the republic*”¹⁰.

In most recent times and mainly in Anglo-Saxon countries, the interest in spreading assets is shared by the right and the left wings, even if the practical proposals can differ because they are of course conceived with an unlike idea of society in mind. The element shared by the

⁹ Ivi, pag. 9

¹⁰ Ackerman and Alstot (1999), pag. 185

right and left wings in supporting the asset agenda is the emphasis on the individual responsibility and, more generally, the idea that society is a sum of individuals. To give some examples, in 1999 Bill Clinton suggested to provide individuals with special savings accounts that would give tax breaks for saving. In 2004 George W. Bush made the “ownership society” as a key part of his electoral platform, with the main idea of introducing tax-free accountings for health expenditures, retirement accumulations and lifetime savings. In New Zealand in 2005 the Prime Minister Helen Clark stated that “*asset ownership is important for enabling people to participate fully in society. Assets provide people with greater security, control and independence*”¹¹. In Australia the leader of the Labor party, Mark Latham, can be regarded as one of the main supporters of a program of matched savings accounts; in this case people are encouraged to save by providing them with public matching grants. In Great Britain, Margaret Thatcher probably won vast popularity when, during her first electoral mandate, decided to share the 32 per cent of all housing public owned at that time not by selling all to big companies, but by inviting residents to buy their homes at bargaining rates¹². In fact, in latest years in Great Britain spreading assets among the population is an issue shared by the new Labor and the Conservative party and the Child Trust Fund of the British Government is probably the most prominent national scheme adopted in the asset agenda framework. More precisely, in 2002 the Blair’s Government decided to pay to every new baby born a sum of 250 £ a year, if she/he is born in a family with a household income over 13000 £ per year, and 500 £ a year if the baby is born in a family with a lower household income. This money has to be placed in a special account in which parents and friends may contribute (up to 1200 £ per year), and that is in the young’s disposal when he/she turn eighteen years old.

¹¹ Prabhakar (2008), pag. 2.

¹² Prabhakar (2008), pag. 13.

2. The proposal

In Italy the Senator Livi Bacci¹³ of the centre-left wing, an official Report of the Prodi's Government¹⁴ and some scholars are discussing similar schemes from 2003¹⁵. In Casalini and Rapallini (2010) the discussion is on a double grant, one for the new born and one for the young people, and the reason of proposing two assets is mainly due to the goal of "levelling the playing field" in a world in which equality of opportunity it's very scarce, mainly because of distribution of income and wealth. In that paper the attention is on the right both for the child and for the young adult to be the formal receivers of the sum. This choice is justified with two main reasons: the first is that nowadays there are more than one way of living together, and the better guarantee to give an opportunity to children it's to focus on them, not on their parents. The second reason is underline the weakness of the family taxation as a rigorous way in the direction of equality of opportunity for children, and above all for young adults. In Casalini and Rapallini (2010) the idea is that a single intervention, at the age of eighteen years old, can be too late to limit the differences in opportunities that children born in different families can experience. Actually, it's well known that very first years of life are crucial to grow up not only with a good level of education, but also with all stimulus that seem to be so important to develop a complete and self confident personality.

In this paper, the focus is on the asset accorded to young adults only because by discussing this part of the proposal it is possible to advance a few argumentations that are strictly related with the Italian society, i.e. the ageing population and the limits of the welfare system in

¹³ See Livi Bacci (2003), Livi Bacci (2004), Livi Bacci (2005) and Livi Bacci et al. (2007)

¹⁴See AA.VV. Libro Bianco (2008)

¹⁵See Brandolini (2007)

force due to this evolution in the population. Even if the author is well conscious that neither the double assets nor the single asset accorded to young people “suffice to achieve the idea of equal of opportunity”¹⁶, to go in deep on this issue can be important to give a contribution in the asset agenda debate, even if there is no reason to sustain the asset accorded to young against that accorded to every new born.

In practical terms, the proposal here is to provide to the Italian young adults an asset of 26 thousand Euros when they turn nineteen years old and if and when they get their high school diploma. The reason why having the high school diploma is here proposed as a prerequisite for eligibility is better understandable there where the diploma is the mandatory school level, as in US. In fact, if the grant is accorded to the young adults from the society in which they live, it seems important that the young demonstrate to have accomplished what that society considers to be the mandatory level of education. In Italy, education is mandatory up to fourteen years old; this level of education is not only object of several debate and proposed reforms but is too little in the opinion of who write. Besides, the average age at which the young adults usually finish the high school is not eighteen years old (the majority age), but nineteen years old. For that reason, the proposal is to provide the asset one year later the majority age. As in the approach of Ackerman and Alstot, the prerequisite for eligibility is have a clean record, but no established ways of spending money nor trustees should be provided. The sum is calculated by assuming that one of the uses is to finance the university education in a different town from that of the parents. In other words, this money is enough to pay taxes, accommodation and the cost of living for three years in a Italian university town. But, of course it can be employed for starting a new business, for to study abroad, as guarantee to ask a bank loan for the purchase of the house, etc. Considering the population of nineteen years old who has achieved their high school diploma in 2008, this proposal could cost approximately 12 thousands million of Euros. For financing this

¹⁶Ackerman and Alstot (1999), pag. 34

expenditure each year two main sources may be taken into account: the first may be the inheritance taxation, that should be increased with respect to the present rates and rules. The second way may be to change the timing of the pension reform adopted during the nineties (Riforma Dini) to raise the pension age for the next cohorts of pensioners. The two sources are quite different in their amount. In the assumption that the revenue of the inheritance tax could be devoted to this expenditure, the taxable base of the present inheritance tax is enough to finance about the 4 per cent of the expenditure forecasted. The exemption for the family's members is quite high (1 million of euros) and it may be decreased; in that way the taxable base can increase and the revenue accordingly. As for the pension system, there are estimates of the expenditure reduction due to increasing the age of retirement. In this case a shifting of the age of retirement of about five years it's more than enough to finance our proposal¹⁷. The following sections are devoted to show the reasons for this proposal, and also the way of funding now suggested may be justified clearly.

3. Equality of opportunity and equality of results

As in Ackerman and Alstot, the target of the proposal just described is to limit differences in opportunities which in western societies are huge, while individual's outcomes are not considered the scope of the principle of social justice here adopted. The support of the principle of equality of opportunity is shared in liberal democratic societies: if there is equality of opportunity, the public opinion can accept high inequalities in distribution of income and wealth. In that case, actually, those inequalities are considered the consequences of the individual effort,

¹⁷ This estimate are in Pammolli et al. (2009). As usual the estimate depends on the assumptions made. In this case the authors calculate the potential saving if the workers of the main pensions funds (public sector employees, private sector, etc) are obliged to wait until the 65 years of age or 40 years of contributions. Commenting this estimations, the same authors suggest that the effect of postponing retirement upon the turn-over should be taken into account.

probably related with the merit rather than with the race, the family or all those circumstances that are independent from the individual choice.

Of course, inequality of opportunity is crucial to overall inequality of a given society and studying the first can be important not only as for as social acceptance of redistributive policies, but also because in this way institutional mechanisms (education system, labor market, welfare expenditures) that generate the existing inequalities can be better analyzed. Finally, from a pure efficiency point of view, although the relation between equality of opportunity and the economic growth is not yet studied from the empirical point of view, of course the inequality of opportunity has a strong connection with the economic performances of a society¹⁸.

The large agreement on the principle of equality of opportunity is probably explained because it is a very general statement and it can be declined in many ways, even quite distant. As clearly illustrate by Roemer (1998), the more restrictive interpretation is that called “the non discrimination”. In this case “*in the competition for positions in a society, all individual who possess the attributes relevant for the performance of the duties of the position in question have to be included in the pool of eligible candidates*”¹⁹. This is of course the principle below the nondiscriminatory legislation on public and private competition for positions that is in force in most of contemporary democracies. The alternative view of equality of opportunity states that society should do what it can to “level the playing field” among individuals who compete for positions. From this point of view if opportunities in education, for example, are not equal among the children, the nondiscrimination in the competition for job positions when they are adults is not enough. The large support of the equality of opportunity principle is justified because, as underlined by Roemer, it hides that “*among the citizens of any advanced democracy, we find individuals who hold a spectrum of views with respect to what is required for equal*

¹⁸ See Checchi et al. (2010)

¹⁹ Roemer (1998), pag. 1

*opportunity, from the non discrimination view at one pole to pervasive social provision to correct all manner of disadvantage of the other*²⁰.

If the principle of equality of opportunity can be interpreted in different ways, it is generally distinguished from the concept of equality of the results. In the first, the starting points are crucial and the idea is to mitigate the effects of factors that are out of the control of each individual (call them circumstances)²¹, but that are relevant to compete for a scarce number of good positions in a society. In the notion of equality of opportunity there is the idea of a competition, and of course there is the concern about the conditions of the competitors. From one side of the spectrum, i.e. if the principle is interpreted as non discrimination, what matter are the rules of that competition. From the other side, the concern is not only on the rules of the contest but also on the conditions of the competitors before the contest. In other words, what is considered essential are the circumstances in which the competitors have been training. In any case there are winners and losers.

To understand the difference between the concepts of "equality of opportunity" and "equality of result" it is crucial define what "circumstances" mean for the first approach. There is a general agreement that the circumstances that are relevant for equality of opportunity are those that can be considered outside of the control of individuals. Those circumstances are a lot of things, i.e. nobody can control the country in which born, the economic, social and cultural condition of the family from which he comes, neither his/her genetic inheritance. If the target of the equality of opportunity is to level the natural differences between individuals, like in the interpretation of the *luck egalitarians*, the distinction between equality of opportunity and equality of results becomes undetectable. This is not the only problem: the pressure on reducing

²⁰ Roemer (1998), pag. 2

²¹ See Checchi et al. (2010)

social circumstances can clash with the freedom of parents to grow up their children as they prefer. To ensure equality of opportunity it is necessary to prevent parents to enrol their children in private schools? By assuming for a moment that there are not private schools, it is possible to prevent some parents to care about their children with the aim to raise persons who are self confident? From this point of view the idea to cancel all the effects of circumstances is not feasible, and probably not desirable.

In any case a few actions may be taken to mitigate the effects of social circumstances. Those actions can't be neutral on the inequality socially acceptable. In that sense, the equality of opportunity limits also the inequality of results.

For a long period the widespread opinion was that equality of opportunity can be ensured by education and that reason was one of the most important in justifying large public school systems. Most recently data on the scarce social mobility and the growing inequality of western countries, like Italy, suggest that public education is not enough. Actions directed to the early childhood are now considered crucial in the framework of policies to ensure equality of opportunity and social mobility. The results reached by Scandinavian countries on social mobility show that their effort in early childhood is of course one of the main street in the direction of equality of opportunity. What it is show in the next paragraph are the results of a few studies on inequality of opportunities and social mobility in Italy. Those results are discussed to support the idea that an action to young adults is important too, especially nowadays in Italy.

Generally speaking, both the education system and the labour market institutions are relevant in the final performance of a society in terms of equality of opportunity. The point that should be taken into account is that both the institutions should be designed in the direction of equality of opportunity and also the relationship between the two is relevant. To be clearer, if the education system is not intended to promote equality of opportunity, even if merit and education

are evaluated in the labour market, the final result can be a society with a scarce social mobility. The reason is that not all children have the same possibilities to compete. On the contrary, there are societies in which large public education systems are correctly considered the first step in the direction of a mobile society, but the scarce remuneration given to education and to the merit in the labour market have as the final result a scarce social mobility, like in the first case.

From an economic point of view, inequality of opportunity can be studied both with the aim to discuss a policy for reach that target, or with the purpose of measuring the degree of opportunity's inequality in a given society. Besides, analysing social mobility in a given society is crucial to understand if, and in what measure, initial differences in incomes and wealth are inherited by the next generation. In that case, the focus is on the functioning of the educational system and on the labour market's performances. As known this paper wants discuss a policy to be implement in Italy; with this aim in mind in the following section a few data on inequality of opportunity and social mobility in the country are mentioned.

4. Equality of opportunity and social mobility in Italy

An up to date and complete analysis of intergenerational mobility in Italy is in Checchi (2010). In this book the two main institutions of social mobility, the educational system and the labour market, are studied by comparing Italy with other countries. Besides, data on intergenerational transmission of asset ownership are shown and a few policies to improve social mobility are discussed. For the purpose of this paper a brief overview of the main facts concerning Italy is enough and to do that in what follows it's better to refer to two specific works on inequality of opportunity and social mobility.

Checchi and Peragine (2010) propose an original and recent measure of inequality of opportunity in Italy. In their empirical work, they use the actual earnings as the individual objective and they take the level of parents' education as the measure of the family background, which is the only factor out of the individual control that they can take into account, i.e. the only "circumstance" considered. According to their results, in Italy the 20 per cent of the overall inequality is explained by inequality of opportunity. Besides, they disentangle this result by distinguishing the population according to the regions of residence and the gender. The most interesting result concerning the first analysis is that: "*given the lower overall inequality in the North, the fraction of which is attributable to inequality of opportunity is approximately one fifth (18%), which is greater than the incidence in the South (16,6%)*"²². From the gender analysis they discover that inequality of opportunity is greater for women who live in the South.

For social mobility, the measurement needs to positioning the individual in a given society and define the relation between the starting point, normally the family of origin, and the arrival of the individual. As exactly explained in Moccetti (2008) in the economic literature the social mobility is generally measured with a regression in which the children's income (more precisely the actual earning) is the dependent variable and income of their parents is one of the independent variable. The coefficient of this regression is the economic advantage that the child can inherit from their parent in a given society. There are lot of papers in which those estimates are furnished for single country, or for group of countries with a comparative approach²³. There is in this literature a general agreement on the better results achieved by Scandinavian countries, of the intermediate outcomes reached by most of the European continental countries, while United States and Great Britain are both countries in which social mobility is more and more reduced and equality of opportunity it's far to be reached. In this survey, Italy is one of the worst European countries and their results are very close to that reached in United States and Great

²² Checchi et al. (2010), Pag. 446.

²³ See Moccetti (2008), pag.42, Solon (2002).

Britain. More precisely, Moccetti (2008) shows that the coefficient of the just described regression in Italy is about 0.48, by taking into account longitudinal data from the end of seventies and up to 2004. This result means that half of the economic advantage of the parents is transferred to their children. In his paper Moccetti analyzes the two main channels of social mobility, i.e. the education system and the labour market. As far as the educational system, Table 1 shows his main results.

Table 1. Intergenerational Mobility of the Schooling Level in Italy

		Child				
Father	Up to the elementary school	Junior high school	High school	University and over		
	Up to the elementary school	8,6	49,7	37,0	4,7	66,2
Junior high school	1,1	26,4	57,7	14,8	20,0	
High school	1,0	4,6	61,7	32,6	9,8	
University and over	0,7	6,8	36,9	55,5	4,1	
	6,0	38,9	43,6	11,5	100,1	

Source: Moccetti (2008), SHIW data

The reading of those data is the following: the probability for a young to reach the university degree is about 56 per cent if he/she is the child of a person who has his degree, 4,7 per cent if the father has the elementary school certificate. Very similar results come from the analysis of social mobility in the labour market: for the son of a worker the probability to be a workman is 50 per cent, while the son of a manager is a workman in about 4,2 per cent of cases.

5. A new distributional issue in Italy: the generational point of view

The data on inequality of opportunity in Italy of the previous section clearly underline that social mobility is an urgent issue in the country. In the present section, a few very provisional data on distribution of income and wealth between generations are presented to support the thesis that a change on inheritance taxation and further reform of the pension system (in the direction to extend the age of retirement) would be useful to finance the proposal of the grant accorded to young adults. Giving a measure of generational distribution of resources is not easy because frequently people of different generations live in the same household and/or there are income transfers between people of the same original family but who are now living in different households. The purpose here is not to go in deep on methodology in measuring income distribution between generations, but more simply show the change in income and wealth distribution with respect to the recent past.

In Italy the main source of data on income and wealth distribution is the Bank of Italy's Survey of Household Income and Wealth (SHIW). The most recent survey available is related to household incomes and wealth in the 2008 and in that year the Gini index of income distribution was 35,3 per cent for household incomes, and 32,7 if equivalent incomes are considered. Starting from the data available in this survey, the household wealth can be defined as the total value of dwellings, consumer durable goods and financial assets, net of debts²⁴. In 2008 the Gini index of this aggregate was 61,3 per cent, and the households in the top deciles of the population own the 45 per cent of the total wealth, while those in the top percentile possess the 13 per cent of the total wealth²⁵. As expected and like in most countries, the distribution of household wealth is more concentrate than that of incomes, but it is important to underline that this concentration is increased from the end of eighties up to now. In 1989 the Gini index of household wealth distribution was 55,5 per cent, while

²⁴ Supplementi al Bollettino Statistico, Anno XX -10 Febbraio 2010, n.8. and Brandolini, A. et al. (2004).

²⁵ Supplementi al Bollettino Statistico, Anno XX -10 Febbraio 2010, n.8.

in 2008 was more than 60 per cent²⁶. In the following two tables two other facts are pointed out. Table 2 illustrates the ratio between income of the householder at different ages and the income of the householder aged over 65 years. The trend is clear: while in the first part of the seventies the ratio was about 2, along the eighties it was around 1. Now the ratio is below 1 if the householders under 30 years old are considered, and it's about 1.5 if the class between 31 and 40 years old is taken into account. This table should be read by taking into consideration two main facts. The first is that in this data are included only people who decided to go out from the original family and who are living alone, as single or in their new families. The picture would be even worse if we had taken into account all people who are not in economic conditions to live alone, because they are unemployed or in very provisional labour positions. The second relevant fact is that in the last thirty years the schooling levels among the Italian population are rapidly increased, and also the level of education needed for entering in the labour market is augmented. As a consequence, the labour market for the young adults, although with a low schooling level, was better during the seventies with respect to now.

²⁶ Brandolini, A et al. (2004).

Table 2.

Ratio between the head of the household income at different ages and over 65 years old

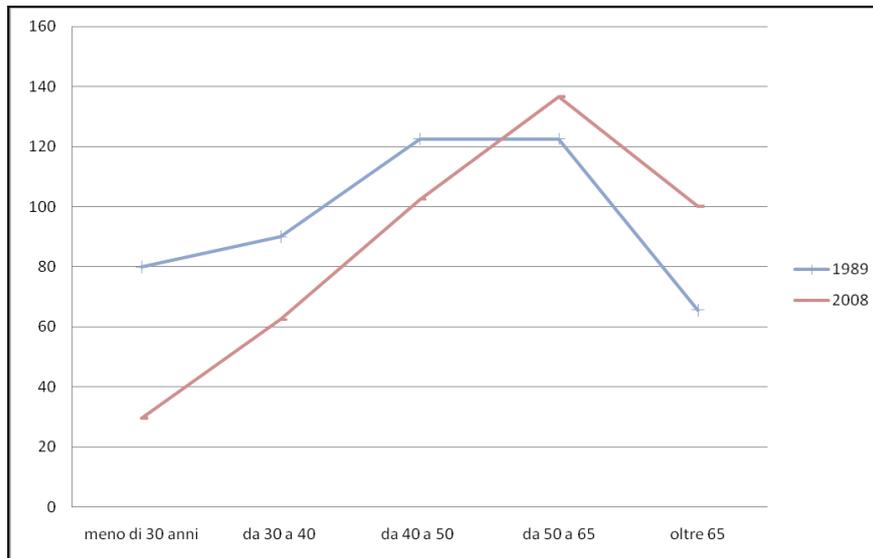


Source: Authors' calculations on SHIW 1970-2008

The reasons of the fact depicted in table 2 are of course more than those connected with schooling levels and labour market, and they include both the most recent changes in the labour market in the direction of more provisional forms of occupations, but also the delay and probably the partial reform of the Italian pension system. More in general, this picture in all probability shows in a too synthetic way a bundle of facts that are impossible to analyze all here, i.e. the partial reform of the welfare system, the transformations in the labour market, the demographic change related to an ageing population and the very low Italian economic growth of the last ten years. Undoubtedly nowadays the generations who have to take decisions for the future, i.e. people who have to start new families, who can have children, who have to decide if spend time and resources in higher education, but also those people who are crucial, for their education and their skills, in the international economic competition, they are the group of people in the worst economic condition of the last thirty years. As expected, the picture is even worse if, instead of incomes, the wealth distribution is considered. Table 3 shows that the cohort with the higher median wealth with respect to total wealth

is that of people aged between 50 and 65 years. Of course, during the eighties the curve was quite different and one of the reason of this fact is illustrated in Table 4.

Table 3. Median wealth for age cohort (Italy=100)



Source: Authors' calculations on SHIW 1970-2008

This table shows that the age at which the most important money transfers arrive in a household is when the householder is aged between 51 and 60 years old. This is of course the consequence of ageing population: the increase in average life displaces forward the moment in which the inheritance is passed from parents to their children. But this fact is not neutral on the wealth distribution between generations and on the possibility that intergenerational transfers may arrive in the moment of the life in which they are really useful.

Table 4. Percentage of households who have received transfers of money for the age of the householder.

Age of the householder	Transfers received	Transfers carried out
up to 30 years	17,9	0
from 31 to 40	28,7	0,4
from 41 to 50	33,1	0,3
from 51 to 60	43,5	3,1
from 61 to 70	36,1	5,6
from 71 to 70	33,8	8,1
over 80 years	25,9	10,6
Total	33,8	3,6

Source: Cannari and D'Alessio 2002

6. Conclusions

The proposal of a grant of 26 thousand Euros provided to all Italian young adults is here discussed with the aim to underline why one of the most important tool of the asset agenda can be important in a ageing society. The facts that are here reported show that Italy is a country in which inequality of opportunity is one of the main reason of the overall inequality. As a second element, it is demonstrated that the public education system is not enough to support social mobility which is still low. Of course, labour market institutions are relevant with respect to social mobility, but in the last decade a third element is added. The changes in the labour market, not followed by transformations of the welfare system, and the demographic evolution are at the origin of a huge distributional issue between generations. If probably the fact that the welfare system is not changed in accordance with the transformation of the labour market can be explained by the weakness of young generations in the political arena, what is shown here is that young adults are those in the worst economic condition really in the moment in which they have to make crucial decisions, i.e. spend time and resources in higher education, start new families and new business, decide to have children. Even if inequality of opportunity can't be completely eradicated by means of only one policy, and the labour market institutions are of

course crucial, the idea here is that a grant accorded to young adults may reduce the transition from youth to adult life. This can be true for the next generations, and not only for those who are born in the wealthiest families. Even if the grant will be accorded also to young adults coming from the wealthier families, the universalism is meant to weaken the role of the family of origin, who is the main responsible of the resource transfers from one generation to the next. If the family is the only responsible of the transfers of the resources, a society with a huge inequality of opportunities is the more probable outcome. To contrast this outcome, the policy proposed want to support the responsibility of new generations in building their future life, independently from their family of origin. As a consequence, the procreation choices could be anticipated, which is a positive effect in a ageing society, and the high education could be promoted even in the less favoured part of the population.

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