

Growth and inequality effects on poverty reduction in Italy

Vincenzo Lombardo

Department of Economics, University of Naples "Parthenope"

June 26, 2008

This paper deals with the evaluation of poverty sensitivity to growth and distributional changes in Italy, across its regions and over a three-decade period, spanning from 1977 to 2004. We use the "Survey on Household Income and Wealth" (SHIW) of the Bank of Italy to firstly construct growth incidence curves. After estimating the size income distribution, we evaluate the income and the inequality elasticities of poverty. Growth strongly determines the patterns of poverty; however, inequality appears to have strikingly characterized it as well. The difference between North, Centre and South can be due to the different income elasticity of poverty, which in turn depends on the initial conditions of inequality and level of development.

JEL: C14, C23, C46, I3, O52