When The Leopard Meets Gatsby.

Inheritance, Inequality, and Social Mobility in Liberal and Fascist Italy

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To my father, Paolo Gabbuti,

who first taught me to support the "Indians".

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Abstract

This dissertation studies the evolution of income and wealth inequality, the intergenerational transmission of economic status, as well as the intellectual and political history of inequality, in the decades between Italy's unification and World War II, with a particular focus on the Fascist period. In its different chapters, it presents and critically assess new sources for investigating the wealth and incomes of Italians in this period, mostly of fiscal nature. Building on these sources, it documents the estimation of new national series of inheritance flows, wealth-to-income ratio, wealth composition, top wealth shares, top income shares, within-labour and overall income inequality, gender and skill gaps, intergenerational mobility, as well as regional and provincial figures for a number of these indicators. These indicators are contextualised in the socio-economic developments of the period, and especially, the economic and fiscal policies enacted in the Fascist period. At the same time, the dissertation offers the first historical reconstruction of a crucial episode in the history of inequality in interwar Italy, that is, the abolition of inheritance tax, abruptly announced by Mussolini's government few months after the March on Rome, within a broader discussion of the economic thought on inheritance, the transmission of status, and more broadly, social mobility, by Italian economists and statisticians between the end of the 19th century and the 1950s. While enriching our understanding of distributive trends in Italy, the results highlight the regressive nature of the Fascist regime: during this period, both income inequality and intergenerational transmission of status increased, reverting a long-run declining trend.

Chapter 1 – Introduction

The exploration of the distributive aspects of economic development, and more broadly, of the evolution of living standards, was possibly the greatest recent innovation in the economic history of modern Italy. The work by Giovanni Vecchi and co-authors (Rossi et al., 2001; Amendola et al., 2011; Amendola and Vecchi, 2017) provided the country with a unique set of estimates on the distribution of households incomes at all census years, from 1861 to 1931, comparable to those available in 1948 and from 1968, based on modern household surveys. Together with the advances in the estimation of new series on regional divides in industrial production and GDP (Fenoaltea, 2011; Felice, 2011), the resulting long-run series, covering the 150 years from the country's unification to present, made it possible to take in consideration the distributive aspects of Italy's long-run economic development. In this way, Italian economic historians earned their rightful place in the country's established tradition of inequality studies, dating to the pioneers of inequality measurement, Corrado Gini and Vilfredo Pareto (Ciocca, 2006, p. 124).

In the light of this literature, it could seem difficult, or pretentious, to dedicate a whole doctoral dissertation to the exploration of inequality in post-unification Italy, especially if the student had the privilege of being educated and supervised by some of the aforementioned scholars. The fascinating picture of the history of inequality in Italy, however, is one still lacking several, important details. When one gets closer to the fresco, it first notices that the long-run perspective leaves us uncertain about the distributive developments over crucial periods of Italian history, such as the country's participation in the devastating Great War; the rise and consolidation of the Fascist dictatorship; the Great Depression, and then ‘autarky’ and a decade of uninterrupted warfare, following the invasion of Ethiopia (1935); the two decades between 1948 and 1968, including the so-called ‘Economic Miracle’ – a period of sustained industrialisation and structural change, in which the Italian economy and society were radically transformed. The foreign visitor, used to admire similar artworks around Europe and North America, will also realise that the Italian painting leaves out of the history a crucial dimension of economic wellbeing, such as wealth, on which the attention of inequality scholars has increasingly focused (Piketty and Zucman, 2014; Alfani, 2021); then, she will not fail to notice the absence of female figures in the picture – unfortunately, a shortcoming that is shared by most of Italy’s quantitative economic history, apart for few exceptions (Bettio, 1988; Mancini, 2018). The younger guest could lament the absence of the most recent, fascinating developments in this field, that is, the intergenerational transmission of economic status, what we could see as the dynamic aspect of economic inequality (van Leeuwen, 2009; Long and Ferrie, 2013). While Italy is missing from the historical debate on these crucial aspects of economic inequality, the exceptional nature of its income inequality estimates makes it also difficult to compare them with other countries, lacking more ‘conventional’ indicators, such as top income shares, available for Italy only from the 1970 (Alvaredo and Pisano, 2010).

On the other hand, the ‘local’ observer might notice that the figures on Italy’s income distribution, while not discussing the interaction between personal and regional inequality, are mostly silent on a crucial group, such as the self-employed. In Southern Europe, this group, rather than disappearing with modern economic growth, still accounts for a large share of the working population (Paci, 1979) (and in fact, this is the case in most developing regions: Van Treeck, 2020); in Italy, not surprisingly, it has always attracted the interest of scholars for its important socio-political role, within the broader 'middle classes' (Michels, 1936; Sylos Labini, 1974). Indeed, the low frequency of the data, the absence of group-specific figures, but also the scarce attention to wealth (considered by both historians and political scientists more closely linked with the ability to influence and capture the political process: Rubinstein, 1980; Scheve and Stasavage, 2017) makes it hard to investigate in detail the winners and losers of Italian economic development – what used to be called 'political economy', and should arguably be 'a fundamental component of any economic and social history' (Brandolini, 2000, p. 213). As recent developments in the literature have shown, this discussion needs to take into account not only the debates around redistributive policies, starting from taxation, but the broader intellectual history of inequality: the way in which past societies understood (but also measured) it; the ideas they shared about what a fair distribution is, as well as the perception of their actual level (Piketty, 2020; Ramos Pinto and Paidipaty, 2020).

Among the 'short-terms' in the wait for detailed distributive histories, there are special reasons for investigating the interwar decades – a crucial period of Italian history, somehow neglected after the heated debates that preceded the publication of what Toniolo (1980), still the most authoritative and exhaustive economic history of Fascist Italy (Gabbuti, 2020b, p. 254). Since then, while economic historians tended to separate themselves from the broader historical discipline (Fenoaltea, 2020), historians followed 'new historiographical sensibilities': as a result, 'the economic dimension, the relationship between the fascist regime and economic groups, have progressively lost the centrality they had' in the study of Fascism (Gagliardi, 2014, pp. 77-79).[1] Since 1922, the rise of Italian Fascism has stimulated 'explanations' based on income

[1] Unless otherwise indicated, translations of quotes from non-English references are my own.

distribution or related factors (Gabbuti, 2020c, pp. 2-5): the ‘revolt of the *petit bourgeoisie*’, hit by the post-war inflation, or ‘unable to find adequate employment’ after the end of the war (Morris 1996); the emergence of a new ‘middle class’, whose political ambitions had been frustrated by the liberal State (De Felice, 1975); the ‘red scare’ represented by the growing strength of the labour movement, that motivated the upper bourgeoisie to support the Fascists – a theory recently restated by Acemoglu et al. (2020). The same can be said for the controversial debate over the degree of support (*consenso*) enjoyed by Mussolini in the 1930s, attributed to the success of economic programmes, such as the creation of the welfare state, public works and stability of real wages (Bosworth 1998, pp. 121-128). Aside these historical motivations, more contingent ones come from the renewed interest in the history of fascisms by the broader public, as a result of the surge of right-wing populism, and from the quickly approaching hundredth anniversary of the March on Rome. Historians are not fully social scientists, who, as infamously stressed by Sylos Labini (1979, p. 9), belong to the societies that make the object of their studies; but clearly, the public use (and misuse) of history in ‘Italy’s divided memory’ (Foot, 2009), provides us with further stimulus to fill the gaps in our understanding of this period. The international diffusion of these concerns makes, on the other hand, the history of Fascist Italy interesting to a much wider public (Acemoglu et al., 2020).

All in all, there seems to be abundant space for the contribution of the younger apprentices in the Italian economic history workshop; not only by starting her own new painting, but also by completing the decoration of the old fresco. When I first presented the proposal for this dissertation, it was more organically focused on one of the aforementioned aspects – social mobility. In the last months of my MPhil, working on the intellectual history of inequality measurement in Italy gave me the impression that this dynamic aspect was the most compelling issue for scholars such as Gini and Pareto (Gabbuti, 2020a, p. 440). By answering their original questions, rather than simply superposing modern concerns to past societies, novel work on the history of social mobility in Liberal and Fascist Italy was going to be a real contribution to the history of this period. The original project was clearly overambitious, even before the restrictions to the access to public libraries and archives, but the same sources I was collecting drew my attention to some of these missing details, that I had overlooked myself. As the reader will notice, a common theme of the various chapters is in fact the adoption of several fiscal sources – estate declarations, both in tabular and archival form, and fiscal tabulations and individual reports of the incomes assessed for the major taxes of the times. These sources – the raw material of most of the historical work on income and wealth inequality around the world, starting from the aforementioned Italian pioneers – have mostly been ignored by Italian economic historians. While I make my best efforts to take into account, and most of all, made the reader aware of their way too obvious limitations, the researched distilled in this dissertation left me with the belief that fiscal sources could greatly enrich the economic and social history of Italy; in particular, while I exploited them for breaking down inequality estimates to the regional, and even provincial level, their granularity could be fruitfully adopted to improve the same on regional income gaps. While the resulting estimates have always been confronted with external evidence, both quantitative and qualitative, they surely 'drove' the dissertation to assume the structure I will now briefly summarise.

This dissertation is structured in three parts. Part I, composed by Chapter 2 and Chapter 3, deals with the role of inheritance and wealth inequality. Chapter 2 approaches the issue in quantitative terms, critically surveying and documenting the available sources on both the amount and composition of private wealth, and its distribution. First, the chapter presents new series of the flow of inheritance in the so-called Liberal period (from the country's unification to its entrance in the Great War), and revised wealth-to-income ratio figures, from 1861 to present. Both indicators confirm the importance of wealth in 19th century Italy, and its sustained decline in early 20th century. Then, by combining national tabulations of estates, and micro-data collected by historians in local archives, I estimate new top wealth shares for Italy, from 1870 to 1915. Throughout the period, the richest Italians accrued a high, stable share of the country's private wealth, just below the levels observed in more advanced European economies. A comparison with both pre-industrial and contemporary series show these levels represent the known historical peak of wealth concentration in Italy since the late Middle Ages; on the other hand, the 'real' value of the fortunes of the richest Italians seem much higher today than in the past. The chapter contributes also to the history of Italian regional divides, by presenting figures on both estate amount and composition, and top wealth shares, at the level of the 69 provinces in which Italy was divided prior to the Great War, for the fiscal years 1902-03 and 1913-14. While absolute divides in wealth largely confirm the established picture based on industrial production and GDP, composition reveals greater homogeneity: even at the end of the first 'industrial take-off', land was still the dominant asset in most of Italy. Top wealth shares – the earliest inequality figures available at this level of granularity – show a picture that is only partly 'Kuznetsian'. Alongside most (but not all) of the richest cities, also some rural areas, from all parts of the country, showed higher level of inequality, possibly reflecting institutional factors at work.

The series end in 1914, when the financial hardship of the war interrupted the publications of detailed fiscal data. In 1923, the sudden abolition of inheritance tax prevented similar tabulations to the issued again. This event, so far overlooked by historians, not only represented a clear 'distributive shock', but is unique in the fiscal history of 20th century Europe. All around the continent, the years following the Great War witnessed the introduction of extremely progressive taxes on wealth and inheritance, aimed at 'conscripting capital', in reparation for the efforts and sufferings of the labouring masses. While an eminent historian encouraged us to 'employ suggestion' in cases, like this one, 'where calculation is impossible' (Bloch, 1992, p. 22), the historical investigation of the sudden abolition of inheritance tax in Fascist Italy provides us with more than a simple hint on the evolution of wealth inequality in the interwar. By reconstructing the socio-political context in which highly progressive tax rates were introduced in Italy, the overlooked lobbying activity for their abolition, and then reaction of both Italian observers and the international press, Chapter 3 contributes to the aforementioned literature on the ideologies of inequality. Contrary to the prevailing narrative that identifies Mussolini's regime with a 'big state', interventionist economic ideology, early Fascism championed a radical return to the pre-1915, 'laissez-faire' ideology. Few weeks before the March on Rome, Mussolini called for putting 'an end to the Railway State, to the Postal State, to the Insurance State. We must put an end to the State that wastes the money of all Italian taxpayers and worsens the exhausted finances of the Italian State' (Bel, 2011, p. 946). His Finance Minister, the academic economist Alberto De Stefani (an inequality scholar himself), vigorously promoted a 'productivist finance', aimed at fostering capital accumulation and attracting foreign investment through tax breaks and what Mattei (2017) convincingly described as an early experiment of economic 'austerity'. While responding to the immediate political climate and contingencies, exalting the middle-class values of property and family, and at the same time granting Fascists the support of influential pressure groups, the abolition of inheritance tax realised the ideals of Italian conservative economists – first of all, their ‘Prince’, Maffeo Pantaleoni. After De Stefani’s resignation, in 1925, Fascist economic policies gradually evolved, most notably with the infamous ‘battle for the lira’ (or *Quota 90*, from the desired exchange rate with the British Pound) (Cohen, 1972), and then within the broader, global ‘dirigiste’ consensus reconstructed by Patel (2016); however, the initial ‘pro-rich’ attitude seem to have been a constant, further motivating the investigation of income inequality trends in the period.

This is the object of Part II. In Chapter 4, I start from a critical discussion of the available series on capital shares, investment, joint stock companies’ returns, wealth to income ratios and their composition. This macroeconomic evidence suggests that – especially in the light of the troubled macro-economic circumstances of the period – the interwar was relatively favourable for Italian capitalists, and especially for the richest of them, in the light of the growing concentration registered both by statistical and qualitative evidence. In order to translate these macro-economic developments into personal income inequality, the rest of Chapter 4 deals with the available fiscal evidence on the incomes of Italian entrepreneurs and richest taxpayers. Most notably, after assembling a set of tabulations from both official and secondary sources, I document the estimation of top income shares covering the period between 1925 and 1952. These series – the first evidence on personal inequality covering the years following the Great Depression – show rising income concentration until 1936; after this period, the quality of fiscal evidence seems to further deteriorate.

To obtain a better representation of the evolution of income inequality in the period, Chapter 5 documents the construction of so-called ‘dynamic social tables’, from 1901 to 1950. The methodology basically consists in compiling data on the number of people belonging to different social groups, and assign each of them an average income, to compute a Gini index of between-group inequality. While clearly missing crucial details, sufficiently detailed dynamic social tables capture macro-economic drivers of income inequality, such as structural change and the factorial distribution of income between labour and capital, and the evolution of skill and gender ratios. Indeed, the Chapter includes for the first time gender pay gaps in the discussion of broader inequality trends in Italy, as well direct evidence on the incomes of the self-employed. Moreover, it presents new, yearly series of within labour and overall income inequality for Italy in the first half of the 20th century. The new series confirm the long run 'Great levelling', common to most European and North American economies in this period; however, around levels of inequality substantially in line with those estimated by Vecchi (2017), the new series reveal so far overlooked, short-term variance, and a major distributive shock, the Great War. During the conflict, the strong reduction of within-labour inequality was more than compensated by the increase in capital incomes: after a substantial reduction in the so-called 'red two years' 1919-21, inequality increased in the early 1920s, and from the late 1930s, peaking at the end of the war.

Finally, Part III deals with social mobility. First, Chapter 6 discusses how the issue has a strong history in Italian economic and social thought. In order to fruitfully investigate the various contributions of Italian thinkers to the issue of intergenerational transmission of status, I propose a non-mutually exclusive categorisation between contributions to the theory of inheritance taxation; works on the concept of 'starting positions', or equality of opportunity'; the elitist literature on the so-called 'circulation of aristocracies'; finally, the miscellaneous group of applied economists and statisticians who attempted to empirically estimate the evolution of 'social change' and the intergenerational transmission of status. While continuing the exploration of 'ideologies' of inequality in Italy started in Chapter 2, Chapter 6 testifies the long-lasting attention paid by Italian scholars to the issue of social mobility, from the late 19th century to the Miracle years, possibly another indicator of the anxiety of the intellectual middle classes in the 'crisis' of Liberal Italy, reflected in the anxiety of its intellectual middle classes. The more or less empirically informed opinions of these scholars also provide us with a set of 'priors' on the level and dynamics of social mobility in Italy in the first half of the 20th century. While recognising the upward, absolute mobility, resulting from both industrialisation and the expansion of public employment, Italian statisticians realised this process was less intense in Italy than in other European countries. On the other hand, they mostly agreed on the 'stickiness' of elite groups and professions.

In order to test, at least in part, these hypotheses, the sources and methodologies available for an estimation of social mobility in Italy between the country's unification and WWII are critically scrutinised in Chapter 7. The Chapter argues for the adoption of lists of taxpayers' incomes, published several times from unification to the 1950s, arguably the only possibility currently available to investigate the evolution of social mobility across the whole country, before the modern social surveys available in the late 20th century. In order to exploit these sources, the Chapter discusses pros and cons of surname-based indicators, recently proposed by economists, and 'test' them on the province of Bergamo – the only one for which, thanks to Licini (1997), we can compare the results with those obtained by applying the same methodologies on estate micro-data.

Building on this methodological premise, Chapter 8 presents the first historical estimates of social mobility for Italy before the Economic Miracle, based on a new database of some 1.5 million individual records, obtained from the lists of self-employed taxpayers issued in 1889, 1922 and 1933. In particular, estimates of intergenerational mobility are presented for all the 92 provinces of 1933. The figures show a high degree of heterogeneity within Italy, and a strong correlation between inequality and intergenerational transmission of status – a relationship known in the literature as the ‘Great Gatsby curve’ (Corak, 2013). I then explore the correlation between social mobility and other socio-economic indicators, revealing, as in similar analysis carried on contemporary US and Italy, positive correlation between social mobility and indicators of economic development, mutual trust, and participation in the first post-WWII democratic elections. Finally, the Chapter present estimates of the ICS for a subset of provinces in 1889 and 1922. While confirming a long-run increase in social mobility, the estimates point towards a reversal during the Fascist period.

Chapter 9 concludes, discussing these results and the ways in which the sources and methodologies presented throughout this dissertation could be employed in future research.

Part I – Inheritance and Wealth

Chapter 2 – Wealth Concentration in Italy from Unification to the Great War[2]

1. Introduction

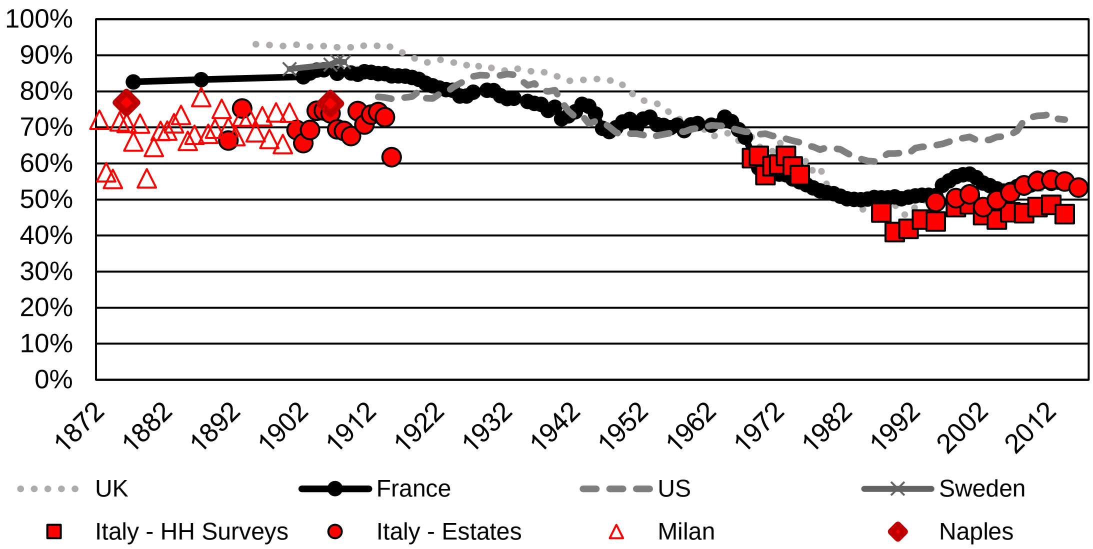
Despite the crucial role that wealth plays for household wellbeing, knowledge on the historical evolution of aggregate personal wealth and its distribution remains scarce. This is even true for modern Italy, where knowledge of the distribution of wealth is particularly needed, given that the country shows one of the highest wealth to income ratios (Piketty and Zucman, 2014), as well growing and sizeable flows of inheritance and gifts, expressed as a share of household income (Acciari and Morelli, 2020). Indeed, recent scholarship has substantially shifted its attention from income to wealth: Cannari and D'Alessio (2018a) exploited tabulated historical survey data to extend modern estimates back to 1968, while Acciari et al. (2021) estimated wealth concentration from inheritance tax records from 1995 to present. The estimates based on fiscal records show a much sharper increase in wealth concentration compared to survey-based ones. For preindustrial times, Alfani (2021, pp. 9-10) also built on fiscal sources (property tax records, the so-called *estimi*) to reconstruct the evolution of wealth inequality in Italian states from 1300 to 1800.

This chapter documents the first historical estimates of wealth concentration for modern Italy, from its unification to the outbreak of the Great War (Figure 1), as well as the first sub-national disaggregation of these estimates - the first evidence on the interlink between regional divides and the personal inequality in Italy before WWII, adding a new perspective on the long-lasting 'Southern Question'. For the same period,

[2] This chapter is based on joint, ongoing work with Salvatore Morelli.

it presents estimates of the flow of inheritance as a ratio of GDP, and a refined version of the wealth-to-income ratio first estimated by Cannari et al. (2017) for the 1862-1938, to ensure greater comparability with post-WWII series. Together with a discussion of 'millionaires', in combination with the aforementioned existing series, these new estimates lay the foundation for a for a very long run view on wealth accumulation, transfers and concentration in the country.

Figure 1 - Wealth Concentration in Italy (Top 10%): Towards a Long-Run Picture



Sources: authors' elaboration for Italy; Estates before 1915, Milan and Naples; Cannari and D'Alessio (2018a) for Italy; HH Surveys; Acciari et al. (2021) for Italy; Estates since the 1990s; Sweden from Roine and Waldenström (2009) and Bengtsson et al. (2018); US, UK and France from Wid.world (retrieved 22/07/2021).

While both wealth and inheritance ratios show comparable levels in late-19th-century and contemporary Italy, suggesting a comparable weight of wealth in the economy, the picture is very different for wealth concentration, even though the 'real' wealth of contemporary 'super-rich' exceeds by great margins the fortunes of 19th and early-20th century billionaires. The figures for wealth concentration, assembled combining nationally representative tax tabulations of wealth left at death from late 1880s to 1915, and micro-evidence on estates collected by historians for Milan (1862-1900) and Naples (1876 and 1906), make possible consistent comparison with Acciari et al.’s (2021) richer, but conceptually similar modern data. The results of this chapter point toward high wealth concentration – on average, above 70 and 40 per cent, for the top 10 and top 1 per cent share respectively. This level of concentration, relatively stable throughout the whole period and across these different sources, is slightly lower than those reached by the most advanced economies in the period, but in line with the peak reached by Italy just before unification, at the end of the secular increase started with the Middle Ages (Alfani, 2017). The micro-sources and methodology explored in this chapter would make possible, after further data collection, to investigate trends for the first half of the 19th century, as well as for the interwar period, when, as will be discussed in Chapters 3 and 4, both economic policies and macroeconomic developments could have impacted the distribution of wealth. The new evidence presented in this chapter already make possible to appreciate the historical peak in concentration reached in Liberal Italy, in a very long perspective; regionally disaggregated figures confirm this picture, whole showing low (if any) correlation with the relative level of development.

The rest of the chapter is structured as follows: section 2 presents the series on wealth-income ratio and inheritance flows, offering a long-run perspective of the evolution of wealth and inheritance in Italy; section 3 surveys the alternative sources and methodologies for estimating wealth inequality in Italy before WWII; the estimation of our new series of wealth concentration for 1890-1915, based on nationally representative tabulations, is then documented in section 4, and section 5 breaks it down at the region and province level for the early 20th century; in section 6, I exploit the micro-level archival information on Milan to extend the series back to 1872, and on Naples in 1876 and 1906 to obtain more fine-grained results in support of the robustness of our estimates; before the conclusion (section 8), section 7 places the results in the context of existing estimates on income inequality, placing our estimates in intertemporal perspective.

2. Wealth and Inheritance in Italy: A Long Run Perspective

Until very recently, Italy lacked consistent long-run series on private wealth. Estimates of aggregate net wealth of households are, however, crucial to derive estimates of wealth concentration such as top wealth shares. Building on the 19th century statistical literature, Baffigi (2008) proposed a series of private wealth for the 1872-1911 period, based on all the aggregate evidence available on estates. More recently, Cannari et al. (2017) reconstructed a long-run series of private wealth, based, for the pre-WWII period, on a careful survey of existing material, selecting the most reliable estimates available. In particular, for 1901-1936 the trend is inferred by the detailed reconstruction by the statistician Retti-Marsani (1936; 1937a; 1937b) – unanimously considered by both coeval and contemporary scholars the most reliable series (Zamagni, 1980b; Baffigi, 2008), who also allows us to decompose it by major asset group. While Cannari et al. (2017) computed the ratio between their new series and GDP (from Baffigi, 2015), I tried to ensure the greatest cross-time comparability, by expressing their historical private wealth series in terms of a proxy of national income, obtained subtracting capital depreciation from Rossi et al. (1993) from the denominator, and then obtaining the same ratio (instead of the National Wealth Ratio most commonly displayed) for the modern series (Figure 2).[3]

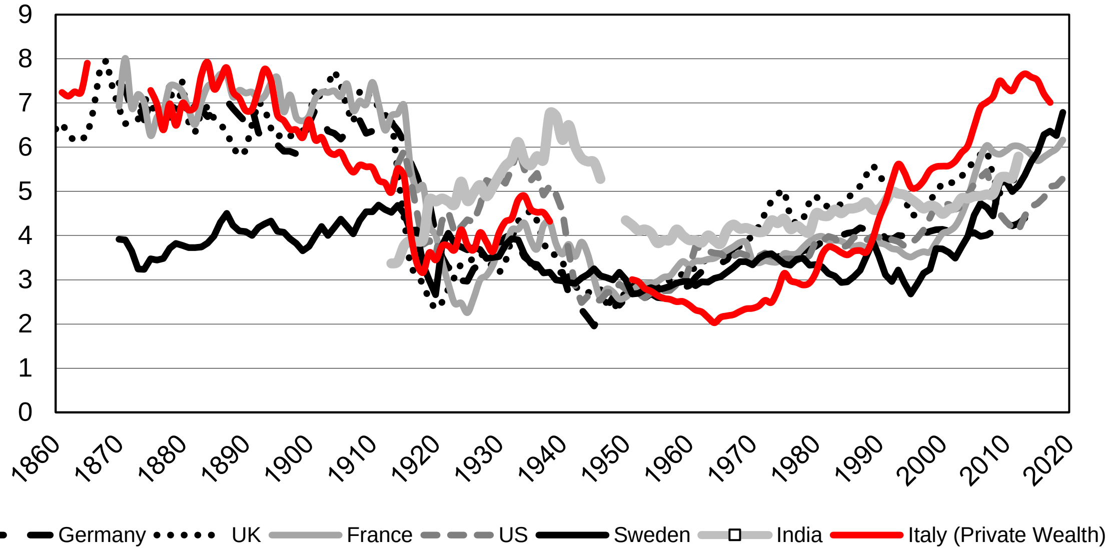
[3] Private wealth is defined as the net (assets minus liabilities) wealth of households and non-profit institutions serving households (NPISH) and is the relevant concept for estimating wealth inequality (Alvaredo et al., 2021, pp. 69-80). On the other hand, wealth-to-income ratios are normally based on national wealth, that is the sum of private and government wealth, where the latter is obtained as a sum of government financial and non-financial assets minus liabilities, including public debt (Piketty and Zucman, 2014, pp. 1267-1277).

In aggregate terms, private wealth shows two phases of growth in Liberal Italy: from the mid-1860s to the early 1880s, and then again in the early 20th century, divided by a 'plateau' from 1885 to the end of 19th century.[4] The later period - the so-called 'Giolittian period' (from the statesman Giovanni Giolitti), in which Italy eventually started a period of more sustained industrialisation and structural change (Toniolo, 2013, pp. 9-10) - was one of growing importance of industrial capital, with the capital of joint stock companies (the so-called *società anonime*) increasing to 23% of the GDP in 1913 (from a 13% in 1883). This trend is well captured by Retti-Marsani's series, that however, reveal very clearly that this process was still limited in extent to some 14% of total wealth at the eve of the Great War, and arguably concentrated to the three region of the so-called 'industrial triangle' of the North-West (Genoa, Milan and Turin),[5] where it was still slowly in progress, as testified by Castronovo's (1977, pp. 15-17) discussion of the gradual involvement of Piedmont savers in financing of the rising car industry. Between 1861 and 1914, the share of value added accounted by agriculture declined by 10 percentage points, but was still above 30% of the total; moreover, most of its place was not accrued by industry,[6] but rather by services, the largest sector of the Italian economy by the early 1910s. Driven by labour intensive sectors, the acceleration in GDP growth from the turn of the century results in a sustained decline of the wealth-income ratio, evident in Figure 2. According to the revised estimates, Italy, among the poorest European countries in wealth per capita terms (Cannari et al., 2017, p. 374), showed a ratio around 7 in 1862, in line with UK and France; by 1913, it had declined to 5, closer to Sweden and the US (although, when comparing the levels, it should be

[4] See Figure A 1.
[5] This was still the case in 1928, according to the first regional decomposition by De Vita (1933).
[6] At the eve of the Great War, industry accounted for 23% of total VA - growing from 19% in 1897, but still at the 1861 levels (Baffigi, 2013).

considered the difference between the private wealth, available for Italy, and the net wealth adopted in the series for other countries, leading to a partial overestimation of Italy's relative position).[7]

Figure 2 - National and Private Wealth-Income-Ratios, 1860-2020.



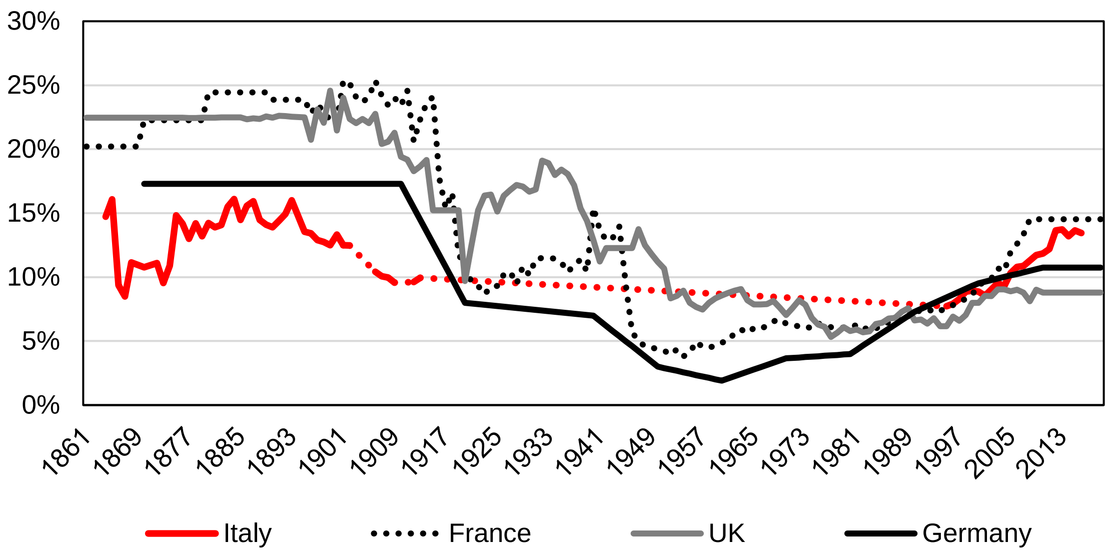
Source: national wealth ratios from Wid.world (retrieved 23/7/2021), except for Italy, for which private wealth-national income ratio is based, for 1966-2018, on net private wealth and national income from Wid.world (retrieved 23/7/2021); 1966 levels are backward projected until 1951 following the ratio between private wealth (Cannari et al., 2017) and GDP (Baffigi, 2015) after subtracting capital depreciation (Rossi et al., 1993); the same series are used to estimate the ratio in 1890-1938; lacking earlier data on capital depreciation, the 1890 level is projected back to 1860-1890 following the trend in the ratio between private wealth and simple GDP, apart for 1866-74, when the data is too volatile. See Figure A 2 for details.

The flow of estates and donations, as reported by official fiscal sources, is also expressed as a share of GDP in Figure 3, consistently declines from the late-19th century to 1913. In this case, the ratio we observe after correcting inheritance and donations data for evasion is substantially lower than those estimated for France or the UK; however, also in this case, late 19th century levels are substantially in line with those reached by Italy today according to Acciari and Morelli (2020), who revealed a striking increase of the weight of inheritance in the Italian economy since the 1990s. These

[7] Cannari et al. (2017, p. 304) show smoothed series, but as shown in Figure A 2, the year-to-year trend obtained replicating their ratio is analogous in the Liberal period, while the growth of the ratio is faster in the interwar decades.

indicators, therefore, represent post-unification Italy as an economy in which (inherited) wealth played an important role until the turn of the 20th century, when both start a relatively fast decline. On the other hand, the latest decades of economic stagnation had brought contemporary Italy back to the levels of a hundred and fifty years ago. How do 19th and 21st century Italy compare in terms of wealth concentration? And was the decline in the weight of wealth in Liberal Italy associated to a decline in its inequality, in line with the growing concentration recorded by Acciari et al. (2021) for the 1992-2016 period? Inheritance tax records are the only source available to address these questions and are the object of the next section.

Figure 3 - Flow of Estates and Donations as a Share of GDP



Source: for Italy, 1864-1913, elaborations on official data on declared estates and donations from fiscal sources, reported by Tivaroni (1916), inflated by 30%, to try to compensate for under-reporting; for 1992-2016, data from Acciari and Morelli (2020); other countries from Alvaredo et al. (2017).

3. Inheritance Tax Records as a Source for Wealth Inequality in Italy

Using Inheritance Tax Records to Derive Wealth Distribution Estimates

If Cowell et al. (2018) stressed that ‘no single data resource has complete coverage of household assets and liabilities’, Piketty and Zucman (2015, p. 1319) argued that to estimate wealth inequality ‘ideally, one would want to use annual wealth tax declarations for the entire population'. Similar taxes, however, have been relatively infrequent in history; only few Northern European and Nordic countries can rely on these sources for long-run, consistent estimates of wealth inequality. In Italian history, two levies on private wealth were enforced in the interwar period (in the immediate aftermath of the Great War, and then in the early 1940s), but apparently, no evidence on the distribution of assessed fortunes survived. Household surveys, another popular source for the estimation of wealth inequality, were carried on from the mid-20th century, and included wealth questions much later: the micro-data collected by the Bank of Italy include this information only from 1977 (Brandolini et al., 2004); tabular evidence from earlier surveys were ingeniously exploited by Cannari and D'Alessio (2018a) to extend wealth inequality estimates back to 1968, but this is the maximum that can be achieved by means of this source. Scholars have, nonetheless, developed at least two alternative methodologies that rely on historical tax records to estimate wealth distribution. First, one could use information on income tax returns, and focus on the information about income flows generated from wealth and capital holdings. As discussed in the classic Atkinson and Harrison (1978), by capitalizing 'dividends, interest, rents, and other forms of capital income' it is possible to reconstruct the distribution of personal wealth.[8] While the methodology relies on a series of strong assumptions (Katic and Leigh, 2016, p. 210), the few, surviving micro-evidence on Italy's taxpayers, surveyed for other purposes in Chapter 7, is not suited for this exercise.

The remaining option, the so-called 'mortality multiplier technique', is arguably the most popular in the historical literature on wealth concentration. Generally speaking,

[8] The foremost example is Saez and Zucman (2016), who consistently estimated wealth inequality from 1913, capitalising total investment incomes of US tax units; Garbinti et al. (2017) applied this methodology on French data, in combination with other sources and methods.

the information about the estates left at death (i.e., the total value of assets and possessions bequeathed as reported on estate or inheritance tax records) are multiplied-up with the mortality multipliers (the reciprocals of mortality rates) ‘to arrive at the distribution of wealth among the living population’ (Atkinson and Harrison, 1975, p. 13). As estate data are often tabulated, interpolation methods are used to obtain figures for ‘top’ groups. Then, in combination with external figures on total wealth and population, evidence on taxpayers is transformed into estimates on overall wealth concentration. While the availability of estate data clearly vary across time and space - being affected by the same definitional issues affecting any fiscal, historical source - tabulations, and even more surviving archival evidence, are in many cases the only way to extend historical knowledge of wealth inequality; in this sense, it is also important to develop standard, consistent practices with respect to the adoption of mortality multipliers - a scarcely acknowledged form of inconsistency in international comparisons. As reported by Katic and Leigh (2016, p. 212), the first British economists working with estate data considered ‘that tabulations that did not separate deceased estates by age and gender were not particularly informative’, a view that long survived among scholars working on the anglosphere.[9] Elsewhere, the data was not as rich, and even mortality data could be severely limited – so that, to work on 19th century Finland, Bengtsson et al. (2019) had to rely on Swedish coeval multipliers.

Working on what are possibly the most detailed tabulations and mortality data available, Alvaredo et al. (2018, p. 32) have in fact shown that in the British case, the actual impact of age and gender multiplier is not so important as previously thought: ‘When the age and gender multipliers were first employed in the UK, it was seen as

[9] The economist Alberto De Stefani (1921, pp. 75-78) – the Finance Minister who, as will be discussed in Chapter 3, abolished inheritance tax in 1923 – was among the few Italian economists to discuss the issue; see also the less accurate discussion by Gini (1914, pp. 432-434).

overcoming a “fatal” objection to the use of estate data, since “the accumulated wealth of an individual increases with years … and is usually greatest when a man dies” (Mallet, 1908, p. 67). Our findings suggest that the objection is in fact less than fatal. In practice, for much of the period the conclusions reached regarding the degree of concentration do not change radically’. Similar results had, in fact, already emerged from other studies, including Piketty et al. (2006) for France. Stimulated by this evidence, in a recent work Berman and Morelli (2020) approached the issue in analytical terms, showing that indeed, under rather general conditions, one could obtain compelling estimates of wealth concentration even when mortality multipliers cannot be derived using age and gender information. Such theoretical result has a straightforward historical application, making possible to adopt previously unexploited evidence – starting from the Italian one.

Italian Inheritance Tax Data

Inheritance and registry tax were introduced in most Italian states during the Napoleonic period (Banti, 1983). After the proclamation of the Kingdom of Italy, from 1862 the inheritance tax was uniformly applied across the Peninsula. In 1902, right after France, the tax was transformed in a progressive levy, the first in Italian history.[10] This resulted also in the regular publication, until 1914, of official tabulations, reporting the number of taxpayers subject to the different marginal tax rates, conceptually of the same kind of those adopted by Acciari et al. (2021) - including two tabulations at the region and province level, extremely rare and valuable in the light of the history of Italian regional divides - but not distinguishing by gender and age.[11] A special issue surveyed all tabular evidence, available for pre-1902 years, going back to 1890 (MEF-TA, 1902,

[10] As shown in Figure A 3 and Figure A 4, top rates remained low; revenues, increasing their share of overall direct taxation, continued to decline in terms of GDP.
[11] In any case, this information would have been useless, lacking disaggregated mortality data for the period.

pp. 1367-1377). In fact, the tabulations of the inheritance tax were the main source not only of the early Italian literature on inequality measurement (Gini, 1914), but of the same literature on the 'Southern Question' (Nitti, 1905). However, apart for Zamagni (1980b), who used them to compute Gini and top shares *within* the estates (that is, among the *dead*), Italian historians ignored, so far, the potential of this source.[12] Unfortunately, with the entrance of Italy in the Great War, 'to obtain any potential economy in the expenditure for official publication, as well as to differently employ the very scarce number of employees', Italian fiscal authorities were 'exempted' from issuing the detailed reports that were customary in the Liberal period (MEF-TA, 1917). The publication of fiscal data had not been entirely restored by 1923 (MEF, 1926), when inheritance tax was suddenly abolished, as discussed in Chapter 3; but this statistical malpractice was not ended by the later reintroduction of the tax in milder forms in the 1930s, nor after 1945.

Still, historians have worked extensively on the archival records, available at the local level. The administration of the Italian estate and inheritance tax is carried jointly with the upkeep of the real estate register (*cadastro*), in turn linked to the payment of the mortgage and cadastral taxes (Acciari and Morelli, 2020); therefore, these archival records have the appealing feature of 'surviving' the abolition of inheritance tax (appealing indeed, since the country might be the only one who abolished the tax twice - in 1923-1930, and again in 2001-2006). First, working on the case of the Tuscan town of Lucca, Banti (1983) documented the source, and argued in favour of its adoption to study the evolution and composition of wealth before and after the unification. Banti's work opened a fruitful strand of historical research: historians focused on specific

[12] As argued by Frascani (1978, pp. 1066-1067), social historians in the 1970s and 1980s were more interested in a class-based approach to inequality – and in particular, in the study of the emergence of modern bourgeois fortunes.

groups of estates (the ‘millionaires’, aristocrats, professionals), or provided snapshots of the distribution of reported estates. Most notably, Macry (1988) assembled a very detailed database on all the estates reported on tax records in Naples in 1876 and 1906, and Licini (1999) recorded and made publicly available the gross value of all reported estates in Milan from 1862 to 1900. While these case studies do not make possible to get an overall sense of the history of wealth inequality in Italy, these micro-sources could turn out to be extremely useful in combination with nationally representative tabulation, as testified by literature on wealth inequality – most notably, Piketty et al. (2006).

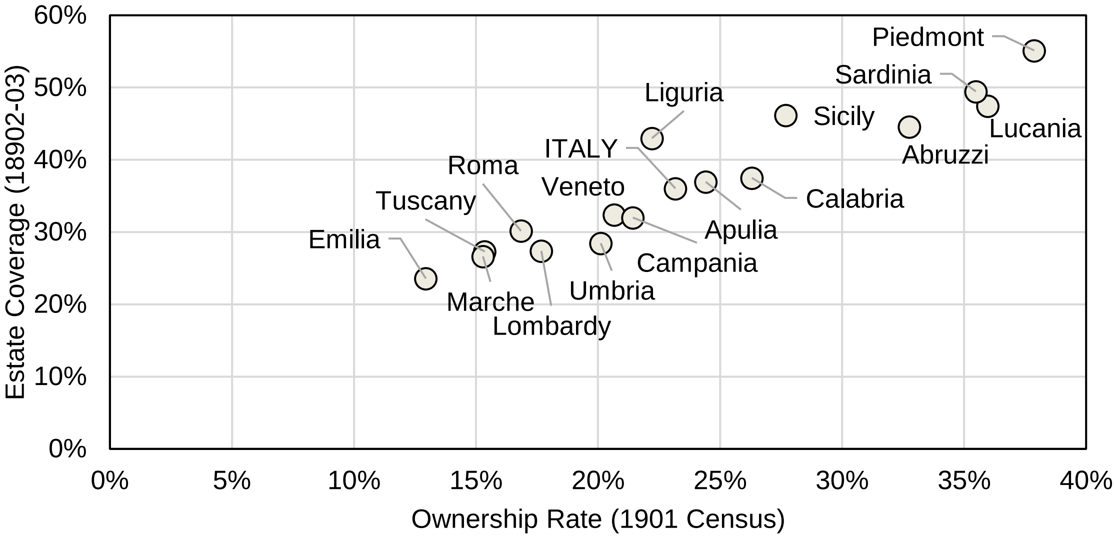
A major issue of the mortality multiplier methodology is, still, to which extent estates were representative of total wealth. A first problem is whether people reported at all their net assets and possessions. Italian inheritance tax required anyone receiving inheritances to declare real estate and other goods, attaching sufficient information to assess its nature and value (Licini, 1999, p. 6): the comparison, for the period 1877-1914, between the absolute number of deaths above 20, and estates filed every year, show a relatively high and constant coverage throughout the period (Figure 4). Moreover, once the figures for the total assets transmitted are ‘expanded’ through the multiplier (reported in Figure A 5), they cover some 60% of the total private wealth estimated by Cannari et al. (2017), throughout the whole period from 1872 to the Great War (Figure A 6).

Figure 4 - Coverage of Deaths above 20, and Identified Total Private Wealth from Estates

Source: elaborations on estates from MEF-TA (various years), mortality data from Human Mortality Database, and total private wealth from Cannari et al. (2017).

These percentages, in line with evidence from other countries (even above those reported for Paris by Piketty et al. 2006), reassure us on the enforcement of the law, and the ability of estates to provide a sufficiently reliable quantitative basis for estimating wealth inequality. Further validation of the data comes from a comparison between the coverage of estates, highly heterogenous across the country, and the frequency of ‘ownership’ of land and real estates, reported by the 1901 for individuals. Figure 5 shows a striking correlation between these information across regions: a higher rate of ownership of assets led to higher reporting of estates.

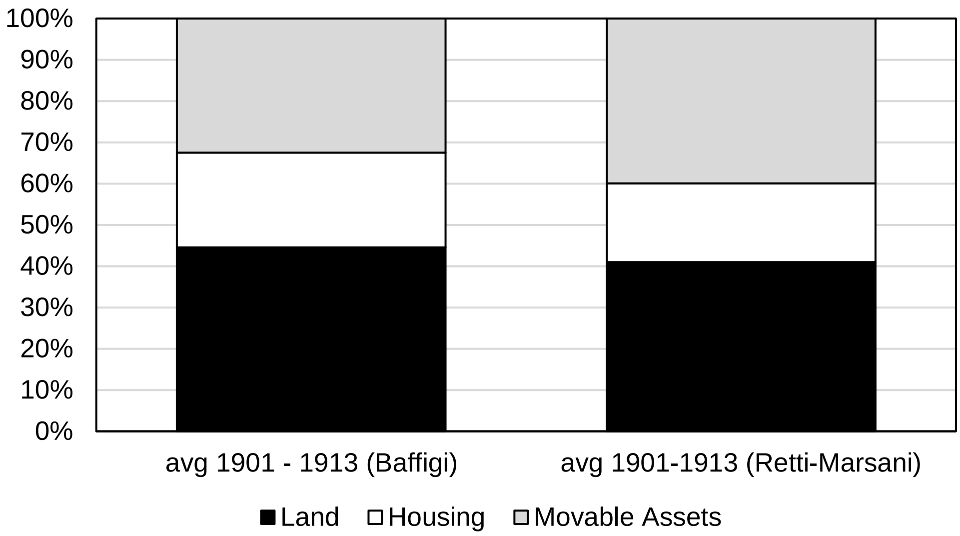
Figure 5 - Estate Coverage and Share of Ownership



Source: elaborations on MAIC (1903; 1904) and MEF-TA (1903). Estate coverage is the ratio between declared estates and adult deaths. Ownership rate refers to individuals above 22 years of age.

This reliability could, however, be limited to the immovable assets, those that could less easily be hided from tax assessments. Contemporary scholars, including Gini and his students, already discussed extensively the issue of tax evasion: while overall evasion was believed to be around 30%, the most serious concerns regarded movable assets, and financial ones in particular (Figure A 7). As discussed, this component was marginal as a share of total wealth; still, it could have driven changes in the concentration among the richest echelons of society. It is therefore quite reassuring that the asset composition of estates transmitted in Italy, available from 1885 to 1913, reveals a very similar, even higher share of ‘immovable’ (land and real estate) and ‘movable’ goods (all other assets), when compared with the decomposition of total private wealth by Retti-Marsani (1936; 1937a; 1937b), given that the two estimates are entirely independent, and Retti-Marsani did not employ estate data in his statistical reconstruction (Figure 6). While it is clearly possible that estates, in a period of strong structural change, and representing the wealth of the older, less innovative capitalists and entrepreneurs, underestimated new forms of investment, the available evidence suggest that this bias cannot substantially alter the picture, since estates do in fact capture a share of financial asset that is in line with the most reliable estimates for private wealth. Still, the asset decomposition shows some difference between the two sources. In particular, estates include a substantially higher the share of debt (Figure A 8): heirs had all the incentives to declare them, to reduce their taxable wealth, but had to prove them. On the other hand, debts could have been very differently distributed across the population.[13] In any case, this difference will be taken into consideration when estimating wealth concentration, as discussed in the next section.

Figure 6 - Composition of Declared Estates and Wealth in Italy, 1901-1913



Source: elaboration on Baffigi (2008) and Retti-Marsani (1936; 1937a; 1937b).

4. Wealth Concentration in Italy, 1890-1915

From the previous sections, we have all the ‘ingredients’ needed to apply the mortality multiplier methodology and estimate top wealth shares. As mentioned, from 1902 to 1913, the introduction of progressivity made it easier to report the number and entity of estates subjects to the eleven different tax rates; moreover, MEF-TA (1902, pp.

[13] While I could not find an explicit motivation, the choice of most social historians of gross rather than net values (see, for instance, Licini, 1999) could be seen as an implicit ‘malign’ interpretation of liabilities as evasion by the rich.

1376-1377) reports the tabulations for the fiscal years 1890-91 and 1892-93,[14] based on 9 and 14 wealth classes respectively, similar enough to avoid major inconsistencies with those available for later years. Unfortunately, only the tabulations for fiscal years 1890-1891, 1900-1901, and 1901-1902 report the actual total wealth declared. In presence of a high number of wealth brackets, this is unlikely a major problem. In contemporary literature, total wealth was in fact imputed, by multiplying the number of taxpayers in each bracket for a fixed value.[15] The issue is addressed by imputing the mean value for each bracket reported, with the exception of the last bracket (the class of estates above 1 million lire) for which I adopted the common 2,15 multiplier, in line with a Pareto distribution.[16]

A consistent, external wealth total is obtained starting from Cannari et al. (2017), and then adjusting it to take into account the omissions and differences in the totals reported by the estates.[17] First, series are scaled down to the level of Retti-Marsani (1936; 1937a; 1937b) (some 95% of Cannari et al.'s total for the period when the series overlap) to make use of the information on composition. As discussed above, 'movable' assets are sufficiently reported in inheritance statistics; rather than financial assets, inheritance data seems to underestimate other less important components, such as livestock, furniture and valuables. It is reasonable that such 'petty' forms of wealth were kept by surviving family members, and that most of them were normally not included in the assessment for the inheritance tax. Thus, I subtract 'other wealth', from the wealth total, and adopt the resulting series as our baseline. Given the higher share of

[14] As in the rest of the paper, this means the fiscal years - at those times, defined from July 1st to June 30th.
[15] See, for instance, Griziotti (1919), who imputes the median value.
[16] As a robustness check, several alternatives were tried, including the observed values for the 1900-1902 tabulations; such correction, while leaving results pretty similar, reduces the short-run differences observed in the series.
[17] A set of alternative figures is presented in Figure A 1.

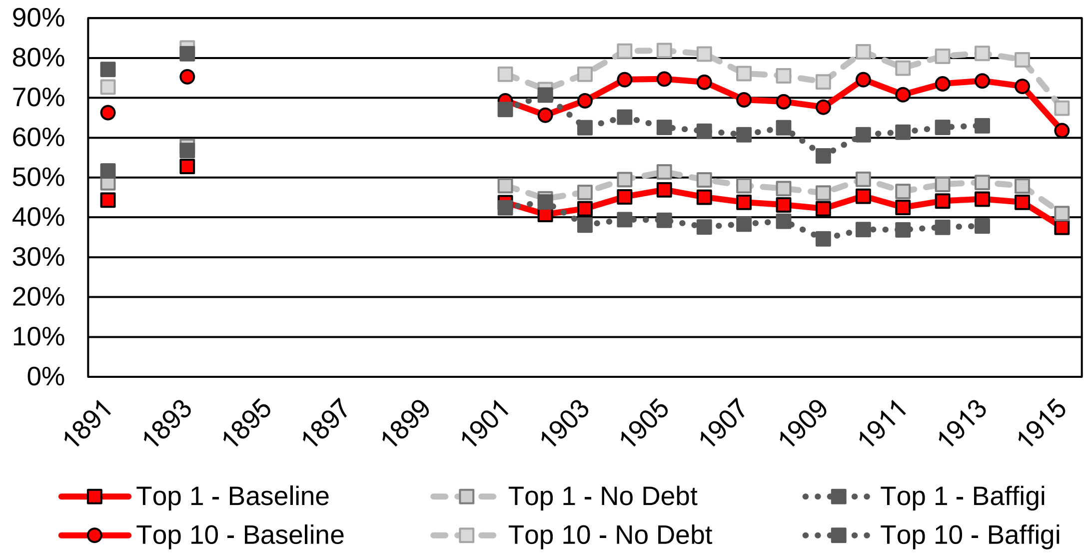
debt reported in the estates, mentioned at the end of section 3, I then build another series, scaling down the total wealth to account for the higher share of liabilities in inheritance data, to obtain a sort of lower bound total (and therefore, an upper-bound wealth concentration estimate), assuming that all this difference was due to evasion; on the other hand, I use the alternative private wealth estimate, reconstructed by Baffigi (2008) directly from the estate data, as a sort of robustness check, coming from an 'internal' total.

The tabulations are finally interpolated, applying the mean split histogram methodology. Intuitively, the method works by averaging upper and lower bound estimates, obtained by assuming, for each interval, that wealth is distributed according the most, and least unequal distribution as possible, respectively. This method, adopted by most recent literature (including Acciari et al., 2021, ensuring further consistency between our historical estimates and theirs), can be considered the most 'conservative' (Atkinson, 2005, pp. 333-334). The resulting series, in three alternatives based on the different totals just discussed, are reported in Figure 7. As expected, adopting different totals leads to different levels, but trends are reassuringly similar.[18] The results, in all the different specifications, show high and constant wealth concentration throughout the period. This is in contrast with a simplistic interpretation of the declining wealth-to-income ratio and inheritance flow, discussed in section 2. The only major deviations are what would look like a sizeable increase of the top shares between 1891 and 1893, and an abrupt fall in 1915. In the lack of more continuous data, it is hard to tell whether the first was part of a broader trend, or simply a short-term variation, but the 1915 fall seems especially spurious – not only because, as discussed by Gini (1914), it follows

[18] The only difference is that the series adopting the 'internal' total from Baffigi (2008) would point towards a decline between 1893 and 1902, consistently with the very different wealth dynamics in his series (Figure A 1).

the increase in progressivity following the outbreak of the Great War, but also for the sudden increase in adult mortality in the first months of the war, leading to a reduction of the multiplier (Figure A 5). In international comparison (Figure 1; Figure A 9), the level of wealth inequality observed in late 19th and early 20th-century Italy is somehow lower than the peaks registered in highly developed countries, such as the UK and France, but also another developing economy, such as Sweden, and in line with the US. Comparisons with other series built on the basis of estate tax data are reasonably consistent, but it should be noted that not all of the series reported in Figure 1 express concentration in terms of an external wealth total: in this sense, and considering also the discussion on tax evasion, we could conclude that wealth inequality in Italy was not significantly different from the level observed in continental Europe, possibly with a lower concentration at the very top. The more comparable share of the top decile could signal a relatively large share of ‘middle-class’ owners, in line with the presence of both a sizeable class of small and medium landowners, and the persistence of local elites, highlighted by the historical literature discussed in section 3. As mentioned, the existence of two tabulations disaggregated at the regional and provincial levels allows us to investigate how these different elites managed to concentrate wealth across the Peninsula: this will be the object of the next section.

Figure 7 - Top Wealth Shares in Italy, 1890-1915



Source: elaborations on MEF-TA (various years); Human Mortality Database; Cannari et al. (2017); Baffigi (2008); Retti-Marsani (1936; 1937a; 1937b).

5. Wealth, Inequality and Regional Divides in Liberal Italy

Wealth and Its Composition and Italian Regional Divides

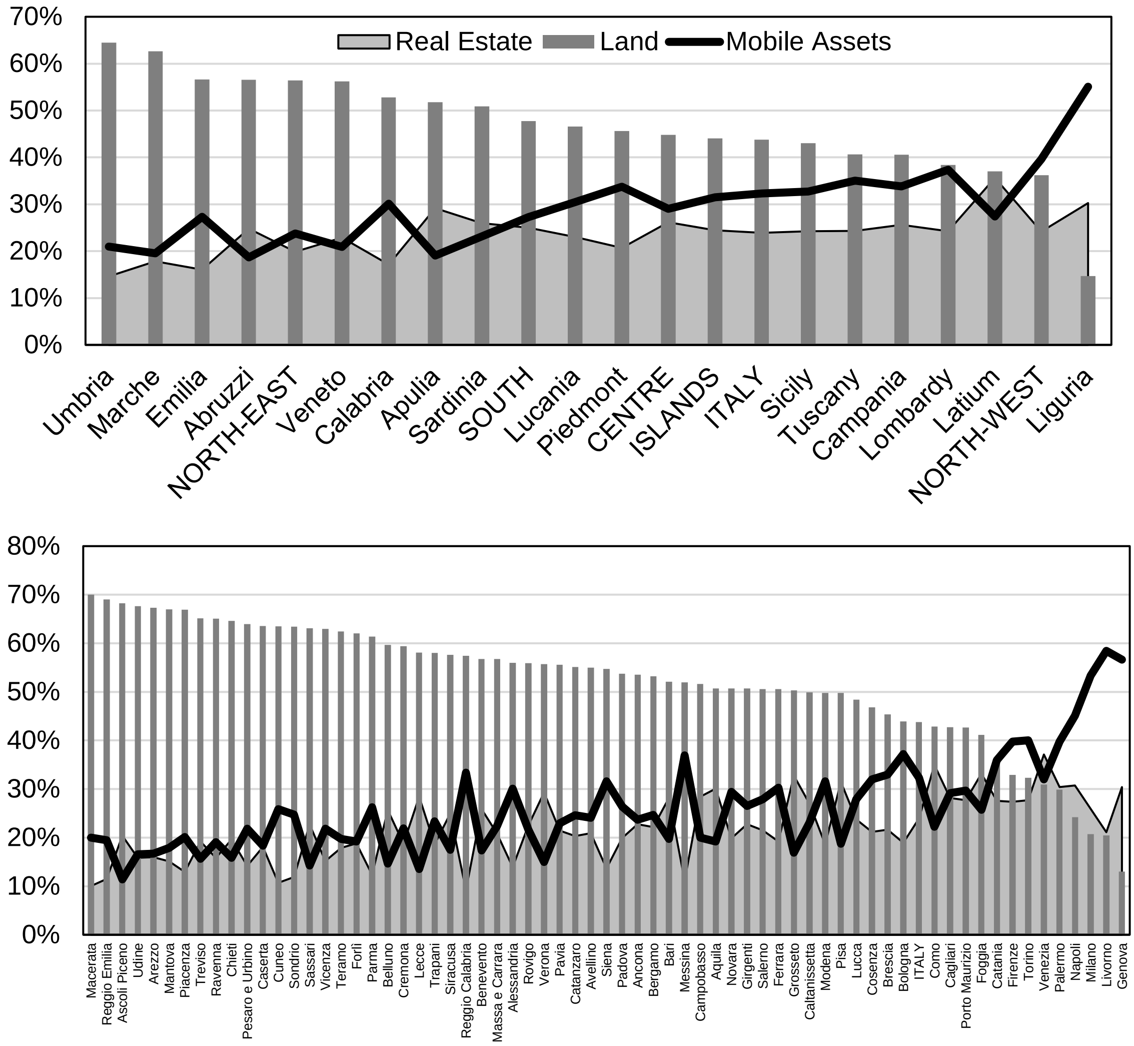
Before becoming the 'Holy Grail' of Italian economic history (Fenoaltea, 2011, pp. 191-203), the existence of regional divides, their magnitude and origins between South and North has been a long-lasting issue among Italian intellectuals, politicians and the broader public opinion. In recent years, works such as those by Felice (2011) have consolidated the picture on income gaps. While historians still debate on the precise amount of the divides at the time of the unification (1861), these were arguably small (around 10%). As pointed out by Fenoaltea (2011, p. 211), looking at industrial production, Italy was still 'a traditional *ancient regime* economy', in 'which "industry" is handicraft production for the ruling classes that spend tax revenues and land rents', and therefore, tended to be 'naturally concentrated next to the court', the only exception being Lombardy. Indeed, the location of all the previous capitals apart from Venice on the Tyrrhenian Sea could lead to talk about a West-East divide, rather than a North-South. By European standards, both North and South were 'uniformly poorer, all basically still agricultural economies, but with different degrees of backwardness' (Fenoaltea, 2011), and overall regional inequality was lower than in Spain (Iuzzolino et al., 2013). Divides in per capita income and industrial production grew over the following decades, and by 1911 the emergence of the industrial triangle was already evident; but it was only later, with the Great War, and then during the interwar decades, that these gaps really exploded.

Not much is known, however, about the interplay between personal and regional inequality: very detailed estimates are available for the distribution of land at the end of the interwar period (Martinelli, 2016); for income, the first available estimates at the regional level come from the pioneering household survey run in 1948 (Luzzatto Fegiz, 1950). From this survey, Southern regions already emerged as more unequal (Amendola and Vecchi, 2017, p. 327); according to Amendola et al. (2011, pp. 259-260), the South had become more unequal around 1911, while for the first half century after unification, the North had shown higher inequality. Even less is known on wealth distribution: Cannari and D'Alessio (2018a) do not show disaggregated series, while Acciari et al. (2021) have figures only for North, Centre, and South and islands, with the latter characterised by higher inequality. Even divides in private wealth stock – the first economic metric of the 'Question' until the first decades of the 20th, when GDP was yet to be defined, and wealth was the yardstick of economic development[19] – have been overlooked. Following economists' 'shift' from wealth to income, historians have neglected a different, complementary aspect of economic development and wellbeing – particularly important in economies characterised by slow economic growth (Piketty, 2014), and largely non-industrial.

[19] A century and a half after Adam Smith's *The Wealth of Nations*, Gini (1914) established himself internationally by discussing the measurement of *The Amount and Composition of the Wealth of Nations.*

After surveying the late 19th and early 20th century literature, Cannari et al. (2017) reproduced regional (16) per capita wealth figures for 1901-03 and 1928, by Nitti (1905) and De Vita (1933) respectively. First, it is interesting to note that the per capita wealth gaps reported for the early 19th century are slightly wider than those in GDP estimated by Felice (2011) for the same period. For instance, Genoa's Liguria, the richest region at the times, had more than 1.5 times income per capita than the national average of 1911, but close to 1.8 in terms of wealth; the other two 'corners of the North-West, Piedmont and Lombardy, increase their relative advantage from 1.2 in income terms, to more than 1.5 in wealth. Sardinia, the poorest in wealth term, had less than 0,5 the national average, compared to 0,84 of income; other Southern regions, such as Calabria, Abruzzi, and Lucania 'confirm' their 0.7 in both metrics. Gaps seems to widen in this period, according to the evidence on the revenues from the inheritance tax, available at the provincial level for several years between 1880 and 1920-21 (Figure A 10). The data show the growth of the Northwest, both in absolute and relative terms, while the South falls behind, and loses ground even with respect to the Centre and North-East. Sizeable, growing divides are confirmed by the value of transferred estates, available only in 1902-1903 (and among Nitti's sources) and 1913-1914. The same source, however, provides us with a decomposition of transmitted wealth by major asset for this later period, that reveals a more homogeneous picture (Figure 8).

Figure 8 - Composition of Estates by Region and Province, 1913-14



Source: elaborations on BLSC (1914).

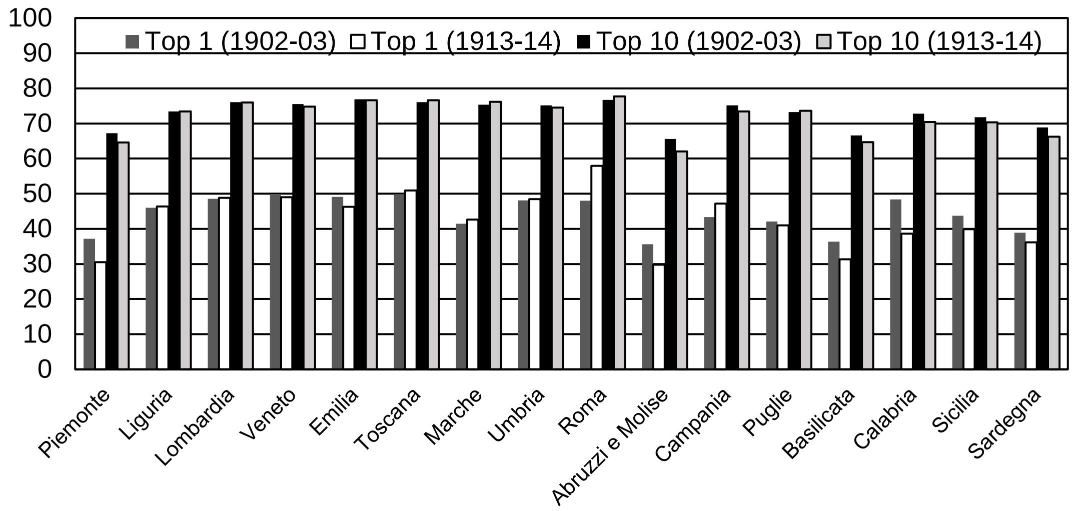
At the eve of the Great War, the only region in which land was not the most sizeable component was Liguria – a mountainous region, dominated by the financial and logistic centre of Genoa. Piedmont was two percentage points above the national average (44 per cent), while Lombardy is not so distinguishable from Tuscany and Campania. All these regions have a higher share of land than Rome's Latium, that shows the highest level of real estate. In this period, however, one cannot speak of 'South' and 'North' as if they were two opposite realities, homogeneous within themselves; provincial disaggregation reveals similarities between most rural, 'internal' provinces, and the urban areas spread all around the country (Iuzzolino et al., 2013, p. 572). The most ‘movable’ province is the Central harbour of Leghorn, and according to this metric, not only Naples, but also Palermo and Catania, in Sicily, perform well. On the other hand, of the ten provinces with the highest share of land, only the tenth is in the South (Chieti, in Abruzzi), coming after Central (Macerata and Ascoli Piceno, Marche, and the Tuscan Arezzo), North-Eastern (Piacenza, Ravenna and Reggio Emilia, Emilia Romagna; the Venetian Treviso; Udine in Friuli), even Lombard provinces (Mantua).

Wealth Concentration at the Provincial Level

Interestingly, these differences are only marginally reflected in the personal distribution of wealth (Figure 9). While early 20th century scholars had found some correlation between the average estate transmitted in a region and their concentration, the picture emerging after taking into account missing wealth and overall population is not so clear-cut. Unfortunately, while population over 20 can be obtained from the closest censuses (1901 and 1911), external total wealth series[20] and mortality data are not available for regions, provinces or single cities, so the rest of the paper adopts the same mortality multiplier adopted for the national estimates, and internal wealth totals are computed assuming a 25% of evaded or missed wealth from the total estates times the multiplier. Both are clearly unsatisfactory, but should ensure sufficient consistency with the national estimates, and be preferable to any arbitrary correction.

[20] Nitti (1905) is also based on estate data.

Figure 9 - Wealth Concentration across Italian Regions in the Early 20th Century

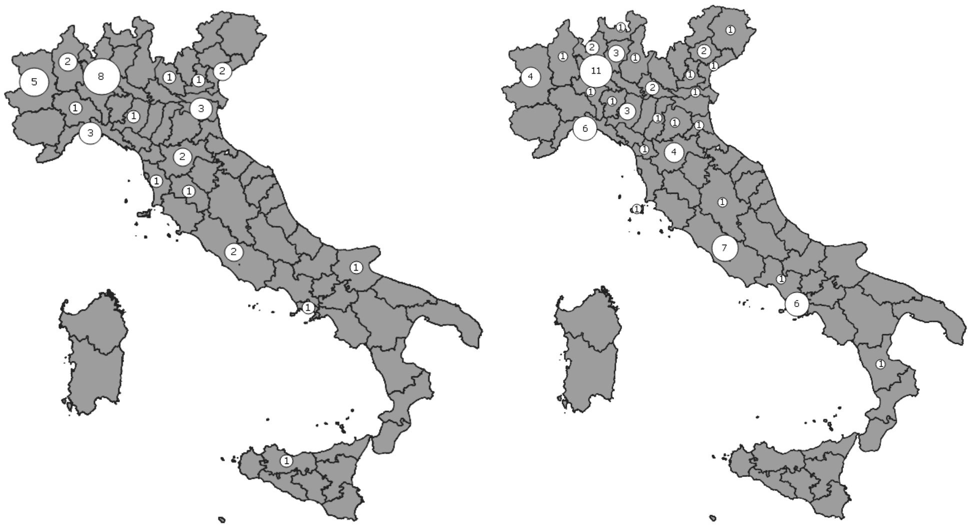


Sources: elaborations on MEF-TA (1903; 1915), Human Mortality Database, MAIC (1902, 1914).

At the regional level, the situation is not much heterogeneous, and there seems to be no clear, 'Kuznetsian' relationship between the stage of relative industrialisation and inequality. While explicitly addressing the 'personal distribution of income', Kuznets (1955) discussed 'forces' of inequality change that could clearly apply also to wealth inequality: among those increasing inequality in the long-run, he listed 'the concentration of savings in the upper-income brackets'; among the 'factors counteracting' concentration, on the other hand, he mentioned 'legislative interference and "political" decisions"', that might be 'aimed at limiting the cumulation of property directly though inheritance taxes and other explicit capital levies', as well as the 'diminishing proportional weight' of the 'property assets that originated in older industries' resulting from technological change. Looking at the North-Western triangle, Lombardy is clearly among the most unequal parts of the countries (although not *the* most unequal), but the same cannot be said for Piedmont, nor for Liguria, by far the richest region, with both the highest share of movable asset and the lowest prominence of land. Both these regions show, in fact, levels of concentration below those recorded in most Southern rural regions. If in 1902-03, the highest concentration is registered in the relatively backward North-East (Emilia and Veneto, respectively), and Latium – not exactly an industrial heartland – reaches the top in 1913-14.

The data allows us to go a step further, moving down to the level of provinces (69 in this period). A first, very ‘rough’ measure of wealth inequality across Italy, somehow interesting in the light of the aforementioned historical literature, is the absolute number of estates above 1 million lire reported in each province. The sum would be worth some 4, 4.5 million of current euros at current prices, but as discussed by Milanovic (2010, pp. 41-45), this is an understatement of its true value. Milanovic suggests, following Adam Smith, to measure the wealth of a man ‘according to the quantity of labor which he can command’: under this metric, a million lire in 1902 would be equivalent to some 2,650 years of a rural labourer’s wage, or slightly less than 2,400 times per capita GDP; by the end of the period, the same million would ‘buy’ less than 2,000 ‘years’ in both metrics. As shown by the maps, the presence of super-rich and super-fortunes show a very strong North-West gradient. Milan, together with the rest of the North-West, accounting for roughly half of the total in both years; the North-East and the Centre accounting for almost all the rest; and just a bunch of cases in the South and Islands. Early-20th century industrialisation led to an increase in the absolute number of millionaire fortunes, without, however, spreading them Southern than Tuscany – with the exception of Rome, Naples, and few other cases.

Figure 10 - Millionaire Estates across Italy, 1902-03 and 1913-14

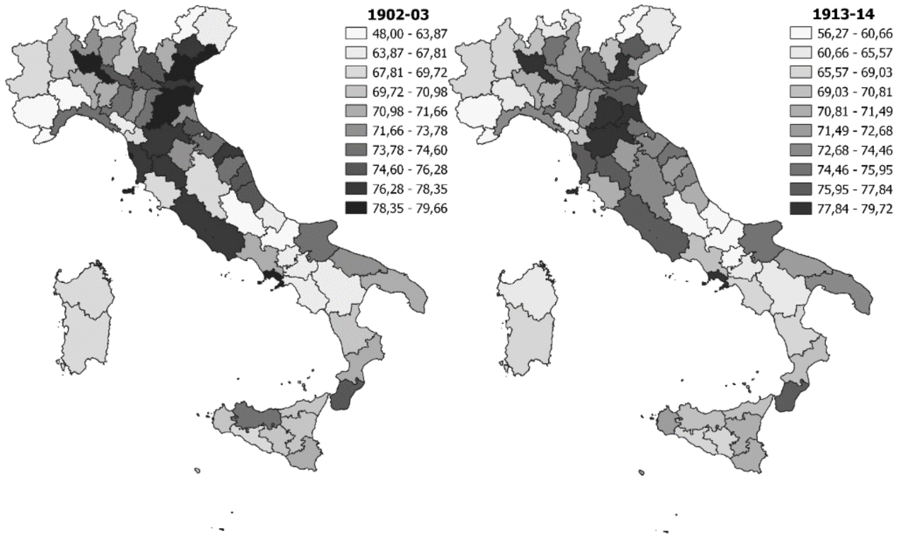


Source: elaborations on MEF-TA (1903; 1913).

This North/South difference is not that marked, however, when looking at wealth concentration. Figure 11 reports, for each Italian province, the top 10 per cent shares for 1902-03 and 1913-14.[21] In Liberal Italy, wealth inequality was high in the provinces of most (but not all) major cities, from North (Milan, Venice, Bologna) to South (Naples, Reggio Calabria), including the Centre (Rome, Florence); among the exceptions, Genoa and Palermo. Rural areas – especially in Tuscany and the North-East, but also Northern Apulia – are also among the most unequal parts. The correlation between wealth concentration and indicators of absolute wealth, industrialisation and composition of assets is very weak, although possibly increasing by the end of the Liberal period (Figure 12). On the other hand, wealth inequality seems to correlate well with the per capita income assessed for direct taxation, built including those reported for the land and real estate taxes: in this sense, the correlation could signal that wealth inequality was higher in the most 'productive' rural areas, as well as in most major cities, where industrial and financial capital concentrated.

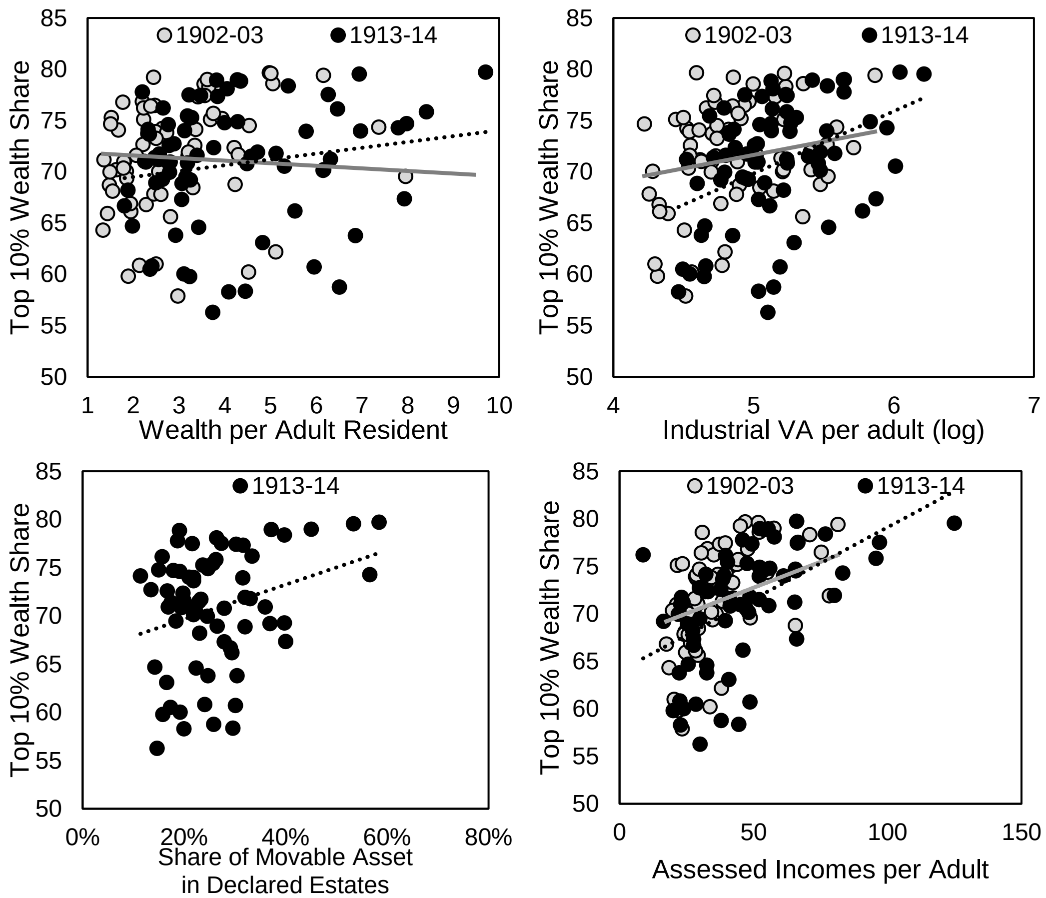
[21] Maps for the top percentile are reported in Figure A 11.

Figure 11 - Wealth Concentration across Italian Provinces: Top 10% Share



Sources: elaborations on MEF-TA (1903; 1913), Human Mortality Database, MAIC (1902).

Figure 12 - Correlating Wealth Concentration with Economic Indicators



Source: elaborations on MEF-TA (various years) and Ciccarelli and Fenoaltea (2013). Assessed incomes include those for *Imposta di Ricchezza Mobile*, *Imposta Fondiaria* and *Imposta sui Fabbricati*.

Indeed, the map of wealth inequality reveals that the most important cities (especially the largest metropolis, Naples, and the financial and industrial centre of

Milan) showed a level of wealth concentration in line with the national figures presented in section 4. Even though no single Italian city accounted for a share of estates comparable to the one accrued by Paris in France, this result is reassuring on the possibility of inferring meaningful national trends from the archival evidence made available by historians for these two cities, in line with Piketty et al. (2006): this will be the object of section 6.

6. Wealth Inequality from Estate Micro-Data: Milan and Naples

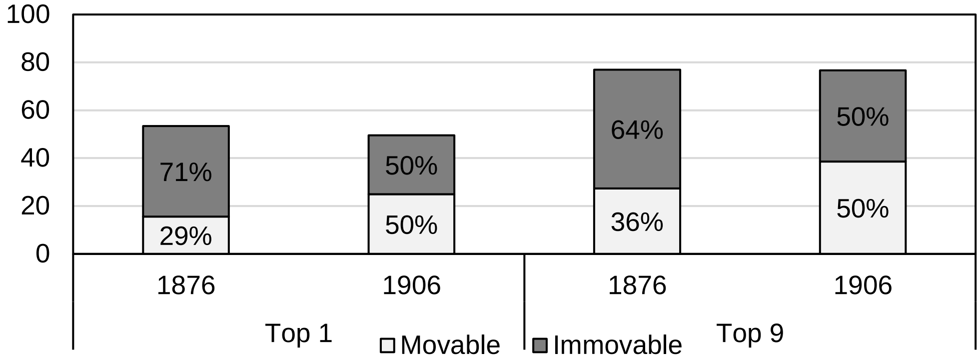
As discussed in section 3, while estate records are the only viable source for investigating historical wealth inequality in Italy, official tabulations are not the only source available to study the distribution of wealth in Liberal Italy: archival records survived across Italy, covering the whole post-unification period. In this section, I take advantage of the existing data collected by Licini (1999) for Milan, 1862-1900, and Macry (1990) for Naples in 1876 and 1906, to extend our analysis to the first decades after Italian unification.

The Gold of Naples, 1876 and 1906

Despite the long decline of economic activity, 19th century Italy was still one of the most densely urbanised areas of Europe, still second after Britain at the time of unification (Bairoch, 1976, p. 11). According to the 1861 census, however, among the eleven cities with more than 100,000 inhabitants, only Naples was close to half a million; Turin, the first Italian capital, followed with 200,000. Former capital of the largest pre-unitary state, Naples hosted important institutions, including the largest university; despite losing ground to the North, until the Great War it was still 'a European capital' (Barbagallo, 2015). Only in the interwar Milan, and eventually Rome, became more populous. In terms of GDP, Campania, the region of which Naples was the industrial and financial centre, was some 10% above the national average in 1871, and still at 96% at the end of the period (compared to the 86% of the South) (Felice, 2011). It is therefore of great interest to investigate the concentration of wealth in Naples: this was made possible by Macry (1988; 1990), who collected all the information available in the local State Archive, for all the estates reported in the years 1876 and 1906. This database is extremely accurate, reporting all the components of wealth (rural real estate, land, public bonds, money, credits, financial capital, furniture, and so on), as well as age, profession, place of birth, father and mother's names, marital status, and similar demographic information, whenever reported by the original source (unfortunately, information was consistently completed only for a subset of these variables). Even though only for two years, Macry's database provides us with a very valuable sample, that allows us to check the consistency of our estimates with micro-data, as well as the possibility to take advantage of the detail on asset, gender and age.

In the case of Naples, it was not possible to find precise estimates on those deceased in the city in those years, but coverage figures by Macry (1990) made it possible to derive them. Also in this case, population above 20 was obtained working on available censuses (1871 and 1881, and 1901 and 1911, taking the average figure), while mortality and wealth totals were obtained as in section 5. With all these limitations, after reproducing tabulations following the same ranges of wealth adopted by national and regional tabulations, it was possible to estimate wealth concentration for Naples in 1876 and 1906. In Figure 13, top wealth shares are presented for the city, together with the share of movable and immovable assets – top 1 and top 9 per cent, since the limited number of estates reported made impossible to estimate the top decile. This latter indicator still suggests a strong concentration of Neapolitan fortunes, even above the 1906 national level (76.5 vs. 74%); also in this case, the share of the richest decile remained quite stable throughout the period, while the richest percentile declined from 53 to 49.5%. Data on asset composition makes also possible to observe the evolution of wealth in Naples: in just four decades, estate data reveal a marked reallocation, from land and real estates to movable assets, that grew to half of the wealth detained by both groups.

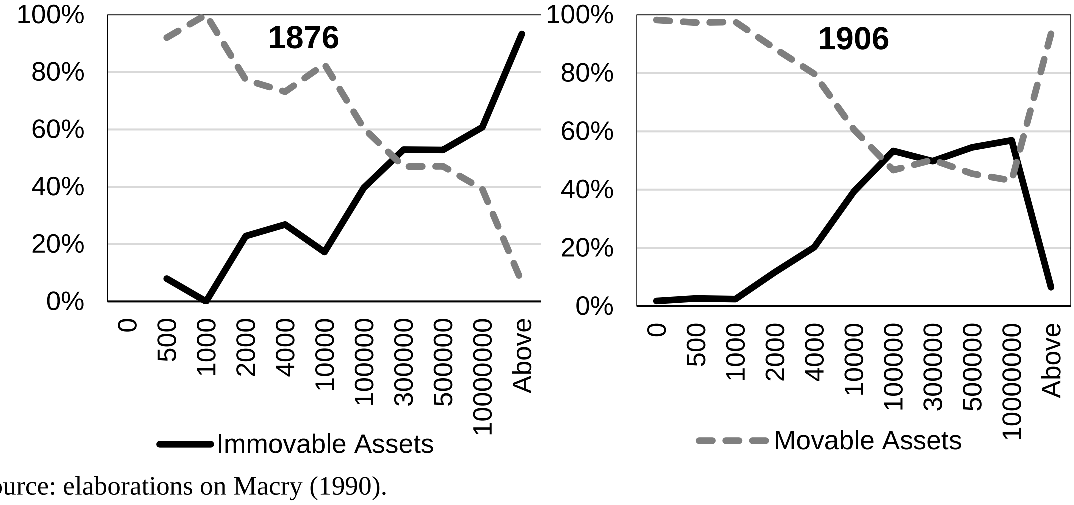
Figure 13 - Wealth Concentration in Naples, 1876 and 1906



Source: elaborations on Macry (1990).

This switch was particularly visible among the top percentile (Figure 14). Neapolitan estates make possible to check two important assumptions: as shown in Figure A 12, using the same multiplier for different gender and age group does not bias the estimates, in line with Berman and Morelli (2020) and the empirical results of Alvaredo et al. (2018) and Piketty et al. (2006). Moreover, adopting gross, instead of net, values for the estates, changes the results by a fraction of a percentage point: a result that is reassuring, in order to adopt the data collected by Licini (1999) for Milan.

Figure 14 - Wealth Composition across the Distribution, Naples 1876 and 1906



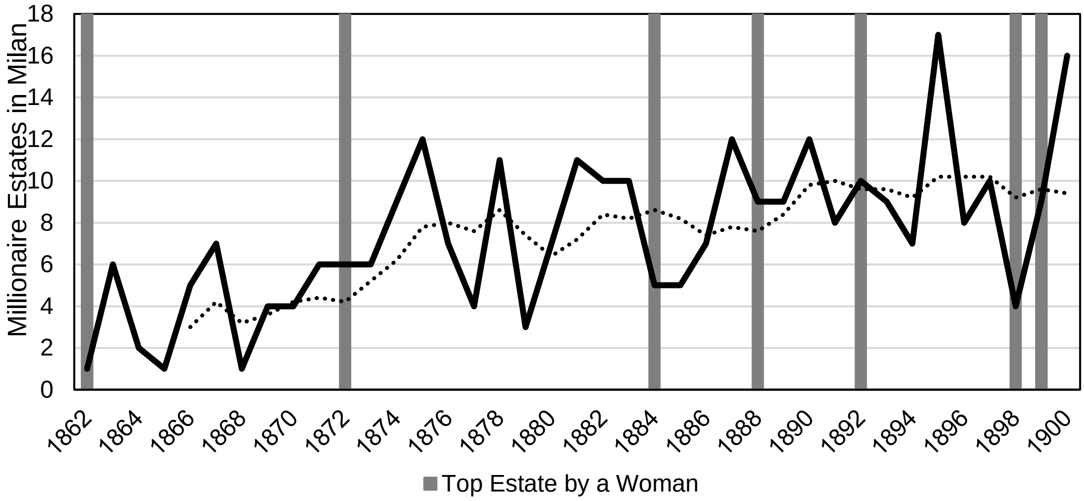
Source: elaborations on Macry (1990).

Estates and Wealth Concentration in Milan, 1872-1900

The complete database on the estates reported to the Milanese Registry Office, collected and documented by Licini (1999), represents a unique source to estimate wealth concentration in Liberal Italy. From June 1st, 1862, to the end of 1900, it reports names, date of death and gross wealth; freely available online, it has represented one of the major sources on private wealth in this period. In this section, I exploit it to estimate Milan's wealth concentration in the late 19th century, to proxy its evolution in the country. In this period, Milan always accounted for some 8% of the overall wealth declared and transmitted every year (a sizeable share, for a population that was less than 1% of the Italian total):[22] while not 'representative', the city was at the frontier of Italian industrialisation, and hosted the major banks and stock exchange. If Naples represents 'old' wealth, we could expect the citizens of Milan to be among the first to include in their fortunes the new forms of capital and investment, responsible for the mechanisms discussed by Kuznets (1955).[23] While Figure 11 confirmed that the province was in fact among the most unequal parts of the country, it did not show, however, an increase in inequality. As stressed by Licini (1999, p. 270), Milanese estates showed some of the most sizeable wealth, and listed the highest number of millionaires throughout the period: Figure 15 shows, in fact, the increasing number of millionaires throughout this period, in line with what Cardoza (1995) found for Turin, and also an increasing number of women among the wealthiest.

[22] See Figure A 13 and Figure A 14. As specified by Licini (1999), Milan's Registry Office received not only the estates related to the town and the Corpi Santi, but also Bollate and Melzo.
[23] Even though, as discussed by Tolaini (2020), groups such as the aristocratic financial investors of Genoa probably accounted for some of the major fortunes of the country.

Figure 15 - Millionaires in Milan, 1862-1900



Source: elaborations on Licini (1999); the black line reports the number of millionaires in declared estates; the dotted line is a five-year moving average; the grey bars mark years in which the richest estate was left by a woman.

Also in this case, population totals were obtained working and interpolating censuses; following Hunecke (1982), figures were corrected to account for an inconsistent reporting of age groups in the 1901 census, and it was necessary to adopt a slightly different definition of adult population, that is people older than 18. For the rest, also in this case the mortality multiplier was the national one (available from 1871 on). This is partly disappointing, given that both coeval observers and modern historians discussed at length how Milanese mortality rates exceeded the national average in all age brackets (Mortara, 1908, p. 174; Hunecke, 1982, pp. 122-143).[24] Also in this case, the 'usual' wealth brackets were reproduced, but in fact, compared to official tabulations, the database makes it possible to refer estates to the year of death, instead of the year in which they were reported. Despite the law required to report within six months (Caglioti, 1994), archival evidence makes clear that a more sizeable gap could

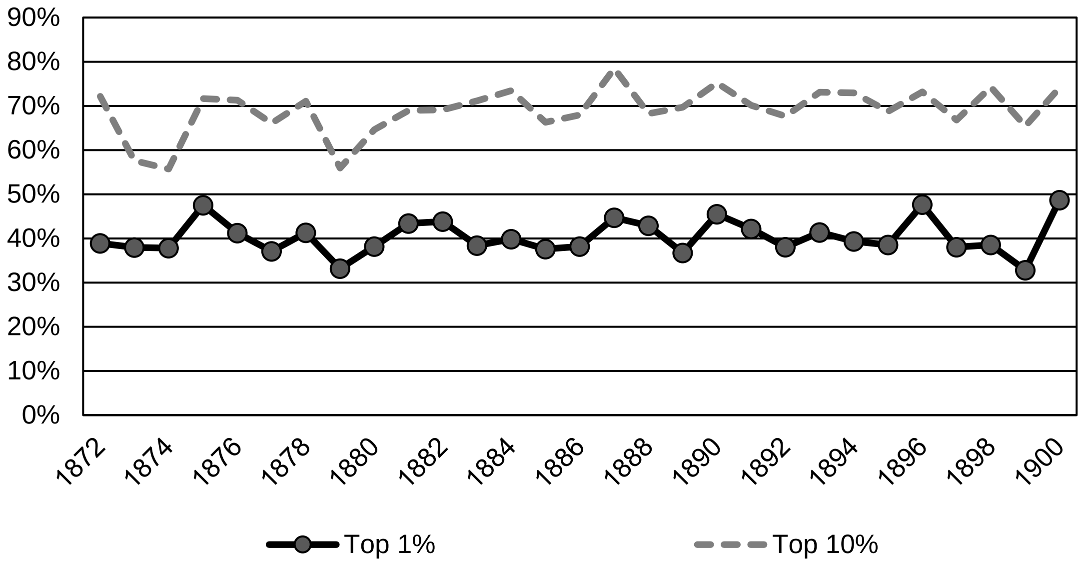
[24] This was the case for all major urban centres, including Naples; the case of Milan was peculiar because this differential persisted across all age groups.

occur.[25] In any case, if Lombardy featured as one of the least ‘covered’ regions (possibly in itself a sign of higher inequality, resulting either from the absence of a sizeable number of small landowners, or for the growing number of propertyless workers), at the beginning of the 20th century the city of Milan accounted at most for half of the estates filed in the province. Finally, in this case, as a consistency check, a second total for wealth was obtained by scaling down the national figures adopted in section 5 by the ratio between the value of estates transmitted in Milan and the overall value recorded for Italy. The two totals, shown in Figure A 15, are reassuringly similar.

Figure 16 reproduces the estimates for wealth concentration in Milan, from 1872 to 1900. Apart for some increase of the top 10% share in the 1870s, the new series confirm Licini’s result, based on within-estate concentration: during the period, concentration remained stable. Despite the limitations in the data, and the short run ‘turbulences’ inevitable in the light of the small number of estates per year, Milanese estates confirm, once more, both the level of wealth concentration in the Liberal period (around 70% for the top decile, and 40 for the top percentile) and its stability throughout the late 19th century.

[25] This explains the declining number of estates in the latest years of the database (Figure A 13). In the few cases in which the year of the death was not specified, the year of declaration was assumed to be the year of death.

Figure 16 - Wealth Concentration in Milan (1872-1900)

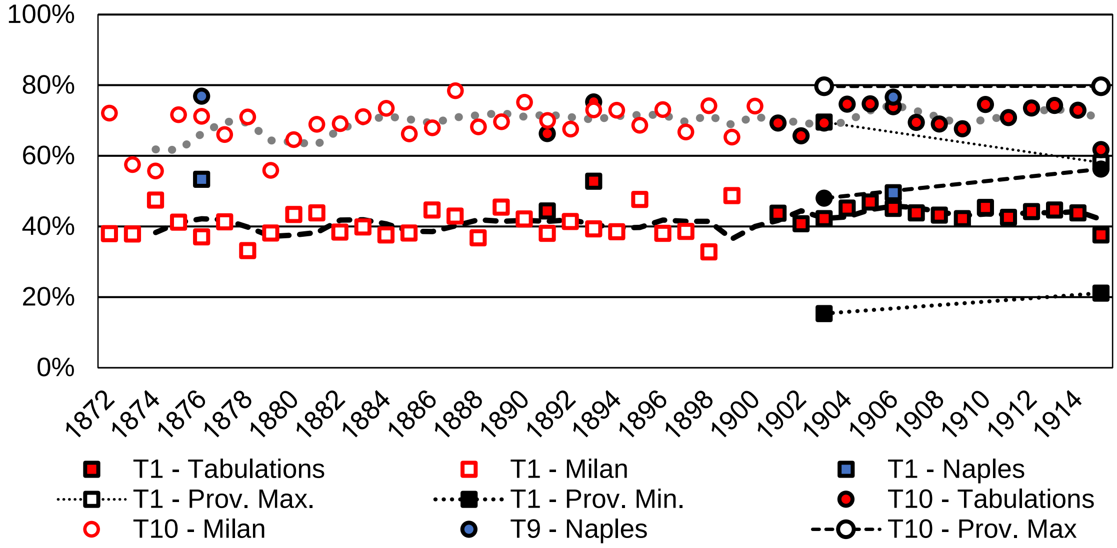


Source: elaborations on Licini (1999), MAIC (1874, 1883, 1902), Hunecke (1982), and Human Mortality Database.

Wealth Concentration in Italy, 1872-1915

The estimates discussed in this section, in combination with the ones estimates in sections 4 and 5, provide us with a rich, insightful perspective of wealth concentration in Italy, from Unification to the outbreak of the Great War. As shown in Figure 17, all estimates – for Naples, Milan and Italy – converge in showing a relatively high and stable level of concentration, especially for the top decile. The 1901 figures for Italy almost ‘touch’ the latest available for Milan; neither the former capital of the South, nor the centre of Italy’s growing industrial and financial sectors, reveal major changes. The graph also reports the minimum and maximum levels of inequality estimated at the provincial level: especially top 1 shares showed a wide range of value in 1902, but ‘intervals’ narrowed by the end of the period. Methodologically, despite the limitations in the available data, the micro-data made available by Licini (1999) and Macry (1990) proved to be extremely suitable for fruitful combination with the available national tabulations.

Figure 17 - Wealth Inequality in Milan, Naples and Italy, 1872-1915



Source: 'Tabulations' reports the series for Italy shown in Figure 7; 'Milan' in Figure 16; 'Naples' in Figure 13; Prov. Max and Min the higher and lower results from the provincial estimates (Figure 11 and Figure A 11); the continuous lines represent 3-years simple moving averages (grey for top decile, black for top percentile).

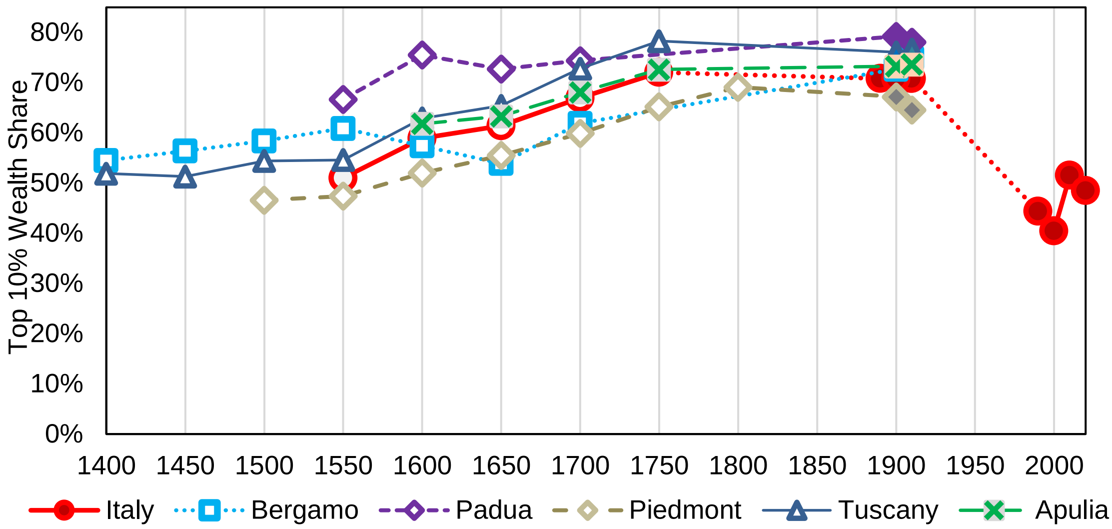
The analysis carried on in this chapter, therefore, while shedding new light on Italy's wealth concentration between 1872 and 1915, provides Italian economic historians with a methodology to expand it further, covering the whole post-unification period: further archival research will make possible to bridge the informative gap between the estimates presented in this paper, and those by Acciari et al. (2020) and Cannari and D'Alessio (2018a), and in particular, to cover the interwar period as well as the years of the post-WWII miracle. Still, the next section will place these results in a longer-run perspective.

7. Wealth and the Wealthy in The Long Run

As discussed in the introduction, the absence of historical estimates for the post-unification period was in striking contrast not only with the recent estimates by Acciari et al. (2021), but even more, with the large amount of historical research on wealth inequality in the Italian states from the late Middle Ages, recently surveyed, together with the broader literature on pre-industrial inequality, by Alfani (2021). Indeed, Figure

18 reproduces a geographically consistent, long-run series of wealth inequality, based on the series estimated by Alfani and his co-authors for Piedmont, Tuscany, and Apulia since 1400, the more recent ones by Acciari et al. (2021), and those presented above.

Figure 18 - Wealth Inequality in the (Very) Long-Run: Italy and Its Regions



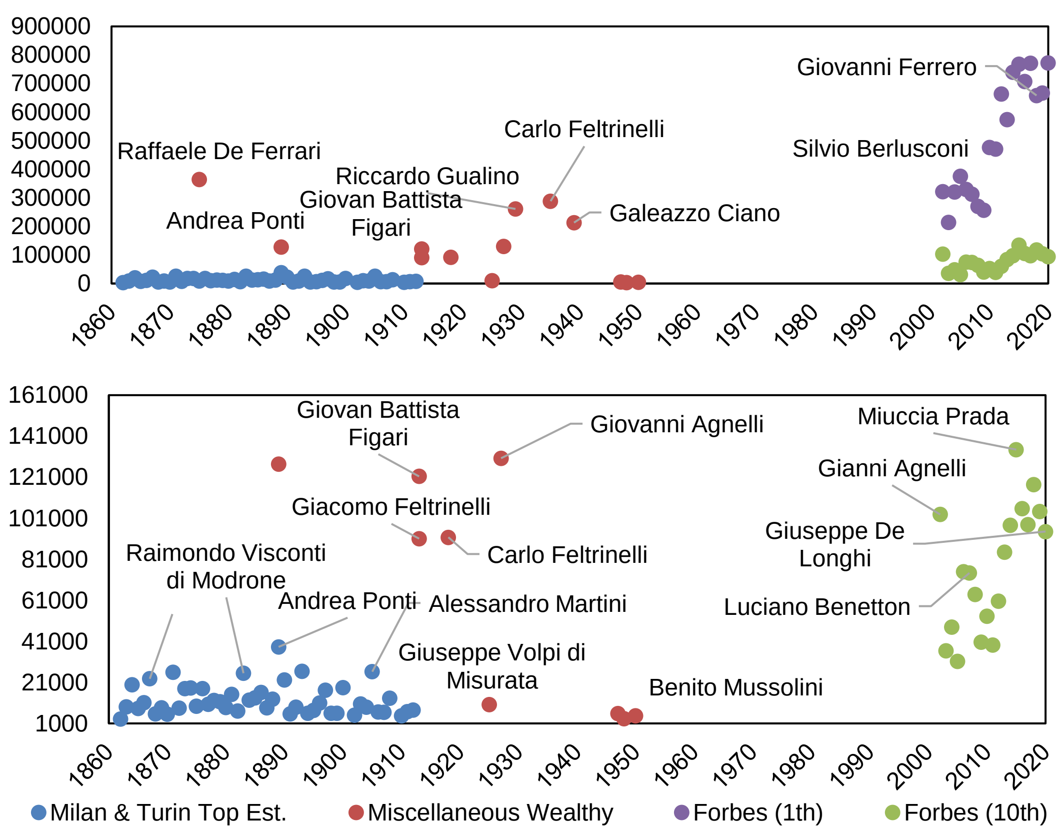
Source: Figure 17, Alfani (2017) and Acciari et al. (2021).

As discussed below, Acciari and co-authors worked with the same methodology and the same type of sources: while modern data is more detailed, it was possible to maximise the inter-temporal comparability, by selecting the most consistent specification among their rich set of estimates. Alfani's series are reproduced with different markers, to signal that are based on a conceptually similar, but different source - property tax records – without the need to apply the mortality multiplier. As summarised by Alfani (2021, p. 10), in Italy 'from circa 1450 or 1500 until 1800, economic inequality (of both wealth and income) has tended to increase almost monotonically'; this contradicts the somehow implicit assumption in Kuznets (1955), 'that before circa 1800 or 1750 at the earliest, income inequality was relatively low and stable over time' (Alfani, 2021, p. 4). The comparison, carried on by the same Alfani (2021, p. 37), between his series and those reported by Piketty (2014) for France, UK and Sweden (Figure 1) would suggest that this increase had continued throughout the 19th century, or in the first decades of the 20th.

The Italian story seems partly different, at least until the Great War: in the late 19th century, wealth concentration remained stable, around the secular peak reached at the end of the pre-industrial period; this result is confirmed by sub-national series, such as those for Piedmont (North-West), Tuscany (Centre), and Apulia (South), or for the Northern towns of Padua and Bergamo. In this sense, if evidence on preindustrial inequality challenged the role of economic growth as the main explanation for the rise of inequality (Alfani, 2021, p. 5), Italy emerges as an extreme case, in which wealth inequality increase stopped precisely when modern economic growth started, and income inequality started its decline (Vecchi, 2017). In this period, the forces discussed by Kuznets (1955) could have been contrasted by others: unification might have harmed the wealth of local elites outside the new centres of the Italian Kingdom, that was also bringing to many Italian regions higher levels of taxation (including the one on inheritance); moreover, the new country joined, at least until the turn of the century, the first globalisation, and the factor-price convergence it promoted might have had an effect in bringing down the value of traditional assets, such as land (O'Rourke and Williamson, 1999). On the other hand, in the light of the discussion of the geography of wealth inequality in section 5, it is interesting to note that the relative rankings remained the same over such a long period, with Apulia, for instance, in an intermediate position between Piedmont and Tuscany, suggesting some degree of persistence. Even though the evidence is too scattered to advance interpretation, these three regions are possibly the stereotypical examples of different land property regimes, with Tuscany infamously characterised by sharecropping agreements, Apulia dominated by the large latifundia, and Piedmont, on the contrary, experiencing a relatively large share of small, independent farmers. In this sense, the new evidence presented in section 5 would imply that, at the end of what is considered the first 'industrial take-off', the distribution of wealth in Italy was still largely the one inherited by the preindustrial period.

It is still possible, of course, that the new estimates underestimate inequality, or fail to detect its real dynamics. Estates clearly miss part of the new wealth of the financial and industrial super-rich, that were clearly those showing 'the most spectacular phenomena of upward social mobility' in this period (Banti, 1996, pp. 175-176). As discussed, these forms of wealth still accounted for a minor part of the total, according to the composition of wealth, suggesting that the scope of this bias should be limited; and in fact, Neapolitan estates do reflect major changes in the composition of richest fortunes. Moreover, the consistency between estate data and external total limits the margin of error: even if we think that both estate and wealth data miss the wealth of the richest, in our estimates what is missed by the estates is not attributed to the rest of distribution, but simply do not enter the estimation. Still, in periods of structural change, the wealth of the decedents might not perfectly represent the one of those living. It is therefore of some interest, concluding this chapter, to try to compare the richest Italians in the estate data, to the more or less anecdotical evidence, made available by historians for well-known and important Italians, including the recent lists carried on yearly by *Forbes*. Following Milanovic (2010), Figure 19 compares the relative wealth and power of the wealthy Italians, today and in the Liberal period, but also sporadically in the interwar period (the graph is reproduced in two different scales, to make comparisons easier). This metric, at a first glance, gives a very different impression than the series shown in Figures 1 and 18: the fortunes of today's super-rich Italians, such as *Nutella*'s Giovanni Ferrero, would be worth more than 700,000 times the average income, entirely overshadowing their 'forefathers'. As reported by Milanovic (2010, p. 42), another notable 'Italian', the 'fabulously rich triumvir Marcus Crassus', was worth c. 32,000 average roman incomes of his times ('a crowd that would fill about half of the Colosseum'). If estates, even without considering evasion, could underestimate private wealth, by evaluating assets at their book value, *Forbes* lists could arguably overestimate the personal fortunes of shareholders and owners of multinational firms such as Ferrero: still, according to the graph, the last decade led to an enormous increase of the 'real' fortunes of the richest Italian.

Figure 19 - The 'Real' Fortunes of Wealthy Italians, 1862-2020



Source: elaborations on per capita GDP from Baffigi (2015); individual estate records from Licini (1999) and Cardoza (1995); fortunes of the top and tenth richest Italian according to *Forbes* World's Billionaires lists from 2002 to 2020, and miscellaneous evidence on wealthy Italians, discussed in the main text.

The value of the estates collected by historians for the 19th century are in fact comparable with the wealth of Crassus; the heir of the Milanese noble family, Visconti di Modrone, was worth 25,000 times the average income in 1883. According to the figures elaborated from family records by Besana (2014), also in this case evasion was sizeable, but ‘just’ around 30% of the overall value, and therefore in line with contemporaries’ estimates. Moreover, when we ‘zoom’, in the lower graph, and compare them with the tenth-richest Italians today, we can appreciate that the richest of our millionaire estates, the textile producer, Andrea Ponti (1821-1888), leaving an estate of more than 15 million liras (slightly less than 40,000 years of p.c. GDP) would enter this prestigious ‘club’, although from a lower position. However, the newspaper *Gazzetta di Treviso* hypothesised that Ponti’s fortune was greater than 50 million (Conca Messina, 2015). This was arguably an overestimation, most likely starting from the market value of firms and assets (thus, possibly, more consistent with *Forbes*), but estates could surely be more undervalued in presence of movable assets.[26] According to this evaluation, Ponti’s fortune would be worth almost as much as the one of the richest Italian in 2002 but would not grant him the crown of the richest Italian of the 19th century. In his survey of the family archives of Genoese aristocracy, Tolaini (2020, pp. 16-18) documents the impressive 131 million liras held by Raffaele de Ferrari, a nobleman who had ‘invested in many European railway societies and played an important role in the establishment of the modern banking, such as the *Credit Mobilier*, the *Darmstädter Bank*, the *Creditanstalt*, collaborating with Laffitte, Rothschild, Pereire brothers’ - and in fact, based his business in Paris. The exceptionality of De Ferrari is stressed by Doria (1991, p. 490), according to which ‘no Italian capitalist played such as an important role in the European development of modern banking and the railways’ construction’. Indeed, with some 365,000 times the average income of the times, De Ferrari is the richest in our historical sample (just below Silvio Berlusconi in 2005). For the interwar, no systematic source is available, but some information is reported by

[26] By comparing the act of succession and the private accounting records of Francesco Saverio Amman, a millionaire who left some 2.5 million lire, Licini (2011) suggests his real fortune should be valued more than 5.

secondary literature, such as the evaluation of 'more than half a billion' of the private wealth of Fiat founder, Giovanni Agnelli (Castronovo, 1977, p. 334). A very rich source is the history of the Feltrinelli family by Segreto (2011), who carefully looked not only for the available acts of succession, but also for 'guesstimates' like Ponti's. Segreto informs us of the 60 million-estate allegedly left in 1913 by Giacomo Feltrinelli (p. 217), as well as the rumours circulated on Carlo Feltrinelli, possibly the richest man in Milan and Italy, whose fortune was evaluated 175 million in 1918 (p. 236), and even 800 at his death, in 1935, by *The Times* (p. 388). According to this rather unsystematic survey, the only comparable fortune was the one of the controversial businessman Riccardo Gualino; the source reporting his fortune is, however, quite peculiar, being an agreement with the Bank of Italy and the Ministry of Finance, in which his assets are listed as a collateral to bailout his own *Snia Viscosa* (Guarino and Toniolo, 1933, pp. 608-613). Less rich, but even more interesting in historical terms, are the fortunes of some of the leading figures of the fascist regime, collected by Volpini and Canali (2019). Galeazzo Ciano's 900 million were a rumour reported by informers; the evaluations of the wealth of the trade-unionist Edmondo Rossoni, the 'extremist' Roberto Farinacci, and Galeazzo's son and Benito Mussolini's son in law, Costanzo Ciano, as well as Mussolini himself, are extracted from the archives of the parliamentary commission, set up in the late 1940s in order to investigate over Fascist leaders' misappropriation, corruption and robberies.[27] Another precious source are the declarations, presented by the businessman Giuseppe Volpi di Misurata (1877-1947), Finance Minister between 1925 and 1928, and later president of Confindustria (1934-

[27] In this case, values were expressed in terms of late-1940s GDP per capita, but it is not entirely clear whether they refer to 1930s values.

1943), for the wealth taxes of 1925 and 1947.[28] In his fifties, Volpi's wealth was already worth 10,000 times the average income, more than many super-rich of the late 19th century. While more systematic research on these decades is likely to produce more evidence, the scattered information just presented could confirm that by the 1920s, with the broader transformations experienced by Italy during and after the Great War, similar fortunes were no more a matter of few super-rich nobles.

8. Conclusions

In this chapter, a number of fiscal sources, resulting from the enforcement of inheritance tax, were exploited to investigate wealth and inheritance in post-unification Italy. Despite several data limitations, highlighted by historians, the tabulations produced by the financial administration proved suitable for obtaining consistent estimates of wealth concentration, adopting the mortality multipliers methodology, in light of the results by Berman and Morelli (2020). By combining nationally representative tabulations with archival micro evidence, collected by historians for Milan and Naples, I presented a rich set of figures on wealth concentration for Italy, its provinces and major cities, between the country's Unification and the Great War.

While the methodology will make possible to fill the remaining gaps in the history of wealth inequality in Italy, starting from the crucial decades of the interwar and the post-WWII Golden Age, these results already improved our knowledge of wealth and inequality in Italy. In 1861, the new Kingdom had very high levels of private wealth to income ratio (almost 8) and inheritance flow (above 15% of GDP), that would be reached again only in the most recent years, after three decades of stagnation and recession. On the other hand, the first industrial 'take-off' of the late-19th and early 20th-century led to a sustained decrease of both ratios (5 and 10%, respectively), despite the

[28] These figures, from Volpi's private archive, were kindly shared with me by Professor Segreto.

growing importance of industrial and financial capital captured by the series. New estimates of wealth concentration substantially revise the established picture on the issue: late 19th century and early 20th century economists and statisticians assumed a 'Kuznetsian' relation, between wealth and development; for instance, Porru (1912, p. 115) explained in this way his findings of higher concentration in Northern Italian regions, compared to South. More recently, Zamagni (1980b, p. 139) proposed a similar interpretation for Italy, that she found less unequal than more advanced economies of the times; moreover, her results implied, as in Vecchi (2017), a decline in economic inequality during the early phases of Italian industrialisation. The series presented in this chapter lead to partially reconsider and qualify these claims, when we look at wealth - the main metrics adopted by economists and statisticians at the times, but most of all, a crucial, distinct aspect of economic wellbeing and its distribution. When estate records are combined with external wealth and population totals, they reveal high concentration: the richest decile of Italians accounted for some 70-75% of the total, and the top percentile around 40-45%. In comparisons, these levels were just below, or in line, with those of more advanced economies, and among the highest ever recorded in Italy since the late Middle Ages: in this respect, contrary to the wealth-income ratio, the sharp increase in concentration experienced in the last three decades did not bring Italy back to the 19th century.

Estimates were also broken down at the region and province level, for the first time for pre-WWII Italy; this revealed very different stories within Italy, with most (but not all) major cities showing high concentration, together with some rural parts of the country. Indeed, possibly at odds with grand narratives of inequality dynamics, in Liberal Italy there seems to be only partial relationship between wealth concentration and either the level of development or the composition of wealth. A comparison with pre-industrial estimates by Alfani (2017) suggests that these differences might have persisted over the long run, pointing out to factors other than economic growth.

Moreover, the new estimates show no reduction in inequality throughout the period. The poor, peripheral Italy was somehow ‘exceptional’, compared to the economies that reached the highest inequality at the end of the First Globalisation. Top wealth shares show high, stable inequality in this period – a picture that, while at odds with household budgets evidence, is consistent with the level and trend of capital shares, recently estimated by Gabbuti (2021a) from 1895 to the Great War. Those series suggest that the Great War, and what followed, represented a major distributive shock for Italy: while, as discussed, the available evidence makes impossible to extend the series to these crucial decades without further, extensive data collection, before moving to the distribution of income in Part II, Chapter 3 will deal with the abolition of inheritance tax in 1923 – in itself, a major shock to the distribution of wealth. Arguably preventing the publication of new national tabulations to extend our series in the interwar decade, this episode, unique in the history of 20th century taxation, provided us with the opportunity of looking at the politics, perception, and ideology surrounding inequality and property in Italy, around the time of the March on Rome.

Chapter 3 – Wealth and Ideology in Italy: The 'Quasi-Abolition' of Inheritance Tax

1. Introduction

As discussed in the previous chapter, at the eve of the Great War Italy was a relatively unequal country in terms of wealth distribution. After the secular increase revealed by Alfani (2021), wealth inequality had not declined in the Liberal period - and real-time observers hypothesised that 'economic, demographic and industrial concentration will possibly appear to the future historian the most prominent feature of our times: it would not be surprising if today we were at the peak of its increase' (De Stefani, 1921, p. 161). Chapters 4 and 5 will explore the possibility of measuring the evolution of income distribution during the Great War, and the following decades; even in the absence of appropriate statistical evidence, however, the immediate aftermaths of WWI were marked by a major shock to wealth and inheritance. In the cabinet meeting of July 9th, 1923, Alberto De Stefani – academic economist, Finance and Treasury Minister of Mussolini's government until 1925[29]– raised the 'issue of abolishing inheritance tax' within the family. According to the official statement, published by most newspapers the following day, Mussolini himself 'stated his complete agreement to the brave proposal, perfectly in line with Fascist government social and political programme'.[30] By defining 'family' as 'ascendents and descendants; spouses; siblings; aunts and nephews; siblings' descendants' ('that is to say, within the third degree of kinship': McGuire, 1927, p. 432), the proposal exempted more than 65% of estates, and

[29] On De Stefani, see Marcoaldi (1986); for a discussion of his time in office, see Toniolo (1980, pp. 43-58).
[30] *Mattino*, 10-11 luglio 1923.

strongly reduced rates for the rest. By August 20th, pursuant to the 'full powers' granted to the government by the Parliament in December 1922 in order 'reorganise the fiscal system, to simplify it, adjust it to budgetary needs, and better redistribute the fiscal burden' (Gangemi, 1924, p. 3), the abolition became effective through a Royal Decree. The accompanying Ministerial report, rather than mere summary, was a manifesto of De Stefani's 'productivist' policy; one aiming at 'creating the social, political, economic and fiscal conditions to transform Italy in an oasis (…) in which capital and private enterprise could find the best conditions for productivity' (MEF, 1923). Scholars cannot avoid mentioning the abolition as one of the most iconic, as well as debated, actions in the economic policies of early, 'laissez-faire' Fascism – the 'only great financial "reform" of the Fascist Government', in some of the last words of the socialist MP Giacomo Matteotti (1924) before his murder.[31] Still, we lack an accurate history of this episode; despite its historical exceptionality, recently noted by Piketty (2020, p. 468), at a time when inheritance and wealth taxes rates became for the first time 'significant enough to affect wealth distribution (Scheve and Stasavage, 2016), the 1923 'quasi-abolition' has been neglected by historians.[32] Piketty himself (2020) warned us on the importance of 'ideology' and political discourses in writing comprehensive histories of inequality: an aspect to be considered in a country whose economists and statisticians were pioneering the modern investigation of economic inequality (Gabbuti, 2020a), and in fact debated the impact of the Great War and later social turmoil on Italian income distribution (Gabbuti, 2019, pp. 106-111). Despite the limitations imposed by the pandemic made impossible to fully explore De Stefani's rich private archive, this chapter offers the first historical reconstruction of the quasi-abolition of 1923, its

[31] See, among many, Fausto (1993, pp. 119-20) and La Francesca (1972, p. 8).
[32] De Stefani (1953) himself wrote a paper 'celebrating' and reaffirming the rationale of his reform three decades later.

premises, and consequences. An extensive survey of newspapers, magazines, and journals allowed me to reconstruct the public debate surrounding the reform[33] – in some ways, a sort of ahead-of-time 'middle class politics' (Bartels, 2005) - and the overlooked lobbying by different interest groups and businessmen. First, section 2 places the episode in the context of post-war fiscal policy debates; section 3, reconstructs the successful lobbying activity, started in October 1922, by a new association of notaries; section 4 surveys the reactions of the Italian and international press and observers to the sudden abolition in summer 1923; finally, section 5 places the episode in the broader literatures on Italian Fascism and inequality.

2. How Inheritance Tax Became 'Confiscatory'

According to the Minister himself, by abolishing the tax, the Fascist government 'detache[d] itself from the universal tendency of our times in terms of inheritance tax' (MEF, 1923, p. 5). After the Great War, inheritance and wealth were increasingly, progressively taxed, to 'conscript capital' and pay back for the costs of the war;[34] together with inflation, wars and later the Great Depressions, authors such as Piketty (2014) attribute to progressive taxation the dramatic reduction of inequality experienced in the interwar decades by many countries. Scheve and Stasavage's (2016) database on top marginal rates on direct line transfers reveals indeed a generalised, marked increase in the few years following the wars, with Weimar being the most extreme case (75%)

[33] For summer 1923, and whenever possible, given the limitations imposed by the pandemic, for the whole 1919-1923 period, I have surveyed the newspapers *Avanti!, Resto del Carlino, Corriere d'Italia, Corriere Mercantile, Corriere della Sera, Giornale di Udine, Idea Nazionale, Impero, Gazzetta del Popolo, Gazzetta Ferrarese, La Giustizia, il Lavoro, il Mattino, il Mezzogiorno, il Mondo, il Nuovo Paese, Osservatore Romano, Popolo Romano, il Popolo, Popolo d'Italia, il Roma, il Secolo, il Tempo, la Tribuna, il Sole, la Stampa*; and the magazines *Giornale di agricoltura della domenica, Sicilia industriale e agricola, La nuova politica liberale, Rivoluzione liberale, Finanza italiana, Giornale economico, Prospettive economiche, Politica, Problemi italiani, Echi e commenti, Critica sociale, Per la nostra ricostruzione economica…, Economista, il Carroccio*; and journals like *Economia, Rivista di Politica Economica, Giornale degli economisti, Riforma sociale, Rivista di diritto civile, Rivista bancaria*. Extensive quotes from these newspapers are reported, in Italian, in Gabbuti (2021b).
[34] See Scheve and Stasavage (2016), but also, for an Italian example, Griziotti (1919).

(Figure 20). In Italy, this debate was made more urgent by the failure, in the pre-war decades, to reform income taxation (Favilli, 2009), to make it more progressive and efficient, in line with the British example (Forsyth, 1993, pp. 3-9). In the absence of a modern income tax, able to follow the evolution of personal incomes, during the war the government could only 'chaotically increase the rates of existing taxes', or 'introduce new taxes' burdening the same tax base (Einaudi, 1927; Fausto, 1993, p. 24). Overall, fiscal revenues covered only one sixth of the increase in expenditure, with the share of direct taxes increased by 33 to 39%, mainly due to extraordinary levies, like the one on war profits; but according to Forsyth (1993, p. 70), 'most taxpayers and users of government services were in a position to pass taxes and charges back to the state in the form of higher prices on state contracts'.[35] In any case, according to the economist Gino Borgatta (1922, p. 543), taxes could only follow 'by distance and imperfectly the evolution of private income': if the war-profit tax absorbed part of the new incomes, 'the increased values realised by selling land, houses, bonds' were not taxed, and 'existing inequalities in direct taxation increased enormously'. For Borgatta, even more than on State revenues, this had terrible consequences on 'the general fiscal psychology': Italian taxpayers increasingly perceived 'the injustice of tax, the right to attempt any possible evasion'. It was only in 1919-1920 (in times of economic slowdown, and with the impossibility of relying on more foreign loans) that the government committed to a balanced budget. In these two years, the issue of distributing the fiscal burden finally emerged, and progressivity of inheritance tax emerged as a crucial political issue, alongside new levies on capital. The rates, only modestly increased in the previous decades, were raised to 'confiscatory' levels by two laws - the Tedesco-Nitti (D. 24.11.1919, n. 2163) and the Giolitti-Facta-Meda (L.

[35] This is documented, for Fiat, by Castronovo (1977, pp. 82-83).

24.9.1920, n. 1300);[36] moreover, dozens of decrees added surtaxes, or adjusted tax assessment criteria, making the inheritance tax 'among the most tortured issues in our fiscal law' (Senato del Regno, 1920). All political groups – from fascists to leftist radicals, including conservative MPs – agreed on 'heavy taxation of inheritance', even after the two laws, considered too moderate (Vigezzi, 1965). In his memoir, Giolitti himself (1945, pp. 624-627) stressed how the government needed redistributive measures against the wealthy ('especially those who had profited from war') to neutralise the 'most impressive arguments' of socialist propaganda, gaining the 'moral authority' to abolish the expensive subsidy to bread price, and thus balance the budget. In expressing the Catholic *People's Party* support for Giolitti's financial programme, Vincenzo Tangorra stated that 'the honest historian of the future will reckon that this programme, almost revolutionary', was even insufficient due to the 'the heavy necessity of these times', because 'no statesman ever inherited a financial problem' such as the one faced by the cabinet (Camera dei Deputati, 1920, p. 2788). In fact, the most draconian marginal rates, even above 100%, that were to provoke the strongest opposition in later years, were applied to the very infrequent transfers to most distant relatives or unrelated people, and only above 20 million lire - and were, in fact, never applied (La Loggia, 1923). Plagge et al. (2010) allow us to compare the most common case: applying both the top rate and the surtax, in 1923 direct line transfers were taxed at 32.4% in Italy, compared to 38% in the victorious France, 35% in the defeated Germany, and 41% in a poor and capital scarce country such as Ireland.

According to the opinion of contemporaries, fiscal evasion had strongly increased. Of all levies, inheritance tax was considered the foremost 'indicator' of such tendency, and of the 'incompetence and hypocrisy of financial demagoguery': in spite

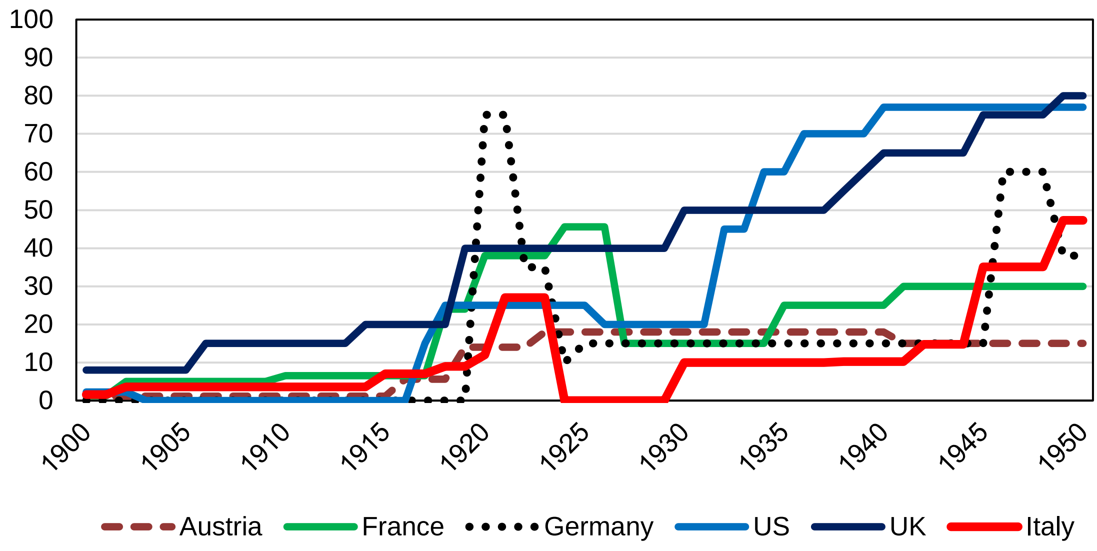
[36] See Figure A 3 for the longer-run evolution of top rax rates.

of the new rates, the returns from the tax had not increased in real terms (Borgatta, 1922, p. 557).[37] Even *il Sole*, the newspaper of Milanese business community, would later admit that the socialist opposition to the abolition of bread price subsidies was motivated, since the government 'had not respected its promise' of making the rich pay, and the new taxes applied 'only on those who do not feel up to rely on tricks, frauds and reticence' (Catalano, 1964, p. 184). Benvenuto Griziotti, an economist close to the socialist reformist leader, Filippo Turati, had denounced on the party's newspaper *Avanti* the 'demagogic and delusive fiscal politics of Giolitti': 'only idiots could honestly believe to apply' the 'insane increase of inheritance tax rates'. In the post-war political climate and administrative disarray, what lacked was the '*will* to ascertain estates'; supporting similar proposals had brought discredit to the socialists, 'strengthening Fascism and preparing our current defeat' (Griziotti, 1922). Turati replied quoting Matteotti's parliamentary speeches, denouncing both the 'unpunished evasion', and the 'anti-economic nature' of excessive rates: they represented a 'pseudo-socialism, able only to destroy the basis of national wealth'. However, Matteotti himself had proposed to attribute to the state all inheritances above 100,000 lire and destined to wealthy individuals (Guasti, 1922, p. 81). In fact, supporting the infamous proposal by Eugenio Rignano of a tax, progressive over time, capable of transitioning the ownership of capital to the state (discussed at length in Chapter 6), or celebrating in Parliament the abolition of inheritance, 'the most unequal of all privileges', carried on by revolutionary Russia, Italian socialists contributed to transform a demagogic, largely ineffective tax increase, into an ideological menace to the bourgeois values of family and property, as already denounced by the Senator and law scholar Vittorio Polacco (Senato del Regno,

[37] They eventually increased in terms of GDP between 1921 and 1923 (Figure A 4), but remained below the 1911 or 1916 levels; estimates of evasion by Giovannini and Diotallevi (1962) are reported in Figure A 7.

1920). Few years later, Matteotti (nicknamed as 'millionaire' for the affluence of his family) would become one of the major targets of those opposing the 'confiscatory' rates (Flora, 1923, pp. 83-89; Gangemi, 1924, p. 199), while Polacco would write the 'juridical part' of the ministerial report on the abolition (De Stefani, 1953, p. 208). Indeed, right after the abolition of the political price of bread, Giolitti (1945, pp. 624-627) faced the opposition to those same laws, enthusiastically approved by Parliament – starting from the certification of financial assets (*nominatività*), that would have strongly reduced the scope for evasion on capital and inheritance taxes. In fact, while such certification was continuously postponed, and the new wealth tax required time to be implemented, the new rates on inheritance became immediately 'effective', exasperating Borgatta's 'taxpayers' psychology'.

Figure 20 - Top Tax Rates on Inheritance (Direct Lines) in Selected Countries, 1900-1950



Source: elaboration on Plagge et al. (2010); as discussed in the main text, this is not inclusive of the surtaxes applied in Italy before 1923.

By the end of 1920, with the failure of factory occupations and the end of the 'red biennium' (Zamagni, 1991), the socialist 'menace' was, if not dissolved, way less pressing (Castronovo, 1977); on the other hand, the need to balance the budget remained the major issue of Italian politics. Salvemini and Zamagni (1993, pp. 185-186) showed that Italian ‘public finances were restored before the advent of Fascism’, and that, contrary to contemporary perception, Italy was possibly ‘the least taxed country’; still, the press reflected the widespread intolerance of middle classes to fiscal pressure. A vivid testimony is represented by the diary of a Bocconi accounting professor, reporting his profound impression in following the news on the troubled fiscal position of the country; an impression that was alimented by the words of authoritative leaders from all parties, from Giolitti to Matteotti, or economists as Luigi Einaudi, all agreeing on the dramatic urgency of balancing the budget (Greco, 1959, pp. 22-32). In 1922, from North to South, Italian taxpayers protested for the excessive fiscal burden, as testified by the dozens of letters addressed to the Prime Minister’s Office archives by local Chambers of Commerce, federations of traders and shopkeepers, and the like.[38] In November 1922, these complaints were exposed by the convenors of the first congress of the Economic Parliamentary Alliance (APE, 1923), created in May by MPs of different groups - including De Stefani and other Fascists - to advance economic reforms in line with those of associations, such as the employers’ federation *Confindustria* (Melograni, 1972, pp. 20-25). Launched in July under very different political circumstances, the congress warmly applauded ‘its’ new Minister; during the meeting, several speakers among the representative of 230 categories and local associations mentioned inheritance tax as the foremost example of the ‘demagogic and anti-economic’ attitude of previous governments. Abandoning their early, radical denunciations of war profiteers, within a broader convergence with owners and industrialist demands (Bel, 2011, p. 945), in 1922 Fascists had been campaigning for a radical simplification of the ‘whirl of taxes and surtaxes’ (first of all, ‘those on

[38] Archivio Centrale dello Stato, Presidenza Consiglio dei ministri (ACS-PcM), Affari Generali, 1922, 9/1, n. 612 Reclami contro aggravio tasse imposte ecc. Voti vari sull’oggetto.

inheritances'), approved between and after the war not to raise money for the state, but 'simply to demagogically undress some citizens, with no benefit to anyone'.[39] While authors such as Rossi (1966) stressed how this policy change followed industrial owners' donations to the Fascists, and were approved by the liberal press, historians have not sufficiently investigated the wider world of small owners, shopkeepers, professionals, to which these programmes were strongly appealing.

3. The Notaries' Campaign for Abolishing Inheritance Tax

On October 29 and 30, 1922, while De Stefani was marching on Rome with thousands of black shirts, four hundred notaries convened in Milan to the founding assembly of a new national association (*Unione Notarile Italiana*, UNI). At the meeting, Federico Guasti (1922) - former general secretary of the Chamber of Commerce, among UNI promoters - presented an accurate report on 'the inheritance and donation taxes'. The assembly approved by acclamation a motion for the 'prompt reform the current succession law'; entrusted the UNI to 'actively operate' for this objective; launched a 'contest', offering 5,000 lire to the best reform proposal;[40] finally, deliberated to publish Guasti's report as a 'propaganda tool against the aberration of post-war fiscal demagoguery', in the hope that the 'new rulers of Italy' would 'unfold their reformer energy' (Guasti, 1922, pp. 7-8). The pamphlet had indeed great success, and was reprinted several times, often by other associations, starting few days later with the Milanese *Circolo per gli interessi industriali, commerciali e agricoli*, led by the entrepreneur Cesare Goldmann, who had hosted the launch of Mussolini's *fasci di combattimento* in 1919. With his witty examples (such as the 'daughter-in-law, war

[39] M. Rocca and O. Corgini, 'Pel risanamento finanziario dello Stato italiano', *Popolo d'Italia*, 29 agosto 1922.
[40] According to *Corriere della Sera* (*Il convegno notarile a Milano*, 31 ottobre 1922), Guasti himself donated the money.

widow of a fifth son', for which it was convenient to renounce the one million-house inherited by the father-in-law), Guasti (1922) largely set the arguments of the debate on inheritance tax reform, becoming the major source of journalists, as well as for academics- including those, such as Griziotti, close to socialists.

Fascists initially showed some 'reformer energy'. On November 17, when the Chamber of the Deputies was debating the 'full powers', Tangorra – appointed by Mussolini Minister of the Treasury, before his sudden death in December[41] – had stressed the 'well-known guidelines' of the cabinet in fiscal matters: 'The Government is against a gradual transfer of private wealth to the State through high rates'; it 'thus intends to lower the rates of the inheritance tax, within more reasonable limits, and believes it is possible to do so without damaging fiscal revenues' (Camera dei Deputati, 1922). Cabinet members stressed the point in several occasions: notably, Treasury undersecretary Alfredo Rocco - among the main representatives of the nationalist movement (Michelini, 2019), later Justice Minister (1925-1932) - urged to fight back the 'very advanced realisation of socialism' by previous governments, ending the 'unreasonable regime of prosecution of savings', and thus 'toning down' the inheritance tax rates.[42] On Christmas Eve, newspapers reported De Stefani's decree was a matter of 'few days'.[43]

But the real energy came, behind the scenes, by UNI. After the October meeting, notaries had 'shouted their protests in the streets', and were 'strongly echoed by some elected associations that live in greater contact with practical life and did not went unanswered' by the new government' (UNI, 1923, p. 436). In January, De Stefani

[41] Tangorra was then replaced by De Stefani, the first to hold both economic Ministries in Italian history.
[42] 'I problemi dell'economia nazionale in un discorso del sottosegretario Rocco', *Corriere della Sera,* 12 dicembre 1922.
[43] 'La politica tributaria del Governo', *Corriere della Sera*, 24 dicembre 1922.

gathered a ‘committee’, including Guasti, the professor Pasquale Jannaccone, and three ‘director generals of the Finance Ministry’. According to his correspondence with Einaudi, Giuseppe Bianchini - General Director of the banking association (*Associazione Bancaria Italiana*, ABI) - also participated: ABI was ‘joint to UNI’ in lobbying for ‘revising’ the inheritance tax, something on which ‘the Minister agrees in principle’.[44] However, the ‘usual bureaucracy’ of the Ministry posed the ‘sine qua non’ condition of ‘not reducing the revenues’ (UNI, 1923).[45] To overcome this impasse, and also ‘remove all the regulations impeding for fiscal reason the circulation of bonds, the availability of safety deposit boxes, the registration of bank accounts, and so on’, Bianchini suggested it was ‘more convenient a radical reform, limiting inheritance tax to real estate and mortgage credit alone’; all other movable should have been ‘exempted, and subject to a surrogate annual income tax of 5%’.[46] The state of archival evidence makes it impossible to figure out whether bankers’ interests explained the notaries’ activism;[47] for sure, they seem to have been among the Minister’s concerns. In a letter written on June 6th, 1930, De Stefani warned Mussolini of the ‘financial consequences’ of reintroducing inheritance tax: ‘in the absence of financial assets certification, inheritance tax almost entirely burdens real estate property, and the actions undertook for its evasion disturb banking activity, provoking larger losses than the expected fiscal return’.[48] Einaudi’s letters testify the wide-ranging activism of Bianchini on several fiscal matters in the period - from the consequences of the 1919 ‘proposal of

[44] Archivio Fondazione Einaudi, Luigi Einaudi (1874-1961), Sezione 2. Corrispondenza, Bianchini Giuseppe, 8 gennaio 1923.
[45] De Stefani (1923, p. 187) himself had solemnly vowed to never commit to more expenditure before indicating the corresponding backing.
[46] Archivio Einaudi, Corrispondenza Bianchini, 8 gennaio 1923.
[47] ABI documentation for the interwar period is mostly lost, and the inventories do not include any material on the inheritance tax, while UNI left no archive. For sure, Guasti and Bianchini had worked together before the first is reported as the author of the deed that made official ABI’s founding charter in December 1920 (Calabresi, 1997, p. 129).
[48] Archivio Storico della Banca d’Italia (ASBI), Carte De’ Stefani, 12, fasc. 1.

wealth tax' on foreign investment and even 'migrants' remittances', to the necessity of 'cutting public expenditure' as done by the British government, limiting new taxes 'on consumption', in order to balance the budget: it was necessary to 'sacrifice some classes, but save the broader economy, to let it keep producing and then create new life'.[49] After the March on Rome, Bianchini seems more acquainted with the government: just before the letter on the Committee, he asked Einaudi's advice for a suitable name to provide to the 'Secretary of the Financial Commission', who had asked him recommendations for an economic consultant to be sent at the League of Nations.[50]

ABI and UNI's activism became visible, again, in February: on the 23rd, a public meeting had been called at Milan's Chamber of Commerce, in which the proposals for reforming the tax were to be discussed. While the meeting had been advertised by most Milanese newspapers in their local news - from Mussolini's own *Popolo d'Italia*, to the *Avanti* - on the same day, the Milanese *Corriere della Sera*, already among the most authoritative and widespread Italian newspapers (Castronovo, 1970), hosted in its frontpage a letter by Bianchini himself: *Abolish the inheritance tax*.[51] Rather than a complete abolition, however, Bianchini was restating the proposal, raised with the Committee and anticipated to Einaudi, of exempting financial assets, and make them subject to a new, surrogate yearly tax. This proposal was discussed at the UNI meeting, and on an 'improved' surrogate was working Jannaccone (1923) himself - what the Fascist dissident Massimo Rocca (1925, p. 56) defined as the 'official' proposal - despite the government denied its support for a new tax of this kind.[52] Already on the

[49] Archivio Einaudi, Corrispondenza Bianchini, 19 settembre 1919 and 2 agosto 1922.
[50] Archivio Einaudi, Corrispondenza Bianchini, 2, 9 and 15 November 1922. Einaudi was in contact also with Guasti, who had sent him his articles since 1914, but would not mention the committee: Archivio Einaudi, Corrispondenza, Guasti Federico, 1914-1935.
[51] G. Bianchini, 'Abolire la tassa di successione', *Corriere della Sera*, 23 febbraio 1923.
[52] On March 13th, Einaudi congratulated De Stefani for the 'public statement denying the introduction of surrogates on state bonds': 'I received letters testifying that small and medium bourgeoisie would be

22nd, Einaudi, *Corriere della Sera* foremost columnist on economic and fiscal matters, had in fact expressed major concerns on the surrogate tax: the economist was sympathetic with the need to reform inheritance tax,[53] and later, very vocally supported UNI's opposition to any 'presumptive' assessment of the estates, but saw an 'insuperable objection' in the State's 'solemn oath' to exempt public bonds from surtaxes (Einaudi, 1965, pp. 115-125).

After this 'moment in the sun' (mostly limited to Milanese newspapers),[54] the reform of inheritance tax was once again a matter for experts. Among the socialists, Griziotti (1923) stressed the importance of the presumptive assessment, and in particular, to entrust the Revenue agency (instead of the Registry office) with this crucial role: while the latter 'had no idea' of any circumstance of the decedent, the first received all declarations for income tax purposes, and could therefore use them to evaluate the plausibility of declared estates. What Einaudi (1965, pp. 247-249) considered an idea 'so diabolic' that 'not even the Bolsheviks could come out with it', was, according to a Chief Inspector of the Registry, successfully adopted in France and Germany.[55] Indeed, after the sudden announcement of the abolition, UNI (1923) itself admitted it was not fully aware of the Minister's intention. Despite De Stefani's 'detailed speech' reported by the official statement, cabinet minutes are extremely

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profoundly offended by that, while bankers and industrialists were in favour': Archivio Einaudi, Corrispondenza, De Stefani Alberto.

[53] On *Corriere*, in August 1922, he had quoted Guasti, denouncing the 'unproductive fiscal ferocity' of the new inheritance tax (Einaudi, 1963, pp. 780-786); in November, had then plauded Tangorra's speech (Einaudi, 1963, pp. 960-964), and again in January 1923 for the 'announced revision of inheritance tax law' (Einaudi, 1965, p. 69); moreover, in his correspondence for *The Economist*, Einaudi (2000, pp. 1032-1033) reported how the 'first financial acts of the Fascist Government are promising', noting especially that 'the announcement made by Signor De Stefani that the Government intends to reduce rates all round was greeted with relief by many families, menaced with ruin'.

[54] Including socialist *Avanti* ('L'imposta successoria abolita', 25-26 febbraio 1923), that reacted to Bianchini's letter stressing that the 'patriotic bourgeoisie' tried to avoid its fiscal duties, starting from 'the most moral of all taxes'.

[55] A. Cutrera, 'La base dell'imposta di successione', *Giornale economico* 10 giugno 1923. The fact he was arguing for reforming the collection of a tax his Ministry was to abolish in few weeks confirms Einaudi's claim that nobody could expect it.

concise, simply listing the abolition among more than 50 decrees approved unanimously - including a more favourable way to liquidate the wealth tax introduced in 1920.[56] It took seven more weeks for the Decree to be presented to the King; weeks in which UNI, ABI, *Sole*, but also Einaudi, invoked a retroactive application of the abolition, to exempt all pending acts of succession; on Mussolini's newspaper, Bianchini advocated for the 'complete abolition', even outside the family, 'and the suppression of all the assessment offices', to employ the personnel in 'more convenient operations'.[57]

The July 9th official statement reported by the press was silent on similar details, focusing only on the 'motivations' of the measure: 'reinforcement of the family', rhetorically appealing to an alleged 'Roman' mentality (*mentalità quiritaria*) based on 'the respect for the family, in its sentimental and practical reality'; the end of discrimination of real estate against financial assets, and the general benefit coming from 'wide, direct and indirect consequences on capital accumulation'; finally, 'national fairness', given the higher share of real estate accounted by the rural South. This latter point, already in Nitti (1905), only partially reflect the estate composition, discussed in Chapter 2: while a sympathetic statistician such as Zingali (1933, pp. 138-139) highlighted that the share of revenues coming from the South was 'way greater' for inheritance than for other taxes, his tables show it was barely more than 20% of the total. Moreover, as shown in this section, the campaign against the tax was entirely originated from the Northern, industrial centres of Milan and Turin. The other two motivations, as will be discussed in Chapter 6, were long present in the fiercely anti-egalitarian arguments of De Stefani's main advisor, the economist Maffeo Pantaleoni. In fact, the official statement, and even more MEF (1923), heavily borrowed from a

[56] ACS-PcM, Consiglio dei ministri, Verbali delle adunanze. Originali, 1861-1943, 9 luglio 1923.
[57] G. Bianchini, 'La riforma delle tasse di successione', *Popolo d'Italia*, 14 agosto 1923.

memo by Pantaleoni (1928), published posthumously, since it was made ‘superfluous’ by Mussolini’s ‘supreme act of faith and fitting intuition’. Possibly inspired by Bianchini’s ‘abolitionist’ proposal, Pantaleoni argued in favour of the real, complete abolition of inheritance tax: however, the tax should have been abolished ‘gradually’, since ‘Fascism has not yet reached such a universal support’. The Minister himself was under attack by ‘extremists’, accusing him of ‘aloof Fascism’ and to hire anti-fascist collaborators: for Mussolini’s biographer, ‘the first days of July marked a small crisis in the relationship between De Stefani and Mussolini’ (De Felice, 1966, p. 452)– and in fact, the day of the announcement, newspapers still rumoured about De Stefani’s resignation.[58] Under this pressure, De Stefani or some of his collaborators might have realised how abolishing the tax was to attract larger support from the broader ‘middle classes’. While De Stefani’s archive will hopefully allow me to trace the origins of this ‘intuition’, a survey of the press reveals the huge impact his move had, in Italy and beyond.

4. The Abolition in the Italian and International Press

In Einaudi’s (1965, p. 299) words, the abolition caused the ‘biggest surprise among the public’: ‘everybody agreed the inheritance tax, as it was designed, was a monstrosity, crusher of families, destroyer of savings, a proper scourge of God’; still ‘nobody could imagine the Finance Minister would be brave enough to abolish it’. The abolition not only contradicted the early Fascist anti-plutocratic slogans, but – possibly unique among De Stefani’s measures - was never mentioned in the later ‘laissez-faire’ turn of the party (De Stefani, 1923), including the speech the Minister had given just two months earlier at *La Scala* theatre, in front of Milan’s business community, considered his ‘true manifesto’ (Salvemini and Zamagni, 1993, p. 186): if cabinet

[58] E.g., *Stampa*, 9 luglio 1923 and *Avanti*, 10 luglio 1923.

members had simply announced a moderation of tax rates, Fascists themselves were working on alternative proposals (Rocca, 1925, pp. 56-57). In summer 1923 – a heated period for Italian politics, debating about the infamous majoritarian electoral reform, that would lead the *People's Party* to leave the government and split (De Felice, 1966) – the fight to balance the budget was still uncertain, as we have seen was De Stefani's post at the Ministry.

The attention to the abolition paid for all July and August by Italian press is therefore impressive, starting from the *Popolo d'Italia*, that dedicated the 10th and 11th front-pages to the matter; Mussolini's 'complete agreement' with the abolition, reported by the official statement, seems quite sincere (Figure 21). Nationalist newspapers celebrated the 'Restauration of morality and function of national saving by the Fascist government', based on 'Family and property'; *Impero*, one of those 'extremist' that had just attacked De Stefani, titled 'God-Fatherland-King-Family. The abolition of inheritance tax strengthens and sanctifies family'.[59] The Minister's 'bravery', as well as the political, economic and moral nature of the abolition, was stressed even by newspapers leaning to the non-socialist left, such as the *Messaggero*, or the Giolittian *Tribuna* – that published the very same commentary than the *Popolo d'Italia*.[60] The most interesting case, however, is Milan's *Secolo*. The first modern Italian newspaper (Castronovo, 1970) initially opposed a measure 'never discussed before', causing a loss of 'at least 220 million lire' of revenues, interpreted as a restoration to landowners after the introduction of a new tax on rural incomes.[61] In August, however, the newspaper changed ownership (Castronovo, 1970): on August 26th, it was a UNI member to

[59] *Impero*, 11 luglio 1923.
[60] Rastignac, 'A proposito di successioni', *Tribuna*, 11 luglio 1923.
[61] 'La tassa di successione', *Secolo*, 16 luglio 1923. The support to the 'least innovative' economic activities characterised the reform as 'markedly conservative'.

celebrate on its pages the 'conclusion of the campaign' started by Guasti, 'and vigorously supported (…) by the *Circolo per gli interessi industriali* led by Cesare Goldmann' - one of *Secolo*'s new, pro-Fascist shareholders.[62] Straight celebrations came, not surprisingly, by those, like *il Sole*, who could claim to have 'launched the campaign for a reform' even before 'the Chamber of Commerce, the *Circolo*, the Association of Traders and Merchants and ABI', by first publishing Guasti's articles from early 1922. The newspaper even reported that UNI had decided to award half of the prize for the best proposal to De Stefani, in the form of 'a celebratory golden medal', together with an 'album with the signatures of all members'.[63] ABI and *Confindustria*'s journals expressed their approval, [64] and so did in a public speech the new industrials' leaders, MP and APE member, Antonio Stefano Benni (1923).

Figure 21 - Fascist and Nationalist Front Pages, July 10th and 11th 1923


Il Popolo d'Italia
Fondatore: BENITO MUSSOLINI
Un altro importante Consiglio dei Ministri
1800 milioni di maggiori entrate - L'abolizione della tassa di successione

L'IMPERO
L'ABOLIZIONE DELLA TASSA DI SUCCESSIONE RINSALDA E SANTIFICA LA FAMI
Dio - Patria - Re - Famiglia:
i concetti che - a dispetto dei molti albertini, turati, sturzi di tutte le età - rendono, da che mondo è mondo, grandi e felici i popoli
Prima l'azione, poi la legge
Riforma storica
L'odierno Consiglio dei Ministri

Il Popolo d'Italia
Fondatore: BENITO MUSSOLINI
Il Parlamento inizia la discussione sulla riforma elettorale
"Il Governo, presentando questa riforma, ha dimostrato di voler assicurare, insieme alla costituzione di una salda maggioranza, la più ampia libertà di voto," afferma l'ex Sottosegretario di Stato on. Petrillo
A proposito di successioni
La seduta di ieri alla Camera

L'IDEA NAZIONALE
La moralità e la funzione del risparmio nazionale
restaurate dal Governo fascista
Alle basi:
famiglia e proprietà
La tassa di successione abolita
nel gruppo famigliare

Sources: BSMC and BNCR.

Not surprisingly, *Avanti* opposed such a 'pro-rich measure' (July 10th). In Parliament, Turati ridiculed the 'quiritarian' rhetoric: the only 'ancestral home' Fascists

[62] G. M. Civetta, 'La riforma delle tasse di successione', *Secolo*, 26 agosto 1923.
[63] 'Il concorso della U.N.I. per le tasse di successione', *Sole*, 25 agosto 1923.
[64] 'Rassegna di legislazione,' *Rivista di Politica Economica*, XIII (1923), Luglio-Agosto e Novembre.

defended were 'those of the rich' bourgeois, since 'proletarians have kids, not families!' (Marongiu, 2005, p. 111). On July 12th, the socialist newspaper underlined ABI's celebration (in the form of telegrams to the press): how could people used on 'living on public and private parasitism', all of a sudden, 'abandon their materialistic spirit, to become idealist'? For *Avanti*, bankers' enthusiasm was motivated by the 'large real estate, speculative investments' carried on in previous years. Banks' heavy investment in real assets, not visible in the available data on their balance-sheets, seems confirmed by BdI (1937, p. 129), according to which its considerable growth in the post-war period had led banking authorities to supervise the issue. The argument fits, in fact, the one raised by De Stefani himself in the aforementioned letter: notably, Bianchini's harsh reply to the socialists was hosted by *Popolo d'Italia* on the following day.[65] Another attack came from Arturo Labriola - a former leader of revolutionary trade-unions, and then Labour Minister in the last Giolitti's cabinet, often assumed as the quintessential 'Bolshevik' (e.g., APE, 1923, p. 4). According to him, the abolition clarified the 'the ultra-reactionary wing of fascist government', even more than the infamous stop to asset certification (discussed in Chapter 4): it not only redistributed the fiscal burden in favor of the wealthy, but was against 'the national interest', because 'the true pool of national savings is not the few privileged rich, but the small contribution of the many damaged, that is the savings of the petit bourgeois, the farmer, the well-paid worker'.[66]

Against the abolition was also the liberal-democratic *Mondo,* founded by the MP Giovanni Amendola, one of the fiercest opponents of Mussolini (Lyttelton, 1973), died in 1926 for the long-lasting consequences of Fascist beatings. The newspaper, together

[65] G. Bianchini, 'La tassa di successione e l'Avanti', *Popolo d'Italia*, 13 luglio 1923.
[66] A. Labriola, 'L'imposta sulle eredità e il fascismo', *Critica Sociale*, 1-15 settembre 1923.

with Matteotti's *Giustizia*, was among the most severe in scrutinising the actual results of De Stefani's budget cuts – and noted that while violating the pledge of not 'accepting new expenditures without providing corresponding new revenues', the abolition jeopardised in one blow all previous 'economies'. Amendola's newspaper also interpreted the abolition of a tax 'applied all over the world' as a 'compensation' for the landowners; it denounced De Stefani's 'fiscal demagoguery', opposite and equivalent to the previous one (to which Fascists themselves had agreed); it debunked the idea that the abolition, alone, could make Italy an 'oasis' for foreign capital, or benefitting the South while exempting also the North; eventually it laughed at the wide definition of 'family' adopted ('inclusive of the uncle from America!').[67] More uncertain was the position of the People's Party, traditionally in favour of progressive taxation, but that, as mentioned, was torn by internal struggles: Giolitti's Finance Minister, and author of the foremost reform proposal, Filippo Meda (1920), was considered by *Mondo* a potential minister in a reshuffle. His mild criticism (Meda, 1923) provoked the hard reaction by Senator Filippo Crispolti, soon to left the party: for Crispolti, republished by *Popolo d'Italia* itself, 'had a referendum been called on which tax to abolish', inheritance tax ('especially among relatives') would certainly win.[68] As a result, the party's newspaper highlighted both pros (the defence of the family) and cons (the regressive nature of the measure), waiting for the final decree to evaluate 'the broader social and financial consequence of the reform'.[69] After all, it was a period in which, starting from economic issues, such as the bailout of *Banco di Roma*, the Holy See and Fascists were getting

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[67] 'L'imposta successoria e la finanza italiana', *Mondo*, 11 luglio 1923; 'A proposito di demagogismo finanziario', 19 agosto 1923; 'Ritorno quiritario?', 25 agosto 1923.
[68] 'Sull'abolizione della tassa di successione', *Popolo d'Italia*, 5 agosto 1923.
[69] 'L'imposta scomparsa', *il Popolo*, 10-11 luglio 1923.

closer (Rossi, 1966, p. 101).[70] The Prime Minister's Office papers preserve the 'hidden, but sincere words' of 'enthusiastic admiration', addressed to Mussolini by the Vice-Camerlengo, Cardinal Ugo Boncompagni Ludovisi, 'when reading on the deliberated abolition of inheritance tax' on July 9th.[71]

The same folder includes a cheering letter of the Sicilian farmers' society, but in fact, the most vocal in stressing the pro-South nature of the abolition, together with the Northern opponents, were the conservative papers from the Capital, celebrating 'the first time since 1860 that Southern Italians learned the government abolished a tax': Naples, 'the moral capital of "small ownership"', was 'even more astonished than enthusiastic'.[72] According to the *Corriere Italiano*, *Mattino* especially praised the move;[73] but in fact, the most widespread Neapolitan paper simply reported, as the rest of the press, the official statement. As its main local competitor (*Roma*), *Mattino* rather focused on the special measures for Naples, the appointment of a Sicilian at the new Ministry for the Economy, and Mussolini's visit to Abruzzi. Neapolitan papers had long been lamenting the discrimination of fiscal and trade policies against Southern farmers and did not stop after the abolition.[74] Even the *Giornale di agricoltura della domenica*, a specialised magazine issued in Piacenza (Emilia) by *Federconsorzi* - the (substantially filo-fascist) confederation of local agrarian consortia - ignored the decree, while providing his readers with detailed technical reports on the tax on agrarian incomes. In fact, while the revenues of the new tax almost equalled those formerly paid for the inheritance tax (Borgatta, 1922), Rocca (1925, pp. 55-57) stressed how the latter was a

[70] According to Einaudi (1927, p. 368), Popular opposition to the registration of financial assets came from the necessity, for religious orders, to assign them on old priests, subject, at death, to inheritance tax.
[71] ACS-PcM, Affari correnti, 1923, fasc. 9/1 n. 1919 - Abolizione della tassa di successione – voti e rallegramenti.
[72] 'Politica fascista per il Sud', *Idea nazionale,* 11 luglio 1923.
[73] 'Le terre del mezzogiorno e la tassa di successione', *Corriere Italiano,* 21 agosto 1923.
[74] Kim, 'Industria e agricoltura', *Mattino,* 5-6 luglio 1923; 'La grave crisi della proprietà fondiaria in Calabria', 25-26 agosto 1923.

progressive, one-off tax, mainly burdening large estates, while the first would directly affect consumers through higher prices.[75] The most supportive Southern paper was the Fascist-leaning *Mezzogiorno*, whose executive board was joined few weeks later by Pantaleoni. Its reporter contrasted the rhetoric opposition of ‘philosophising MPs’, to the sincere celebrations of ‘the working people, Italian industries and banks, foreign investors’; however, he made no mention of farmers, nor to the South.[76] Fascists would soon claim to ‘have solved’ the Southern Question (Zingali, 1933, p. 6) - precisely when, as discussed in the previous chapter, regional divides were on their way to their maximum levels (Felice, 2011) – and even debating these issues become difficult, but post-WWII ‘Southernist’ hardly mentioned the abolition as an effective measure.

Figure 22 - ‘“Unreasonable Taxes are Suicidal”, Says De Stefani’

“Italy Will Pay Her Debts,” Says De Stefani

“But She Asks the Powerful American Republic to Grant Liberal Facilities,” Says Finance Minister

By Maria Sermolino

“EXCESSIVE taxes on capital and inheritances constitute a form of robbery on the part of the state. The persecution of capital, no matter what form it takes, is anti-democratic. Capital must be protected for the welfare of the people, therefore Fascismo intends to and does protect capital and if, because of this, there are those who call us a capitalistic government we are proud of the epithet.”

There in plain, blunt words is the way the Fascist government views the question of taxation. The quotation marks enclose a statement made to me by His Excellency Alberto De Stefani, Minister of the Treasury and Finance of Italy, in the first exclusive interview he ever gave to a representative of the foreign press. For weeks I had been trying to see the Minister, and I had always been met with a “Sorry, Miss, the Minister does *not* grant interviews.” Finally one day the Minister relented. (Frankly I think his curiosity was piqued by the persistence of this American girl who, despite the many rebuffs, kept on calling. Furthermore, who, in Italy, ever heard of a woman being interested in finance?)

Fascist Views on Taxation

When I had left the United States one of the foremost topics of interest was the Mellon tax reduction plan. I

Alberto De Stefani

“UNREASONABLE taxes are suicidal,” says De Stefani. “The Fascist administration is planning to reduce taxes and it has already made some notable reforms.

“We are going to make Italy an oasis for those with capital to invest. We have already abolished all taxes on inheritances in the family group. We have passed a law exempting foreign capital invested in Italy from paying an income

experience has proved unsound. The Italian people have learned, by experience, that when capital is persecuted poverty ensues. Capital is the instrument of labor. Reduce its power by excessive taxation, hamper its movement by too strict control, and labor suffers in the end. The Fascist government is decidedly capitalistic, which does *not* mean anti-democratic.”

Such a straightforward, honest statement from a diplomat made me gasp, but really I should have been prepared for this attitude. I had met several of the Fascist leaders, including the Duce (as Premier Mussolini is called), and every one of them was characterized by this unusual, frank way of saying explicitly what he thought. None of them has been schooled in the way of diplomacy. Most of them were men of action before they assumed their ministerial tasks, and they brought the manner of the field with them to their tasks.

A Prodigious Worker

Alberto de Stefani, professor of political economy in the University of Padua, wore the black shirt of the Fascisti and actively fought, campaigned, worked and struggled for the cause of Fascismo for nineteen months before he became Minister of Finance. Back in the spring of 1921 he was elected Fascist representative

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after supper and works on until after midnight. During his first year of office he rented from the government three furnished rooms in the Ministry of Finance building (for which he paid 600 lire a month, about $30) so as not to waste time going and coming from his sleeping quarters to the office.

As he sat there behind a broad table piled with books and papers I thought of David Warfield in the “Music Master,” only he seemed younger, much younger. De Stefani is in his early forties. He has a mass of iron-gray hair, wavy,unruly,meant to keep back away from the forehead but disobediently falling forward; a high curved forehead, a sharp, long nose, and a square, determined chin. The whole would constitute a stern, awe-inspiring profile if it were not for the eyes. They are smiling eyes, soft and gray and good. They were laughing at me a little at first but then when I showed how much in earnest I was they, too, became serious and the Minister of Finance heded and answered my questions.

Invites American Assistance

When I asked him how he thought the United States could help Italy he answered, “The United States can help Italy by investing some of her capital in the marvelous opportunities Italy offers. Italy is rich in man power. She is poor in industrial equipment. Let those who have capital to spare come here and employ it. Foreign capital could be employed to great advantage in reclaiming thousands of acres of land in Calabria and around Rome which, with little expense could be converted into fertile productive tracts. The absolute safety of such an investment is evident. The land is there, it is something which cannot be destroyed and as the work progresses the value increases. Another opportunity lies in the exploitation of our water power. New Italian

every country; an Italy whose deposits in savings banks showed a decided increase; an Italy whose currency held its own while that of other European nations toppled; an Italy who had decreased considerably the deficit in her budget. This seemed a propitious moment to ask what he thought about the payment of Italy’s debt to the United States.

“I can only repeat,” he answered “what I said in my address delivered in Milan in May. Italy intends to meet her obligations, but the question of when and how depends on the solution of the problem of the reparation due from Germany.”

Alberto De Stefani

Minister of Finance of Italy in his uniform as an Italian soldier. He was formerly professor of political economy in the University of Padua, wore the black shirt, and actively fought and struggled for the cause of Fascismo for nineteen months before he became head of the exchequer under Mussolini.

“That is, the solution of the problem of the Ruhr,” I interrupted.

“Yes, in part, but the Ruhr is too delicate a topic. We must leave that aside. . . . . You can assure your American readers that Italy intends to and will pay her debts, but she asks the powerful American re-

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iest with the single exception of the English pound sterling.”

Range of Currencies for 1923

	High	Low	Range
Lire (per 100)	5.24	4.12	1.12
Franc (per 100)	7.44	4.99	2.45
Pound Sterling	4.72	4.26	.46
Peseta (per 100)	15.82	12.88	2.94
Swiss Franc (per 100)..	18.95	17.05	1.90
Belgian Franc (per 100)	6.82	4.31	2.51

“The government watches the exchange movement very closely,” he explained. “In general it is safe to say that the international revaluation of the lira has certain circumstances in its favor, although any revaluation must be strictly watched both in its financial and economic aspects. Too rapid a process of revaluation would not be desirable because it never reaches an entire system of prices with the same rapidity. Any change, if too sudden, would lead to an economic and financial crisis. That we must avoid.

Financial Condition Improving

“Italy’s financial condition is better to-day than a year ago, and it will continue to improve. It is true that there is a deficit in our budget, but I view this with the utmost tranquility. Do you realize that Italy has no special budget; that even expenses pertaining to war and those which are a residue of the past war are included in our general budget? We have made great reductions in our expenses; we have planned many economies, and most of them are already in operation with results even more beneficial than we had foreseen. Expenses have been reduced to a minimum in all departments and every item is controlled directly by the ministry of finance. The whole system in turn is governed from a single commanding deck, the one in Palazzo Ghigi,” and the Minister half raised his right hand as though to salute in Fascist fashion.

Source: Sermolino (1924).

Indeed, for the *Times*, ‘the real reason for the adoption of the measure seems to be the hope that it might act not only as an inducement for the greater amassing of

[75] Historians, such as Frascani (1988, pp. 162-163), agree that the overall effect was negative for most farmers; for him, the abolition of inheritance tax was ‘contradictory’, within an overall fiscal policy that aimed at ‘lower the tax burden of industry at the expenses of agriculture’.
[76] *Mezzogiorno*, 15-6 luglio 1923.

capital in Italy, but also for the transference of foreign capital into the country'.[77] This expectation was most probably frustrated;[78] for sure, the decree, immediately translated in four languages (De Stefani, 1953, p. 208), attracted widespread foreign attention. The survey by Lello Gangemi (1924) - a former student of De Stefani's, who worked as his head of press office during his time at the Ministry - highlights the enthusiastic article by the French Academic Bourget (1923) on *Illustration Français*, but also, an overall approval of Italian fiscal policy by the editor-in-chief of *Le monde économique* (Doucet, 1924).[79] The official press review by the Foreign Ministry reports the enthusiastic reception of the French press (*Echo National*, July 14th; *Action Française*, July 16th), as well as the Portuguese *A Epoca* (July 30th).[80] It was Einaudi (2000, pp. 295-297) himself to enthusiastically write, on *The Economist*, about the 'bold' reform approved; this despite 'it was feared that nothing would come out' to solve the 'extraordinary severity of the succession duty', on which the Italian scholar and Senator 'ha[d] repeatedly called attention to'. After the publication of the decree, Einaudi (2000, p. 299) added that it 'will have beneficial effect': readers of the influential magazine were further reassured on how 'Signor De Stefani is quietly adding, almost every week, something to his rebuilding of our financial System'. Some months later, *Forbes* interviewed De Stefani on the 'Fascist views on taxations', and on the importance to avoid confiscatory levies on inheritance and not persecute capital (Sermolino, 1924) (Figure 22). As stated in Italy's volume of the New York *Institute of Economics* series of *Investigations in international economic reconstruction*, in the early 1920s, the 'Fascist regime at once made an unequivocal declaration of policy on the subject of taxation': among these

[77] 'Succession duty in Italy', *Times*, August 21, 1923.
[78] This opinion was shared by Rocca (1925), reporting data collected by the statistician Mortara (1925), and Griziotti, in a letter to De Stefani on June 27, 1925 (Marcoaldi, 1986, p. 153).
[79] ASBI also preserves De Stefani's own album, collecting press coverage of his reforms.
[80] Ministero degli Affari Esteri, Ufficio Stampa, *Rassegna della Stampa Estera*, n. 157, 158, 172. *Problemi Italiani* (5 agosto 1923) also mentioned Paris *Echo*.

measures, 'the most important' was 'the decree abolishing inheritance taxation altogether upon property passing within the family' (McGuire, 1927, pp. 430-433).

McGuire (1927) also noted how each of De Stefani's measures 'aroused sharp protest', but 'on the whole, the economists writing in Italy seem to have held the opinion that Fascist fiscal policy has been both sound and constructive'.[81] In fact, somehow surprisingly, the large majority of academic economists supported, or not opposed, the complete abolition of a tax applied all around the world, and with solid basis in both international and Italian economic thinking, as will be discussed at length in Chapter 6. Even though, commenting on De Stefani's resignation, Einaudi would mention the abolition as one of the few disagreements with him, we have seen his supportive statements, on both *Corriere della Sera* and *the Economist*. Together with Griziotti (1926), we can count among the 'opponents' his student Mario Pugliese (1926), who wrote his dissertation on the subject. The simple observation by Antonio De Viti De Marco (1928) that, 'precisely because was an act of reaction' of demagoguery, the abolition 'had overstep the mark', motivated Gangemi to send for publication the aforementioned memo by Pantaleoni (1928) - even though it came at the end of a paragraph in which De Viti De Marco had harshly denounced the 'Bolshevik' fiscal measures of the 1919-20 period, mentioning Guasti's examples, and elaborated, much in line with Pantaleoni, on the necessity to not overtax capital.[82] Jannaccone himself, after working on a more moderate proposal, the same day of the announcement would categorically state, in an interview to the Fascist newspaper, that the lost revenues would be 'largely compensated later on', and celebrated De Stefani's 'fiscal

[81] While referring to Gangemi (1924), he acknowledges the help of Einaudi (who in turn, positively reviewed the book on the *Economic Journal*).
[82] In fact, De Viti De Marco simply referred to the 'greater ease' of a tax imposed when receiving inheritance, as compared to other taxes, a common argument in the Italian tradition, as discussed in Chapter 6.

bravery', bringing 'Italy once again at the forefront of civilised nations'.[83] On the Bolognese *Resto del Carlino*, close to the landowners who had supported early Fascism, Federico Flora (1923, p. 84) had opposed the surrogate tax proposed by UNI and ABI, but now celebrated the abolition; Gangemi (1924, p. 208) reports the supportive words by Gino Borgatta on Turin's *Gazzetta del Popolo*; Alfonso De Pietri-Tonelli[84] and Giuseppe Prato (1923) placed it within the academic writings of the former colleague - somehow surprisingly, given that in his work on French data, De Stefani (1921, p. 37) had not only concluded that small and medium estates were growing, but had also stressed that in the trade-off between 'productivity' and 'distribution', 'I believe sometimes distributions with lower accumulation of savings are to be preferred, because wellbeing and productivity must not be confused, and a reduction of productivity might sometimes mean an increase in wellbeing'. Not surprisingly, a supportive statement came also from Enrico Barone, who had theorised the importance of inheritance in capital accumulation, as well as the importance of distributing fiscal burden in a way that was 'the least obstructive to average income growth' (Michelini, 2001, pp. CXII-III). Barone added a short, severe gloss to Spinedi (1923): the young economist, very supportive of the rationale of the abolition (to the point of affirming its overall *progressive* redistributive effect!), had simply questioned whether 'in the immediate, extreme necessity of public finances', was preferable to delay the abolition.

5. Conclusions

The 'brave' reform would not, however, last long. In 1930, and even more in 1935, following both the post-1929 'anti-capitalistic' rhetoric (within a generalised

[83] 'L'abolizione della tassa di successione nel giudizio di un eminente economista', *Popolo d'Italia*, 10 luglio 1923; on the same newspaper wrote in support the economist Agostino Lanzillo, member of the Fascist 'trade-unionist left'.
[84] A. De Pietri-Tonelli, 'Lo sgravio delle successioni', *Gazzetta Ferrarese*, 6 agosto 1923.

increase in European and US inheritance tax rates, as shown in Figure 20), and the Fascist pro-natalist demographic policies (Treves, 2001), the exemption was restricted to ‘large families’ - contradicting the whole ‘productivism’, whose starting point was the ‘imbalance between population’ and capital (De Stefani, 1923, pp. 177-178). De Stefani himself had to resign in 1925, due to his inability to stabilise the lira (Salvemini and Zamagni, 1993; Segreto, 2019); his replacement with Volpi, few months after the end of the crisis following Matteotti’s murder – that for historians marks the beginning of the truly ‘dictatorial’ Fascist regime – is generally considered as the watershed between the ‘laissez-faire’, and the more protectionist, and eventually dirigiste, phase of Fascist economic policies (Giordano and Giugliano, 2015). While De Stefani’s actions were less coherent than claimed by Gangemi (1924), neither Volpi nor his successors seemed to pursue such an organic economic vision. After the war, disciples of Griziotti, such as the Christian-Democratic Ezio Vanoni (Minister of Finance from 1948 to 1954, when he moved to the Budget, until his sudden death in 1956) took the responsibility of Italian fiscal policies (Figure 20). But this is not a reason for underestimating the historical importance of this episode: not only for inevitable consequence on wealth inequality and its intergenerational transmission.

In the years between 1922 and 1925, ‘fiscal reform’ - the need to balance the budget - was ‘the most powerful single driver of Fascist economic policy’ (Bel, 2011). As we have seen, both protagonists and coeval observers identified in the abolition of inheritance tax the most paradigmatic of Stefani’s measures. In the long Fascist ‘seizure of power’, by no means concluded with the March on Rome (Lyttelton, 1973), the balancing of the budget – for which the Parliament had granted De Stefani unprecedented powers (Toniolo, 1980, p. 46) – represented a crucial step, both internally, and externally. According to McGuire (1927), the idea ‘that a greater revenue might be expected from rates substantially lower than those theretofore enforced, if only principles of assessment were brought more in line with realities (and, perhaps, with human psychology)' – a sort of pragmatic, not formalised Laffer curve – was common to 'other countries'; as noted by Mattei (2017, p. 1000), Britain had 'set the example of orthodox fiscal and monetary policy since 1920' (an example to which Bianchini explicitly referred to). Still, Fascists – already in the spotlight for their political novelty – abruptly brought Italy from inconclusive progressive reforms to a radical return to fiscal orthodoxy, aimed at setting the clock back to 1914. This dramatic turn included 'the earliest case of large-scale privatisation in a capitalist economy' (Bel, 2011), and came at a time in which, as famously stated by Schumpeter (1954, p. 855), Italian economics was then 'second to none'. The support and direct involvement of internationally renowned economists such as Barone, Einaudi, Pareto, Pantaleoni, and others (Mattei, 2017), contributed to raise the interest for these policies[85] – and one wonders whether the Italian example contributed to the substantial rate reduction approved in 1926 in France (whose press had enthusiastically reported on the Italian case) (Figure 20). More broadly, while recent scholarship has brought new attention and reinterpreted the economic thinking of these 'Fascist-liberals' (Mattei, 2017; Michelini, 2019), it seems necessary to include them in the broader discussion on the origins of neoliberalism in the interwar decades (Slobodian, 2018). While Italian historians have traditionally considered De Stefani's Ministership as a 'normalisation', an attempt to return to the pre-1915 'business as usual', within a coalition government that included liberals, an international perspective makes it possible to appreciate the abruptness of

[85] De Stefani himself, presented on July 3rd, 1923, by the *Times* as 'an Italian Oxford Don', 'soaked in the English economists', whose 'unconcealed ideal is to apprehend and copy the British system of public finance', in 1937 'was invited by Chiang Kai-shek to propose a plan to reform the public administration and the tributary system of the Republic of China' (Coco, 2021).

this normalisation.[86] The abolition of a tax that had been working since the country's unification (and, first, had progressive rates from 1902), shows the extent to which De Stefani's 'authoritarian neoliberalism', according to the definition of Marcoaldi (1986), distanced itself from the reformist liberalism of the Giolittian period.[87] Indeed, the explicitly regressive nature of these policies and their underlying economics – an interesting point of convergence, as testified by Corradini and Rocco's words, between the 'laissez-faire' and the 'corporatist' souls of Fascism (Michelini, 2019, pp. 71-83) – and the political debate that accompanied them, has been so far overlooked.

Despite the later celebration by De Stefani (1953), we can probably apply to the abolition of inheritance what Bel (2011) wrote on privatisations: it was 'an instrumental measure, not a coherent long-term policy', that together with economic objectives, aimed at increasing 'political support for Fascism' by the most important pressure groups. The history reconstructed in this chapter made it possible to appreciate the extent to which De Stefani – often depicted as an independent, detached academic economist, in opposition to the well-connected Volpi (Michelini, 2019, p. 72) – was close to influential actors, such as ABI and Bianchini, but also with the 'smaller' UNI, one of the dozens association that, through letters and petitions, or convening at the APE meeting, were trying to exert their pressure on the new government to obtain favourable legislation. Since Melograni (1972), historians have well established the process through which, from 1921, industrial owners and economic elites had accepted the idea of including Fascists in coalition governments, and then, somehow reluctantly, dealt with their leading role during and after the March on Rome; both the banking

[86] See for instance, the discussion by Toniolo (1980, pp. 50-51), still the most accurate and authoritative economic history of the period.
[87] The word 'neoliberalism' was arguably adopted by Marcoaldi in a different sense to the current one, to mark the differences between Pareto, Pantaleoni, and De Stefani, in all sense part of Italian nationalism (Michelini, 2019), and the 'classic' liberalism, represented by Einaudi. Notably, the word was adopted also by Fascists such as Rocca before the March on Rome.

association, and this universe of smaller, middle-class associationism, were somehow overlooked. In fact, compared to the rest of De Stefani's programme and reforms, the abolition of the inheritance tax directly impacted on a much wider group, inclusive of all kinds of 'middle classes', traditionally considered Fascists' electoral constituency, at least since Salvatorelli's (1923) real time account. As will be discussed in Chapter 5, these heterogeneous middling strata - small landowners, shopkeepers, as well as dependent, white-collar workers of private and public sectors – accounted for a large share of Italian labour force. By representing Fascism as 'based on the respect for the family, in his sentimental and practical reality, and on the respect of roman property' (MEF, 1923, p. 5), the abolition aroused both the economic and 'political-cultural' aspects of what Salvati (1994) defined as 'middleclass-ness' (*cetimedietà*). The celebration of this aspect is clear on Mussolini's *Popolo d'Italia*: notably, the nationalist Enrico Corradini stressed how, while the 'static' concept of property generated envy from the poor, its 'dynamic' counterpart – saving – was 'the closest to the people, it belongs to all classes'.[88] The Fascist newspaper, in fact, would devote to the Minister and his reform considerable attention also in the week before the crucial elections of April 6th, 1924: reports from a new speech at *La Scala* dominated the headlines of April 1st, followed by a 'conversation' with De Stefani and his colleague Corbino on the 2nd, and eventually the transcription of the 'glorious' electoral speech in Verona on the 5th . In these occasions, the Fascist newspaper stressed the importance of abolishing inheritance taxation – according to the socialist, the most paradigmatic example of the openly pro-rich nature of Fascism[89] – to defend the economic and 'moral' position of the petit bourgeoisie (Vigezzi, 1965, pp. 500-501); something hard to claim when

[88] E. Corradini, 'Statica e dinamica della società nazionale', *Popolo d'Italia*, 18 luglio 1923.
[89] Quidam, 'Temi di propaganda elettorale: l'iniquità delle riforme tributarie fasciste', *Avanti*, 10-11 febbraio 1924.

discussing measures more clearly appealing to the wealthy, such as privatisations, the cancellation of asset certifications, or dismantling the Parliamentary board of enquiry on war profits before it was able to conclude its work (Rossi, 1966).

Overall, therefore, the history of the 1923 abolition of inheritance offers a privileged perspective on the ideological and political debate on inheritance, wealth and inequality in Italy in such a crucial historical period, as well as a new perspective on the complicated relationship between early Fascism, economic elites and the ‘middle classes’. Despite the relatively high level of inequality in wealth, discussed in Chapter 2, and the regressive nature of Italian fiscal system, the fiscal policies pursued by the Fascists in the 1920s protected the wealthy from the progressive levies, that had been introduced in the rest of Europe to pay for the costs of the war and the return to normality. A survey of the Italian press revealed how Fascists tried, and arguably managed, to depict an openly pro-rich measure such the abolition of inheritance tax into a defence of the middle class, in its economic stability and its ‘ideology’ of property and family, as well as a stimulus to capital accumulation and economic recovery. Notably, they did so with the almost universal support of those economists and statisticians, who had been pioneering the emergence of the modern measurement and study of income and wealth distribution (Gabbuti, 2020a). While most of these authors shared conservative positions, they were most likely influenced by the diffused opinion that the Great War had disproportionately benefitted industrial workers, at the expenses of the middle classes (Gabbuti, 2019, pp. 106-111), and that Italy was not as unequal as more advanced economies. In one of the earliest attempts of consistently compare income inequality across countries, Boldrini (1925) had concluded that Italy experienced a higher fiscal pressure, and its lower income concentration made the imposition of progressive levies on the rich less remunerative for the State. Chapter 6 will investigate in greater detail some aspects of this ‘ideology’, but first, it seems necessary to investigate what really happened to the distribution of income in Italy, from the Great War to the end of the Fascist Regime. This will be the object of Part II of the dissertation: before discussing, in Chapter 5, the overall income distribution, including for the first time these heterogeneous middling strata, Chapter 4 will try to discuss the evolution of capital incomes, and of the richest percentiles of the distribution.

Part II – Income Inequality

Chapter 4 – Capital Accumulation and The Rich in Fascist Italy[90]

1. Introduction

In the growing literature on long-run inequality, the interwar period plays a crucial role. The first and middling decades of the 20th century represent a period of trend reversal, at least in the most advanced countries, after a long-term inequality increase, started in the Middle Ages (Alfani, 2021), and culminated in the age of the so-called 'first globalisation' (Piketty, 2014) – a picture that could hold for Italy as well, as discussed in Chapter 2. Series of top income shares for France and the US (Piketty, 2014, pp. 290-300), top wealth shares for Britain (Alvaredo et al. 2018, p. 27), wealth-to-income ratios for Germany, France and the UK (Piketty and Zucman, 2014, p. 1258), all point towards a sustained decline in inequality between the two world wars, although with different timings and to different extents. While the extremely high levels of inequality on the eve of the 20th century could even have caused the Great War (Hauner er al., 2020), influential works such as Scheidel (2018) have argued for the 'positive', redistributive effects of the 'horsemen of apocalypse' – state collapse; disease; mass mobilisation warfare; revolution. Similar theories naturally fit the interwar period, characterised by devastating conflicts, the Russian Revolution and the March on Rome, the dissolution of several empires, the Great Depression and the collapse of global trade, and also, as the outbreak of Covid-19 has brought to new light, the so-called 'Spanish flu'; in fact, most of the 20th century's reductions in advanced economies seem to have occurred around this period (Milanovic, 2016).

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[90] A first version of the material in this chapter (especially sections 3 to 5) was previously circulated as Gabbuti (2020c).

However, recent research has shown diverging distributional histories in Europe in these turbulent years. Expanding the analysis from top percentiles to the whole income distribution, Gómez León and de Jong (2019) showed the distinct, actually opposing trajectories of two leading European economies, such as Britain and Germany. Despite both being affected by such strong, 'malign' inequality-reducing mechanisms, the two leading European economies followed alternative paths to the so-called 'Great Levelling' (Milanovic, 2016, p. 53). Bartels (2019), based on top income shares, concludes that 'World War I did not act as the great leveler' for Germany, bringing 'a large-scale redistribution from labour to capital which the November revolution of 1918 intended to reverse'. For Spain, Prados de la Escosura (2008) had already showed that the Kuznets-style relationship between inequality and development was broken by the Civil War, and its autarkic aftermath under Franco's dictatorship.

Cradle of the first Fascist regime, Italy is an interesting case for its position as a 'late industrialiser' on the European periphery, which started to converge towards the core economies just before the turn of the century, and then managing to enter the group of the most advanced economies (Toniolo, 2013, pp. 9-10). In the interwar, Italy experienced a mixture of external, 'exogenous' shocks, as well as more idiosyncratic policy choices (such as the abolition of inheritance tax discussed in Chapter 3). While not experiencing the hyperinflation that characterised Weimar Germany, Italy was still affected by severe distributional conflicts in the troubled *biennio rosso* ('red biennium') 1919-1921, characterised by labour unrest and widespread factory occupations (Zamagni, 1991), and the following 'black' one, eventually resulting in Mussolini's seizure of power. As we have discussed in Chapter 2, these years were characterised by heated debates over fiscal reforms and other redistributive measures, including an expansion of the welfare state (Giorgi and Pavan, 2021). After De Stefani's 'liberal' phase, the mid-1920s marked the beginning of deflationary, and then protectionist and interventionist policies (Cohen, 1972; Giordano and Giugliano, 2015), even before the Great Depression affected the Italian economy (Baffigi, 2015); from the mid-1930s, when the invasion of Ethiopia (1935) opened almost a decade of warfare, Italy eventually shifted towards 'autarky' (Bertilorenzi et al., forthcoming). Alongside with the redistribution operated by changing relative prices and fiscal burdens, 'slower' forces were also at play: mass emigration, which had contributed to increase average and unskilled wages, was restricted by the 'quotas' imposed by destination countries (Gomellini et al., 2017); on the other hand, Fascists tried to stimulate both population growth and 'ruralisation' (Treves, 2001), with predictable impact on gender (De Grazia, 1992) and regional inequalities (Felice, 2011).

The empirical evidence for income distribution in Italy between the two world wars is, however, still limited. By applying post-stratification techniques to occupational data from censuses, Giovanni Vecchi (2017) and co-authors transformed a collection of almost 20,000 household budgets into representative, 'pseudo-surveys' (Rossi et al. 2001), estimating Gini indices for household incomes at each census year between 1861 and 1931. Combined with a pioneering survey for 1948, and modern household surveys from the mid-1960s, this evidence show, also for Italy, a 'Great Levelling' throughout the 20th century. Contrary to most advanced economies, Italy did not experience anything like a 'Kuznets curve'; in the interwar period, the Gini index declined from 46 to 45.1 between 1911 and 1921, and to 44.9 by 1931 (Amendola and Vecchi, 2017). This evidence, however, cannot shed light on crucial, shorter-term dynamics, such as the impact of the world wars, and most notably, what happened in the 1930s: as noted by Milanovic (2016, p. 78), it is currently impossible 'to detect any influence of fascism', since there is basically 'no change in the Gini' between 1921 and

1931, and the strong reduction visible from the household survey of 1948 was ‘most likely explained, as in other countries, by the effect of war and not by fascism per se’. In light of the severe distributional conflicts and economic turbulences of the period, a more ‘high-frequency’ discussion about income inequality in interwar Italy is needed.

This is the object of this Part of the dissertation. After the early contributions by Sylos Labini (1974) and Zamagni (1980a), having said of Vecchi’s household budgets estimates, the only empirical contribution to the evolution of inequality in Fascist Italy was the reconstruction of labour shares (Gabbuti, 2021a). Labour shares suggest, also for Italy, short-term turbulences in line with those highlighted by Gómez León and de Jong (2019) and Bartels (2019); they also reveal that capital incomes – imperfectly captured by both modern and historical household budgets – accounted for some half of total value added before WWII, a result recently confirmed by Giordano and Zollino (2021, p. 782). If one believes that capital income were mostly attributed to the top percentiles, this has a clear impact on inequality, and in particular, on the share of this group.[91] In fact, as shown by the growth incidence curve for 1921-1931 presented by Amendola and Vecchi (2017, pp. 331-332),[92] the mediocre performance of top percentiles crucially drives the trend in this period, given that the bottom half of households experienced negative income growth, while only those between the 60th and 90th percentile improved their position (what we could loosely define as the ‘upper middle classes’). As the authors explains, in the light of the scarce evidence available on top incomes in historical household budgets, they are mostly imputed by means of a parametric distribution; notably, the inclusion of a small sample of aristocratic families

[91] This scenario – what Ranaldi and Milanovic’s (2021) define as ‘classical capitalism’ – is often assumed for past societies by economic historians (e.g., Frankema, 2010, pp. 344–345); the relatively high concentration of wealth shown in Chapter 2 could support this assumption.
[92] For an example and discussion of growth-incidence-curves, see Chapter 5.

by A'Hearn et al. (2020) resulted in both a sizeable increase in inequality levels, and a reversal of trend precisely between 1921 and 1931. For this reason, before dealing with the overall income distribution in Chapter 5, this chapter will be devoted to the share accrued by the richest Italians. As discussed in Chapter 3, the rich were an explicit target of Fascist fiscal policy in the early 1920s, when De Stefani's 'productivist finance' aimed at stimulating their savings to foster capital accumulation; this remained a crucial goal of Mussolini's regime, and often motivated beneficial treatment for economic elites, especially in the sectors that were considered most crucial from an economic and military point of view.[93] While the discussion on the motivations of *Quota 90* is still open, and industrialists were not all enthusiastic of the move,[94] the stabilisation of the Lira was a precondition for massive capital inflows – 8 billion of lire between 1925 and 1930, especially from the US (Preti, 1980, p. 107; Gualerni, 1976, pp. 53-57). Moreover, as discussed by Castronovo (1977) for *Fiat*, tax breaks, subsidies and protection were granted by the government to compensate major industrialist for their losses. During the Great Depression (and even before: La Francesca, 1972, p. 48), earlier and more effectively than elsewhere, Italian authorities bailed out large banks and firms, while incentivising collusive behaviour between firms, to sustain prices and profits (Sylos Labini, 2014, pp. 47-54). These measures came 'at the expense of consumers and taxpayers' (La Francesca, 1972, pp. 53-54), as well as workers, whose wages and working hours were reduced by government decrees (Mattesini and Quintieri, 2006). According to Amatori and Brioschi (1997, p. 118), 'in practice banking bailouts saved private fortunes'; Toniolo (1980, p. 256) stressed that the State

[93] For sure, as noted by La Francesca (1972, p. 48), it is important to distinguish between these elites: clearly, the various sectors and industries had different needs, and some sectors were advantaged (such as electricity, chemicals, metalmaking and mechanics), at the expense of agriculture and 'light' industries, including textile (Preti, 1980, p. 102).
[94] For a synthetic account of the evolving relationship between the industrial owner confederation, Confindustria, and the Fascist regime, see Segreto (2002).

maintained the ownership only of the least profitable sectors, pointing out the role of the 'tight bonds developed in those years between the high bureaucracy and big industrialists (pp. 302-303). For Gualerni (1976), Fascist policies during the Great Depression clearly provoked a 'redistribution of income between the various classes and within them. The cut of labour income is evident, but there is also a remarkable redistribution of the rent and profit shares'; through public spending, the government had channelled resources to the industrial sector, 'redistributing fiscal burden in favour of industrial owners', and reinforcing the tendency to compress worker's incomes and consumption, while 'keeping high consumer prices' (a thesis shared by Maione, 1979). Even the later 'autarkic' policies, rather than introducing coercive controls on firms, 'forms of centralised economic planning' or replacing private initiative, 'offered corporations a unique chance, especially through an expanding domestic market and tax breaks, to invest and make huge profits' (Bertilorenzi et al., forthcoming). At the outbreak of WWII, according to an infamous quote from the industrialist Ettore Conti (1986, pp. 431-432), 'a financial oligarchy developed in a way that reminds ancient feudalism, in the industrial field'; for Conti, production was 'in great part, controlled by few groups, each led by a single man', possibly supporting the discussion in Chapter 2 on the emergence in this period of a new kind of 'super-rich', replacing the old elites of landowners and textile producers.

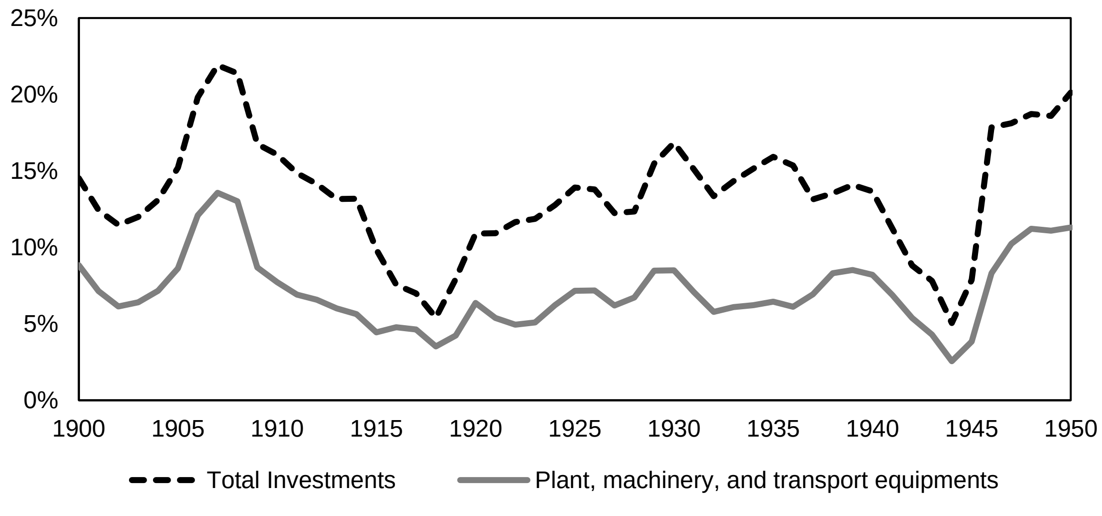
In the light of the very scant evidence available on these incomes, section 2 surveys the evolution of the Italian economy during the Fascist period, to provide the reader with some general context, as well as the available macro-indicators on investment, capital incomes and accumulation. Then, in section 3, to try to infer how much of this growth was accrued by top percentiles, I survey the existing fiscal evidence on the distribution of incomes in the interwar. After showing province-level

Gini indices of the incomes of entrepreneurs and professionals, as well as some indication of the top taxpayers in these categories, section 4 presents a new series of top income shares, estimated for several years between 1914 to 1952; in order to interpret the series and assess their reliability, section 5 discusses the issue of tax evasion at the top, within a discussion on the Fascist approach to the taxation of the rich.

2. Economic Growth and Capital Accumulation in Fascist Italy

As recently summarised in Gabbuti (2020b, pp. 256-263), the revised national accounts offer a renewed picture of the aggregate performance of the Italian economy between the world wars (Baffigi, 2015). According to the unsatisfactory comparisons made possible by the different releases of the Maddison Project Database, after the Great War I – that did not lead to the dramatic recessions experienced by other belligerent countries (Galassi and Harrison, 2005) – Italy was still rooted in the European periphery, with a GDP per capita below Sweden, and substantially in line with Spain. A short-lived period of fast growth occurred between 1922 (+8.5%) and 1926, when the abrupt re-evaluation of the lira provoked a downturn (+0.8%, and then -3% in 1927). Still, due to the positive performances of 1928 (+6.3%) and 1929 (+5%), the average real growth rate was 4% in 1922-1929, almost double those of the 'take-off' years 1896-1913 (Gomellini and Toniolo, 2017). The new series do not worsen the immediate impact of the Great Depression, but rather its persistence, postponing the recovery to the late 1930s, and notably, to the Ethiopian invasion, that led to an increase in military spending, as well as to the end of Italy's defence of the Gold standard, bringing GDP to the 1929 levels only in 1937. New series of industrial output by Felice and Carreras (2012, p. 458) highlighted Fascist Italy's relative 'success story': the 1920s, and particularly 1928-29 growth was stronger than previously believed, as well as the post-1933 recovery. Overall, the share of industry over total VA increased of ten percentage points, at the expense of agriculture, overtook for the first time in 1929 (Baffigi, 2015). Within industry, the share of 'modern' sectors had got close to 50% by 1939 (Gomellini and Toniolo, 2017, p. 122). Productivity figures are more disappointing: Giordano and Giugliano (2015, p. 29) showed how *Quota 90* marked a watershed, after the 'laissez-faire' years of De Stefani, in which labour productivity grew fast, especially in more modern industries (4.3% annually), and the 'marked slowdown' that followed, with the 1930s characterised by negative labour productivity growth. According to Giordano and Giugliano, the Italian economy in the Fascist period was characterised by increasing concentration across all sectors, and growth was mainly driven by factor accumulation. While not reaching, as a share of GDP, the peak of the early 20th century 'take-off', both total and plant and machinery investments increased between 1918 and 1931, remaining stable until 1940 (Figure 23).

Figure 23 - Investment in Italy, 1900-1950



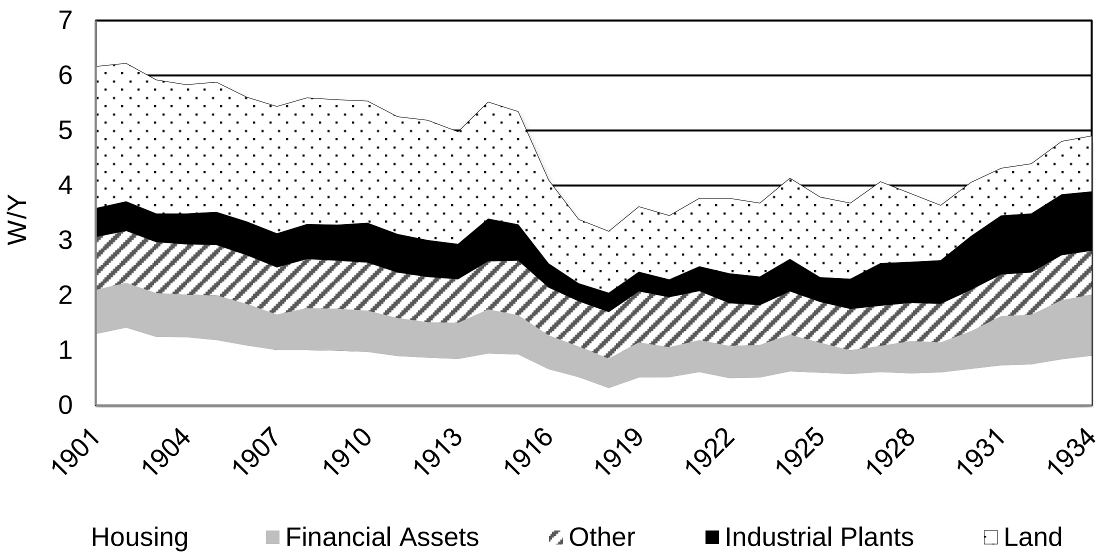
Source: elaboration on Baffigi (2015); figures expressed as % shares of GDP.

As a result, Giordano and Zollino's (2021, p. 750) updated series show capital accumulation, with a steeper growth of 'the cumulated share of machinery, equipment, means of transport and intangibles, which accounted for slightly more than 3% of the total stock in the first decades after the country's unification, rose to around 7% in the period 1929-1938'.

After a steady decline during the Giolittian period, and a more abrupt fall during the Great War, in the interwar period the wealth-to-income ratio was also on the rise, at least until the mid-1930s. As shown in Figure 2, the ratio increased from the minimum of 3.15 reached in 1918, to almost 5 in 1934. Such a rising trend, especially in the 1920s, is not entirely at odds with the experience of other countries for which comparable series exists, especially if one enlarges the perspective outside Europe: however, compared to more advanced economy, the Italian series, starting from relatively lower levels in 1915, almost reached the pre-war ratio by 1933; on the other hand, the new long-run series (but even more Cannari et al.'s, as shown in Figure A 2) would suggest that the decline of this indicator was mostly a post-WWII phenomena. To investigate in greater detail the interwar evolution of the ratio, in Figure 24, I combined it with the information on the composition of wealth by asset type from the original series by Retti-Marsani (1936; 1937a; 1937b) (available until 1934), to disaggregate it in the major categories adopted in Piketty (2014) and Piketty and Zucman (2014). According to Retti-Marsani (1937b, pp. 49-51) himself, industrial assets grew in the interwar, because of 'the effort made by the country to build up a real industrial sector': starting at 10% in 1919, they peaked at 26% in 1931. According to the *Imita* database assembled by Giannetti and Vasta (2006, p. 91), the period also saw the growing importance of the top 200 manufacturing firms, whose assets rose from 10.8% of the GDP in 1931, to 17.4% in 1936, and eventually 26% in 1952.

The rising importance of industrial capital went hand in hand with the increase in concentration, as observed in real time by Italian statisticians such as Saibante (1926). Building on these works, Zamagni (1980b) calculated Gini indices of the distribution of capital across industrial stock companies for 1916 (0.75), 1932 (0.88), 1938 (0.9) and 1941 (0.92). A government survey run in 1945, this time at the level of individual shareholders (unfortunately, inconsistently with both previous and following data), revealed that 0.01% of shareholders owned more than one third of the capital (50% for financial firms) not in foreign or public hands (Zerini, 1947, pp. 74-76), confirming Conti's 'feudal' metaphor. It is again the *Imita* database to allow us to have a sense of the dynamics: 'concentration decreases between 1913 and 1927 … then there is an increase between 1927 and 1952' (Giannetti and Vasta, 2006, p. 53). Based on the same source, Giordano and Giugliano (2015, pp. 31-32) come to the same conclusion (adding that 'the more modern sectors were those which experienced the largest increase in concentration') and attribute this trend to the 'anti-competitive legislation passed by the Fascist regime'. Historians had also highlighted this trend: Sarti (1970, pp. 103-108) had noted that, alongside with the conflict between 'exporters' and 'importers', *Quota 90* represented a way to impose concentration to the reluctant, smaller firms that had emerged in the early 1920s – even before the proliferation, in the 1930s, of price cartels, that 'proved to be an effective means for the preservation of acquired positions and for the virtual exclusion of new firms from the ranks of production'. At the same time, Mori (1971, pp. 16-17) noted how the 'leading group of the Italian industry and economy' had evolved in the process, with the 'substitution of the block' between the universal banks and iron and steel producers, by the rising electricity producers, the chemical giant Montecatini, and 'possibly in a subordinate position', the Fiat conglomerate led by Agnelli. This picture is confirmed by Milan's stock exchange figures: while in 1921 the largest firm in terms of capitalisation was *Banca Commerciale Italiana*, followed by the Bank of Italy, *Credito Italiano*, *Banca Italiana di Sconto*, and only fifth, the electricity giant *Edison*, ten years later no bank featured among the top ten, *Edison* had risen to the top place, followed by Giuseppe Volpi's *SADE*, operating in the same industry, and the aforementioned *Montecatini*, only tenth in 1921 (Consob, 2011, p. 102). By 1941, *Montecatini* had overtaken *SADE*; despite the hardship following *Quota 90*, the textile and chemical producer *Snia Viscosa* featured fourth, followed by the publicly-owned *SIP* and *SME* (also in electricity) and *Fiat*.[95] The same source show a sustained, continuous growth of both the ratio between the overall stock exchange capitalisation and GDP throughout the 1930s, and the average real return in the whole period, apart for some reversal immediately after *Quota 90* and the Great Depression: the peak of returns, in 1943, was reached again only twenty years later (Consob, 2011, p. 16).

Figure 24 - Wealth-income-ratio and Private Wealth Composition in Italy, 1901-1934



Source: elaboration on Retti-Marsani (1936; 1937a; 1937b) and Chapter 2, Figure 2. 'Other' includes mines, *mobilia*, and livestock.

For Mori (1971, p. 20), 'profits had not significantly declined even in the dark years around 1930 … and the 21 major industrial stock companies had saw their capital increasing from c. 6.5 billion in 1931 (12.61% of the total) to more than 11 in 1939

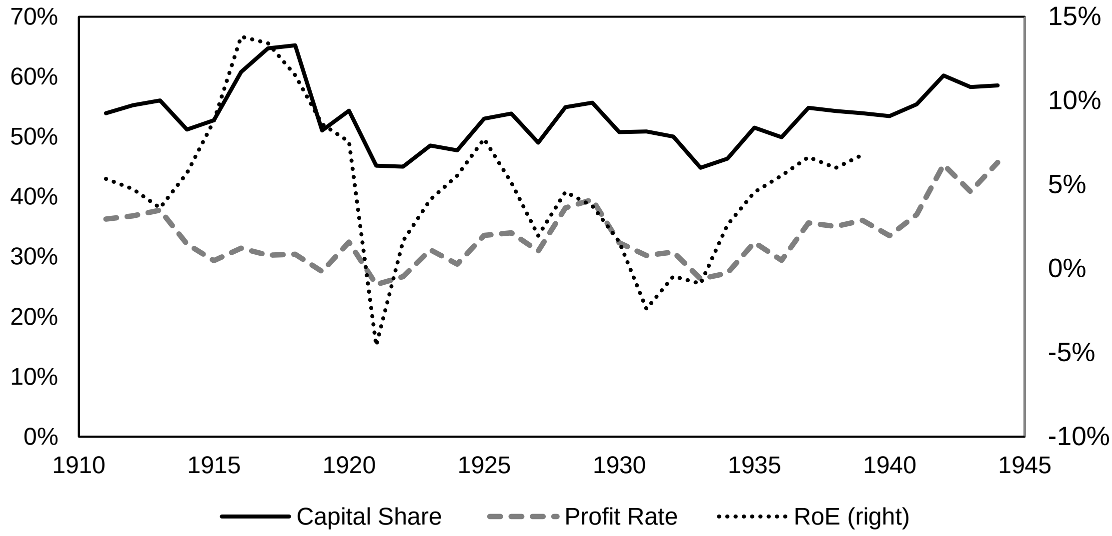
[95] Most of these firms were industrial conglomerates, who diversified their activities in different sectors, either directly or through participations.

(20.11%), and operating profits increased from 7.12% to 9.68% of capital, with an almost uninterrupted increase between these two years' – on top, he stressed, of hidden reserves and other tax avoidance strategies.[96] The *Imita* database also makes it possible to estimate the return on equity (ROE) for the firms included in the sample (Figure 25), enlarging the picture to all the joint stock companies listed in one of the Italian stock markets. For this series, the highest values from 1900 to 1971 are registered during the Great War, 'with the aggregate ROE peaking, in 1917, at around 15 per cent for the manufacturing industry' (Giannetti and Vasta, 2006, p. 158). Profitability levels then realigned to pre-war levels, and only in 1921 'the effects of the *biennio rosso* are clearly discernible'; from 1922, 'ROE reverts to positive values of around 4 per cent for the manufacturing and mining industry, while the utilities show, as from 1923, a significant increase in levels of profitability which remain constant during the 1920s'. For Giannetti and Vasta (2006, p. 159), 'The advent of Fascism brings with it a strong recovery in the profitability of capital and also a significant change in the financial structure of firms', again with temporary exceptions in 1927 and in 1930-32. The recovery started in 1933, when 'a new phase of expansion begins, with a constant rise in profitability until 1939', exceeding 5% per cent per annum in manufacturing. As interestingly noted by Giannetti and Vasta (2015, pp. 159-160), the sizeable difference in levels between the aggregate ROE, shown in the graph, and the average one (that is, computed as an average of individual firms) – 'constantly negative' for a decade after *Quota 90*, at markedly lower levels – signals that large firms performed considerably better, even in the most troubled period.

[96] Perugini (2014, p. 56) documented the creation of hidden reserves by Montecatini between 1925 and 1930.

The aforementioned series of labour share (Gabbuti, 2021a) make possible to obtain the capital share as a residual – a very basic indicator, that however provide us with a crucial benchmark for inequality, and especially top incomes (Figure 25). In fact, Bengtsson and Waldenström (2018) found strong and positive correlation between capital and top income shares and suggest adopting the first as an external check for the periods in which fiscal sources might lead to under or overestimate the incomes of the rich. In Figure 25, together with the capital share, I also express the residual capital income in terms of the capital stock. In Gabbuti (2021a) I discussed extensively how Italian labour share – built to ensure the greatest possible comparability with Bengtsson and Waldenström (2018) – was extremely low by European standards before the Great War: inevitably, the opposite holds true for capital share. Still, capital share increased dramatically during the Great War, in line with the trend in the ROE, and with the abundant evidence on the extremely disappointing management of public procurement, that provoked widespread complaints about 'favouritism, cronyism and corruption' and several scandals (Galassi and Harrison, 2005, pp. 279-286). As for the ROE, the end of the war, and even more the *biennio rosso*, led to a sharp contraction of the capital share; neither movement is reflected by the profit rate, that remains relatively constant. After the March on Rome, the share of national income accounted by capital increased by almost ten percentage points until 1929, when the Great Depression, as expected given the higher elasticity of profits to economic downturn, result in the increase in the labour share until 1933; from that year, capital share increased (confirming a strong positive correlation with GDP growth), in line with the ROE and the profit rate, and peaked in 1942.

Figure 25 – Return on Equity, Capital Share and Profit Rate in Italy, 1910-1945



Source: capital share from Gabbuti (2021a); profit rate elaborated on Gabbuti (2021a) and Giordano and Zollino (2021); ROE from Giannetti and Vasta (2006).

All in all, there seems to be some truth in those who, as summarised by Cohen (1988, p. 95), interpreted ‘fascism as capitalism’, arguing that its policies ‘reflected the interests of a modern, growth-oriented capitalist class’, and ‘encouraged capitalist accumulation’; according to this interpretation, interventionism ‘occurred not, as it might appear, at the expense of private interests but in support of them’ (‘In fact, with only slight exaggeration, it can be argued that with this intervention the machinery of the state was put at the disposal of private capital’). Cohen also noted that this could happen within the clear ‘limits … set by international conditions and domestic constraints’: in this sense, the absence of a ‘discontinuity in the data generation process’ of capital stock between 1881 and 1938, obtained econometrically by Ricciuti (2014) (but based on older series of capital stock) could be seen as a surprising achievement, in the troubled decades characterised by the collapse of global trade and capital markets. These indicators do not seem to reflect, on the other hand, the discontinuity marked by *Quota 90*, and more broadly, the eclectic economic policies enacted by Fascists. For sure, from mid-1920s, accumulation and the growing importance of industry were unequivocally characterised by increasing concentration, especially in the modern sectors. From the perspective of this Chapter, it is not that relevant whether these developments precluded or favoured further and later growth, but simply that they signal the improved position of the economic elites of the country; something that should not be overlooked when discussing personal income distribution. An infamous advocate of this view, such as Rossi (1966, p. 12), ironically noted the ‘great modesty’ of those he defined as the ‘great barons’ of the Italian economy, who contrary to their foreign ‘colleagues’, abstained from revealing to the public their wealth, while hiding ‘most of their incomes from fiscal checks’. The rest of the chapter will discuss what the (admittedly suboptimal) surviving fiscal evidence can tell us about the incomes of the rich in interwar Italy.

3. Fiscal Sources on Top Taxpayers in Interwar Italy

Looking for historical fiscal tabulations to estimate Italian top income shares, Alvaredo and Pisano (2010) could not find anything before 1974, when those of the newly introduced IRPEF – the main personal income tax in Italy today – started to be regularly published. In fact, apart for the estate tabulations adopted in Chapter 2, official sources did not regularly publish similar tabulations; still, among the abundant statistical material, that as discussed is mostly considered sceptically by Italian historians (Frascani, 1978), we can find some material that could be useful to grasp distributive trends.

For instance, while, as pointed out by Borgatta (1922), aggregate returns from the various new taxes introduced during the Great War are scarcely informative of underlying incomes, before the end of the war the Finance Ministry published a small book listing the 228 firms and individuals who, between August 1914 and December

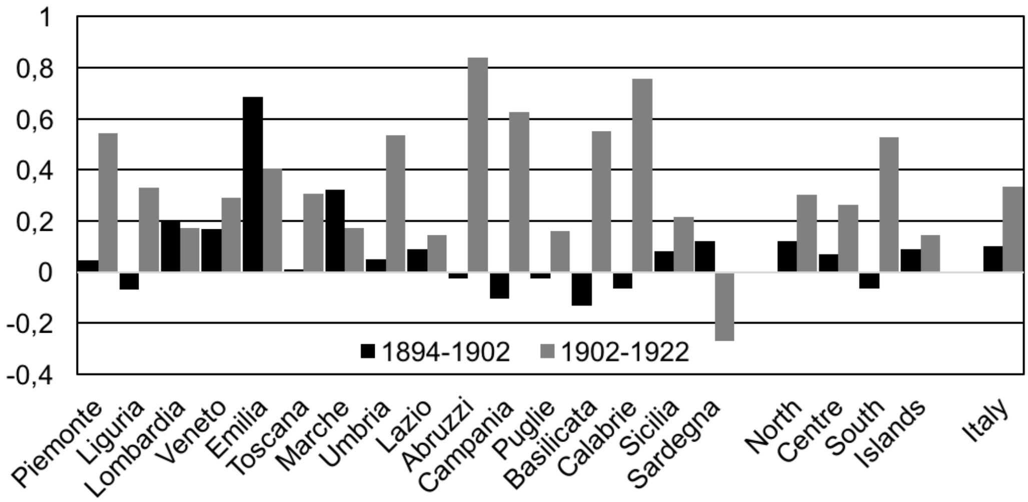
1915, had declared at least one million lire of 'war-related extra profits' (MEF, 1918): in total, in the very first months of Italy's intervention, they amounted to 900 million lire, some 5% of national disposable income in 1915. Defined as returns above 8% of invested capital (net of production costs and taxes), these extra profits were arguably only part of the total, since, on top of the opaque and collusive procurement practices mentioned above (that allowed the firms to dump on the state any increase in labour cost or taxes: Forsyth, 1993; Castronovo, 1977, pp. 82-83), even when not hiding their profits, firms were able to easily 'dilute' them by issuing free shares, as done by Fiat (Castronovo, 1977, pp. 89-90). Unfortunately, in his first days in office, Minister De Stefani disbanded the Parliamentary board of enquiry on war profits, preventing it from issuing an informative final report (Ecca, 2017). Castronovo (1977, pp. 77-90) also reports the attention paid by newspapers to the anger of small *Fiat* shareholders, for the astonishing compensations accrued by the company's management, 'higher than those earned by the Commander in Chief or the Prime Minister'.

Another interesting source is represented by individual taxpayers' incomes, assessed for the purpose of the *Imposta di ricchezza mobile* – the main income tax from Italy's unification to the aforementioned introduction of IRPEF. In fact, alongside regular figures on the total and average amounts declared under the different schedules, from time to time, the Directorate General for Direct Taxation of the Ministry of Finance (MEF-ID) issued dozens of volumes, reporting the incomes declared by all private taxpayers – especially those categories ('mixed incomes', filed under the 'B' schedule, and professionals, the only incomes from 'labour' taxed at this time, under the 'C' one) considered by contemporaries the most likely to under-report.[97] These lists became a major source for applied income distribution literature in interwar Italy: in an

[97] See Chapters 7 and 8 for an extended discussion of these lists.

almost forgotten series of works, the statistician Silvio Orlandi analysed the available information, encouraged by Gini, appointed in 1926 as the head of the new National Statistical Agency (Istat) (Gabbuti, 2019, pp. 113-117). Based on the tabulations of the 1922 lists elaborated by Istat, Orlandi (1933) first computed Gini indices for all business sectors and regions; working on previously published tabulations, he could compare his results with figures for 1894 and 1902, highlighting a marked increase in within-business income inequality, especially between 1902 and 1922 (Figure 26).[98]

Figure 26 - Change in Gini Index (**Ricchezza Mobile, B-Type*****)***

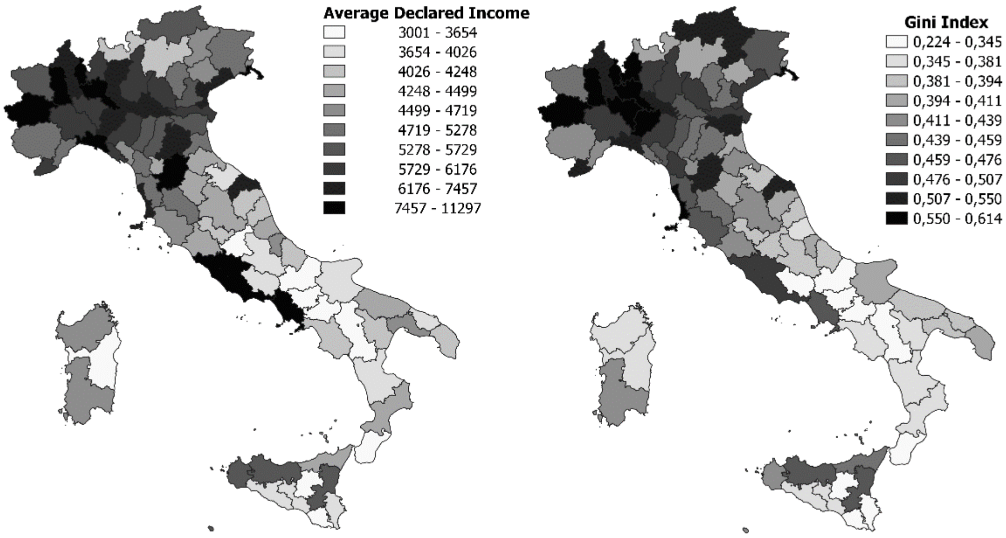


Source: elaborations on Orlandi (1933).

Taking advantage of the new tabulations issued by the Ministry for 1929 – this time, at the provincial level – Orlandi (1935) updated his analysis, estimating Gini coefficient among taxpayers' declarations at this level of disaggregation (Figure 27). Across Italian provinces, the concentration of business and self-employed incomes is highly correlated with mean incomes – a relationship already noted by Gini (1914) based on estate records, even though, compared to the top wealth shares presented in Chapter 2, the correlation seems stronger for income.

[98] Results are similar looking at single professions and activities, listed in Appendix 4.

Figure 27 - Mean Business Income Declared across Italian Provinces, 1929



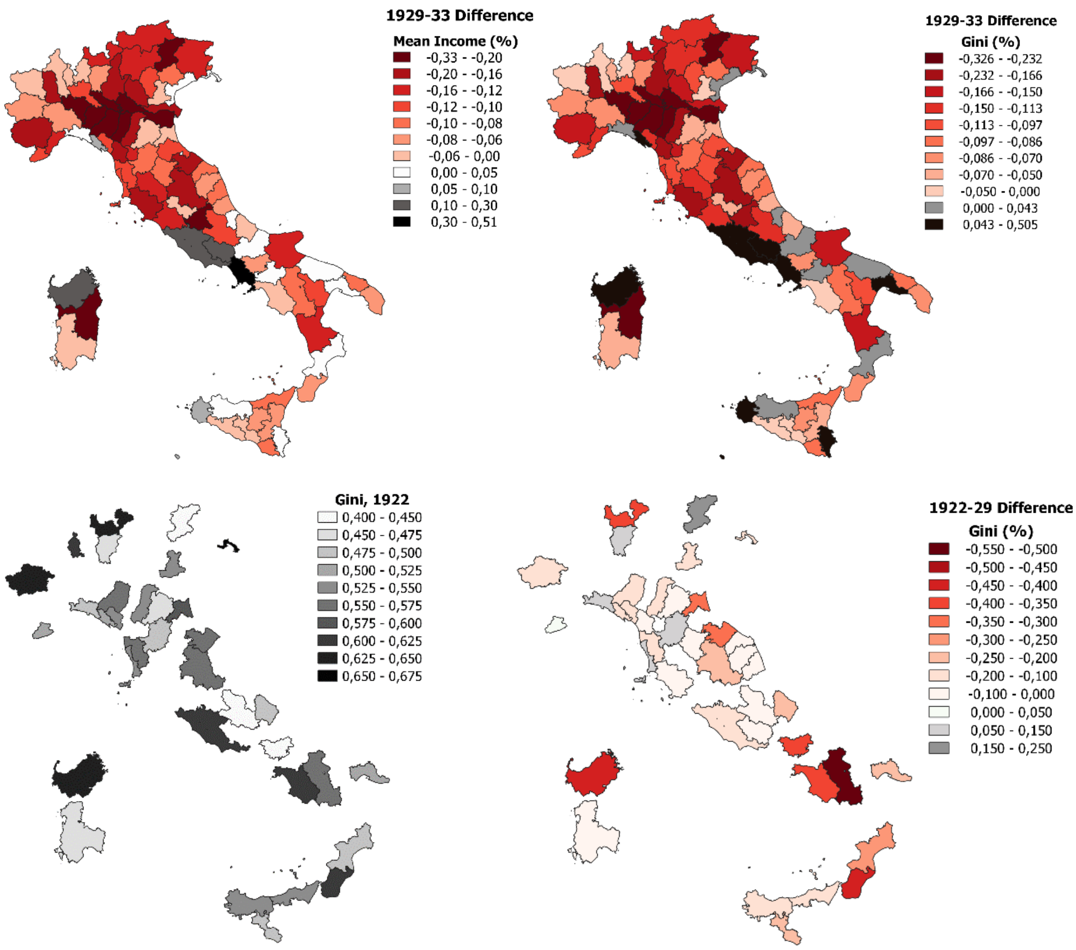
Source: elaboration on Orlandi (1935).

The 1922 lists are also behind the recent estimates by Galletta and Giommoni (2021, p. 21), who worked on a subset of provinces, scanned and made available online by *Google Books*. Through an ingenious identification strategy, based on the movement of troops leaving from war operations during WWI – considered as an exogenous transmission mechanism of the Spanish flu – they show that ‘the cities hit more severely by the epidemic display higher levels of income inequality five years later, as measured by the Gini index’. This result, they add, depends on the increase in the ‘fraction of resources held by the top 20%’, while the bottom 20% showed lower incomes.

The nature of the *Imposta di ricchezza mobile*, however, makes this interpretation partly problematic – and should be taken into account when interpreting the concentration among its taxpayers. Under this tax, incomes were reported (and taxed) by source: rents from land and buildings were separately taxed by the *Imposta fondiaria* and *Imposta sui fabbricati*, respectively, while *Imposta di ricchezza mobile* covered capital, ‘mixed’ incomes (i.e., from entrepreneurial activity) and labour (mostly made by professionals, given that dependent work was exempt until the 1920s) (Alvaredo and Pisano, 2010, pp. 644-650). The *Imposta di ricchezza mobile* did not work as a *personal* income tax: all sources of incomes were declared separately, so the same taxpayers could have different incomes (from capital and a profession; but also, if she ran different businesses, they would be reported separately). In practice, however, the great majority of the declarations referred to a single individual; therefore, as will be discussed in Chapter 5, the data on the declaration by private taxpayers (as opposed to legal entities, that is, firms) can be used to proxy the average income of self-employed workers, and in Chapters 7 and 8, I will adopt them to estimate the degree of intergenerational mobility within this sector of Italian society. On the other hand, as will be discussed in those chapters, the lists included a sizeable group of declarations, between 10 and 20%, that were filed despite being inferior to the minimum taxable threshold: this was the case when the taxpayer had reached the threshold for another income source. As a result, the distribution is partly, and non-randomly, truncated – a fact that led Gini and D'Addario (1931) and Orlandi (1933) themselves to exclude these declarations when estimating their inequality figures. On the other hand, declarations were not meant to be updated every year: in a period, such as the immediate aftermath of the Great War, characterised by monetary instability (and in which, as partly discussed in Chapter 3, Italian fiscal administration was under particular stress), this could lead to systematic differences across municipalities, with important consequences for the interpretation of Galletta and Giommoni's (2021) results.

In any case, 1922 Ginis are very high, not only when compared to 1894 coefficients, as in Figure 26, but also to later ones: taking advantage of the digitisation of the whole 1933 lists, as well as a subset of the 1922 ones, documented in Chapter 8, Figure 28 compares Orlandi's (1935) figures for 1929 with province-level estimates for these two years. Also in this case, the comparison is only partly consistent: while excluding incomes below the threshold, I was not able to separate business incomes (schedule B) from professional ones (schedule C), since the sources do not report this information. Keeping this caveat in mind, for the years of the Great Depression, the comparison show that average declarations decreased more markedly in richer provinces, starting from the North-West; on the other hand, they even increased in some central and southern provinces (notably, Rome and Naples). A similar dynamic occurred to the distribution of these declarations: this could signal that the richest taxpayers of these categories were affected the most in the North-West, and improved their position in Rome, Naples and the like. On the other hand, inequality had fallen, sometimes very much, in most provinces covered between 1922 and 1929: as shown in Table A 1, this was also the case across different sectors and activities.

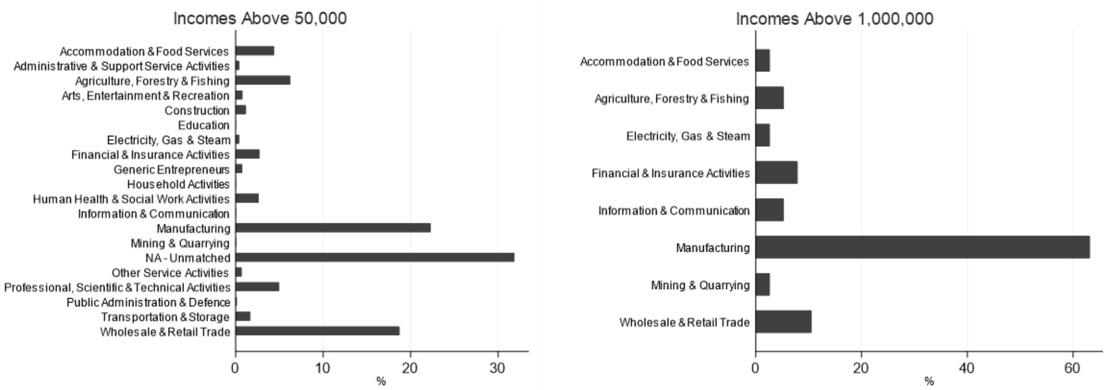
Figure 28 - Mean Business and Professional across Italian Provinces in the Interwar Period



Source: elaborations Orlandi (1935, 1933) and MEF-ID (1924, 1933-34).

But who were the ‘top incomes’ in these tax schedules? The digitisation of the entire 1933 lists makes it possible to have a look at them, somehow in line with the analysis of British ‘millionaires’ recently carried on by Scott (2020). Adopting his same nominal threshold, I selected taxpayers declaring more than 50,000 lire: out of some 1.3 million records, these amounted to, respectively, 10,129. Barely a fifth of these taxpayers earned more than 100,000 (a selected group that includes two professionals we have encountered in Chapter 3, such as the notary Federico Guasti, declaring 250,000 lire, from the 75,000 reported in 1922, and…Benito Mussolini himself, declaring 100,000 lire as a result of his ‘collaborations to newspapers and copyrights’), while only 126 and 38 more than 500,000 and 1,000,000 lire respectively. The exercise allows us to fully appreciate how, contrary to Scott’s sources, our lists make possible to consider only a very specific kind of ‘top income’ earner. As mentioned, incomes from capital and land are totally absent, leaving both the major industrial owners and landowners out of the picture. Among the 38 ‘millionaires’, one cannot find Gianni Agnelli, Giuseppe Volpi, Ettore Conti; nor the vast majority of the ‘great barons’ listed by Rossi (1966, pp. 263-265). When they are included, it is for secondary businesses – as in the case of Volpi’s partner, Vittorio Cini, apparently involved in fishery, or Rinaldo Piaggio (whose firm, later producer of the *Vespa* motorbike, was at the time producing airplanes, trains and ships) for wood production. In fact, as clear from the ongoing classification by sector of activity (Figure 29; see Chapter 8 for more details), this schedule of the tax does not show the ‘usual suspects’.

Figure 29 - Top Ricchezza Mobile Taxpayers by Sector of Activity, 1933



Source: elaborations on MEF (1933-1934). As discussed in Chapter 8, occupation cleaning is still undergoing.

Rather than the big electricity, steel or car-making firms (those who pulled up the aggregate ROE in these years), they report the typewriter producer, Camillo Olivetti; the Milanese music producer, Ricordi; several representatives of an 'old' industry, such as textile, including Marzotto, who apparently kept running their firms as individual entrepreneurs; even an olive oil producer, Sasso, or the small investment banker, Sella, together with few 'collective' taxpayers, sometimes erroneously included in the lists, such as *Corriere della Sera,* and five local associations of butchers, who, as discussed by Maione (1979, p. 179), had been granted in the early 1930s the right to make a common declaration. The activities are not, in fact, much different from those reported in a list of the 1,371 taxpayers declaring at least 10,000 lire for these same categories at the beginning of Italian industrialisation (MEF-ID, 1889c).

As shown in Table 1, these top declarations were heavily concentrated in the North-West – Lombardy alone had almost 35% of the millionaires, while none of them was in Naples. In this case the situation was similar to the one in 1889, possibly with the exception of Liguria, that at the times accounted a greater part of the North-Western share, with Lombardy only marginally above the share of Piedmont. Interestingly, 36.84% of them were not based in the provincial capital (a condition shared by 60% of the sample, but by only 26.5% of those above 50,000 lire).[99] Less surprisingly, women (15% of the total in 1933) are less and less represented when climbing the pyramid: they made 4.4% of the declarations above 50,000 and none of the millionaires (the richest being 'sisters Gori' of Turin, for their tailor's shops), compared to 8-9% among British ones (Scott, 2020, p. 7).

Table 1 - The Distribution of Ricchezza Mobile 'Top Taxpayer', 1933

Region	Area	Declarations above 50,000	%	Declarations above 1,000,000	%
Latium	Centre	825	8.14	4	10.53
Tuscany	Centre	718	7.09	4	10.53
Marches	Centre	97	0.96	-	-
Umbria	Centre	48	0.47	-	-
Sardinia	Islands	63	0.62	1	2.63
Sicily	Islands	359	3.54	3	7.89
Friuli Venezia Giulia	N-East	259	2.56	1	2.63
Veneto	N-East	588	5.81	3	7.89
Emilia Romagna	N-East	609	6.01	-	-
Trentino Alto Adige	N-East	103	1.02	-	-
Valle d'Aosta	N-West	29	0.29	1	2.63
Liguria	N-West	612	6.04	2	5.26
Piedmont	N-West	1,769	17.46	4	10.53
Lombardy	N-West	2,708	26.74	13	34.21
Calabria	South	74	0.73	2	5.26
Abruzzo	South	46	0.45	-	-
Lucania	South	14	0.14	-	-
Campania	South	993	9.8	-	-
Molise	South	18	0.18	-	-
Apulia	South	176	1.74	-	-
Italy		10,129	100	38	100

Source: elaborations on MEF (1933-1934).

Overall, therefore, the records from the *Imposta di ricchezza mobile* offer an insightful, extremely granular perspective on the interplay between personal and regional inequality – that accelerated precisely between 1931 and 1938, according to Felice (2011, p. 947), as a consequence of 'the demographic, agrarian, anti-migratory, and autarkic policies' of the regime. At the same time, they gave us an interesting

[99] Curiously, the frequency was almost identical (34.2%) among the 1,372 'top' taxpayers listed in MEF-ID (1889c).

glance on the incomes of the self-employed, professionals, and relatively 'small' entrepreneurs, working in sectors that, if not less advanced, were less capital intensive. In this sense, while these sources will be further exploited in the next chapters, the maps shown in Figure 28 seem to signal a very differential impact of the Great Depression on this group. As far as the joint stock companies discussed in section 2 were more present in the North-Western part of the country, they must have increased their relative share, in the light of the sharp contraction of the average declaration of their smaller competitors, as well as the reduction in the Gini.

However, these categories of the *Imposta di ricchezza mobile* do not seem extremely helpful in tracking the incomes of the richest Italians during the interwar period. More interesting are the several tabulations of personal incomes, that I was able assemble not only from official sources, but from secondary publications, such as academic papers and parliamentary debates. Most of them refer to the *Imposta complementare sui redditi*, introduced by De Stefani in 1923, and in force from 1925. A general surtax on total incomes above 6,000 lire, to which a maximum of 3,000 lire of tax credits could be applied, the *Imposta complementare* applied to 'fiscal families', including the spouses, and under-age, dependent sons. Total income was assessed summing all incomes assessed in the schedules of the *Imposta di ricchezza mobile*, *Imposta fondiaria* and other income taxes, but also, at least in theory, adding other incomes, exempted for any reason. Some categories received special treatment: notably, public employees paid a fixed sur-tax; the royal family, foreign diplomats, and, from 1929, Vatican employees were exempted; in the late 1930s, the aforementioned demographic policies led to the introduction of another surtax on 'bachelors', as well as to exemptions of 'large families' (that, however, tended to be among the poorest) (Rèpaci, 1937-40, p. 80). As in the case of Germany (Dell, 2007, p. 369), incomes were 'net' of expenses and other taxes. Alvaredo and Pisano (2010) reckoned that this tax provided the information needed to estimate top incomes. While official publications were issued only for 1930, 1940, and 1952, I was able to recover figures for 1925, 1936, 1939, 1941, and 1943 from secondary sources. Tabulations are reported in 9 income classes[100] – unfortunately, without any detail on income sources, gender, or regional decompositions. Moreover, Meda (1920, p. 65) reported another tabulation of personal incomes for the year 1914, when Finance Minister Rava ordered his staff to simulate the effects of the introduction of a general income tax, by 'summing up' all the incomes declared by the same individual. All together, these tabulations allow me to try to estimate a series of top income shares between 1914 and 1952: this will be the object of the next section.

4. Top Income Shares, 1914-1952

To estimate the share of incomes accrued by the top percentiles, we need total figures for population and disposable income totals, consistent with the incomes and taxpayers reported in the tabulations. Regarding the first point, the ideal reference would be the total, potential 'tax units', made not only by actual taxpayers, but by all those of 'fiscal families' – the tax unit of the *Imposta complementare* – that would have had to pay taxes if their incomes had been above the relevant threshold. The obvious starting point to proxy these fiscal families are the population censuses, that provide us with totals for both households and population in 1911, 1921, 1931, 1936 and 1951. Fiscal families, however, were defined by the law very differently from the census household: as summarised by Rèpaci (1937-40, p. 80), 'the family definition adopted by

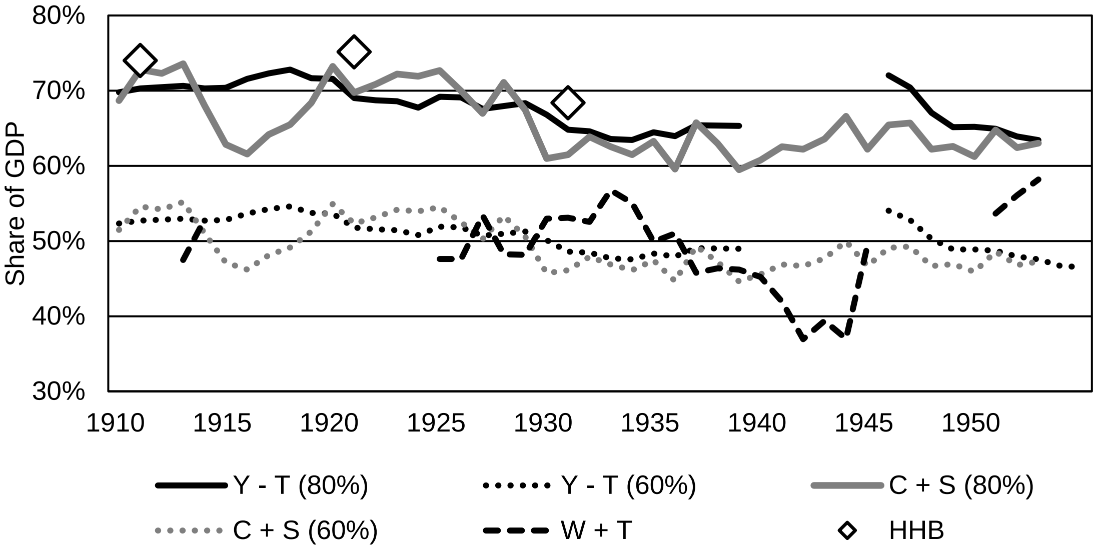
[100] The only exception is Boldrini (1925), who reported unpublished figures from the Finance Ministry, after rearranging tabulation brackets (expressed in US$ 1920) for international comparisons. I was able to replicate his procedure using the exchange rates and CPI available at times (BdI, 1926, p. 25; League of Nations, 1927, p. 174).

the law is the simplest: spouses and non-emancipated minors'. All adult children, other household members, but also wives who had obtained 'legal separation', and thus 'full control of her incomes' (*piena disponibilità*), were taxed separately, 'even if living and working together', or 'sharing consumption'.[101] This means that both adult population and households are imperfect totals: they are upwardly and downwardly biased, respectively, since fiscal families are less than legal adults but more than 'actual' families. The bias in the population total, in turn, translates into a bias in the top income share estimates of the same sign: in the case of households, adopting them as population total would make the actual taxpayers of the *Imposta complementare a* larger share of all families, resulting in lower top income shares. It is therefore important to choose the most appropriate total, in order to minimise the distortion in the levels of the series.[102] All in all, the adult population seems the most consistent total, given the relatively low probability of having two working spouses, declaring taxable incomes – and this is especially true among those taxpayers rich enough to file a report for the *Imposta complementare*.[103] A comparison between the elaborations reported in Meda (1920), based on individuals, and the first tabulation available for the *Imposta complementare* (Boldrini, 1925) supports the argument, given that, once considering the 1914 value of the threshold applied in 1925, the number of taxpayers was comparable (around 1 million). The choice has also the advantage of increasing consistency with the series available from 1974 for Italy since it is the same adopted by Alvaredo and Pisano (2010).

[101] Legal age in interwar Italy was set as 21. By 'legal separation' (*separazione legale*), the law should refer not only to judicial, but also consensual separations – potentially, for financial reasons. Note that under the Italian law, wives remained legal owners of their own assets (*separazione dei beni*), even though the husband was in 'control' of the resulting incomes.
[102] In fact, the two totals result in the same temporal dynamics.
[103] As mentioned in section 3, women taxpayers were only 15% of the 1933 lists for *the Imposta di ricchezza mobile*, categories B and C, but their share declined among the richest taxpayer; moreover, an unknown share of these women were unmarried, widowed, or in 'full control' of her incomes.

More alternatives are available for estimating disposable income. Two different theoretical approaches exist: first, one could start from the national accounts, removing incomes not included in the tax base, to make them more consistent – somehow in line with what we did in Chapter 2, when the external total for wealth was 'downsized' removing those items clearly not reported in the estates. Alternatively, one could start from the incomes reported by the fiscal sources, and then add the missing incomes – also in this case, in line with the procedure adopted for provincial and city-level estimates of top wealth shares, when we lacked a reliable external total. According to Atkinson (2005, p. 331), the first methodology has a 'firmer conceptual base', but the choice could be not that obvious when dealing with historical sources, especially in turbulent periods such as the interwar decades. Figure 30 shows different, alternative series for disposable income. First, the 'Y - T (80%)' series is obtained subtracting total fiscal revenues from GDP and, as customary in the literature on top incomes, scaling down the resulting figure by 20%, to account for tax evasion, exemptions, and other differences between national accounts and household disposable income (Atkinson and Piketty, 2007, pp. 535-536) – in fact, replicating the procedure for the 1970s results in a very similar total to the one used by Alvaredo and Pisano (2010). An alternative series, still based on the first approach, is obtained by summing private consumption and savings, also scaled down by the same proportion – 'C + S (80%)'. This second series show higher volatility, and a sizeable divergence during the Great War, when consumption followed the abrupt decline in the labour share (Gabbuti, 2021a, p. 367-368), but is reassuringly similar, in level, to the previous one. Moreover, both come close to the household budgets-based estimates by Vecchi (2017) for 1911, 1921 and 1931.

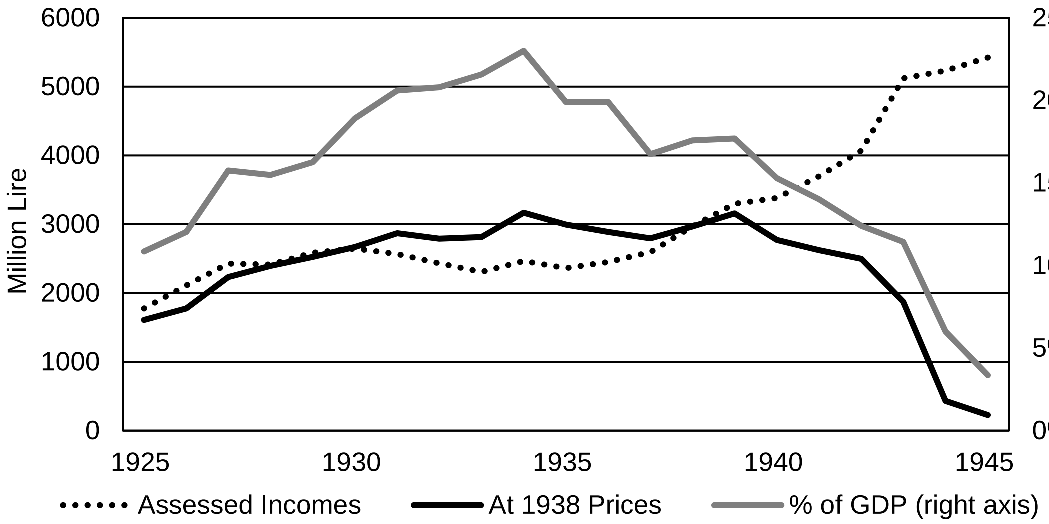
Figure 30 - Total Disposable Income: Alternative Sources



Sources: Y-T is GDP (from Baffigi 2015) minus total fiscal revenues (from Marchese and Brosio, 1982); C + S sums private consumption (Baffigi 2015) and savings, obtained by multiplying rates from Jappelli and Modigliani (1987) for NNP (obtained subtracting capital depreciation from Rossi et al. 1993 from GDP); HHB is household disposable income from Vecchi (2017); W+T sums total labour compensation in the private sector from Gabbuti (2021a), and total incomes taxed for direct income taxation (from MEF-ID, 1926, 1932b, 1951a, 1951b), after subtracting C-type incomes declared for the *Imposta di ricchezza mobile*.

On the other hand, following the second approach leads to a very different result. The series 'W + T' is obtained by adding total incomes assessed for direct income taxation to total labour remuneration in the private sector (the numerator of the labour share in Gabbuti 2021a), in order to account for non-taxed labour incomes. To avoid double-counting, given that the labour share is computed attributing the average wage of their sector to the self-employed workers, I exclude public employees' wages from the labour remuneration, as well as the 'labour' incomes declared for the schedule C of the *Imposta di ricchezza mobile*. Still, apart for the early 1930s, when both taxes and labour remuneration increased as a share of GDP, the level of the third series is much lower. In terms of GDP, 'W + T' shows in fact wide fluctuations, making it not a particularly convenient income total compared to the two built starting from national accounts, but it brings to the light two issues. First, the incomes assessed by tax authorities seem to have dramatically declined in the late-1930s and early-1940s, as a share of GDP. As shown in Figure 31, the tax base of the three major income levies grew in absolute value in the late-1920s, to remain relatively stable throughout the 1930s; as a share of the GDP, this implies a peak in 1934 (23%), followed by a rapid reversal, preceding the collapse in the absolute value started in 1940. This is not reassuring on the reliability of fiscal sources in the later period. Second, the low level of ‘W + T’ suggests that the appropriate total for top incomes assessed from fiscal sources should be lower than the two, alternative series: possibly as a consequence of the ‘net’ concept adopted when reporting incomes for the *Imposta complementare*, the incomes assessed from its tax base are really much lower than ‘disposable income’, as proxied by both the series and Vecchi and household budgets. As shown by Figure 30, the arbitrary 60% of the ‘Y – T’ and ‘C + S’ series bring them somehow in line with the levels of this third alternative, at a level that is around half of the GDP estimated by Baffigi (2015). Given the impossibility of estimating ‘Y – T’ for the whole period, in the following I will adopt a three-years moving average of 60% of the consumption-plus-savings total, ‘C + S (60%)’, and as a robustness check, the same percentage of the ‘Y - T’ total.

Figure 31 - Income Direct Taxation Base, 1925-1945



Source: elaborations on incomes assessed for *Imposta di ricchezza mobile*, *Imposta fondiaria* and *Imposta sugli immobili* (MEF, 1926, 1932, 1951), Istat (2011) and Baffigi (2015).

The final step for the estimation of top income share is the interpolation of the data. As in Chapter 2, I follow the mean split histogram (Atkinson, 2005): the resulting top 1 and top 0.1% series are reported in Figure 32. The limited number of taxpayers filing a declaration makes it impossible to estimate the share of the top decile, but other shares (such as the 0.5 and 0.05) show the very same trend of the top 0.1 series. In the graph, the different sources from which the estimates come from are signalled by using different markers: in fact, it seems inappropriate to compare the 1914 tabulation, not affected by exemptions, net income definitions, tax detractions (and not resulting from a real progressive tax, and the related incentives for taxpayers to underestimate their incomes), to the 'real' fiscal tabulations of 1925-1943.

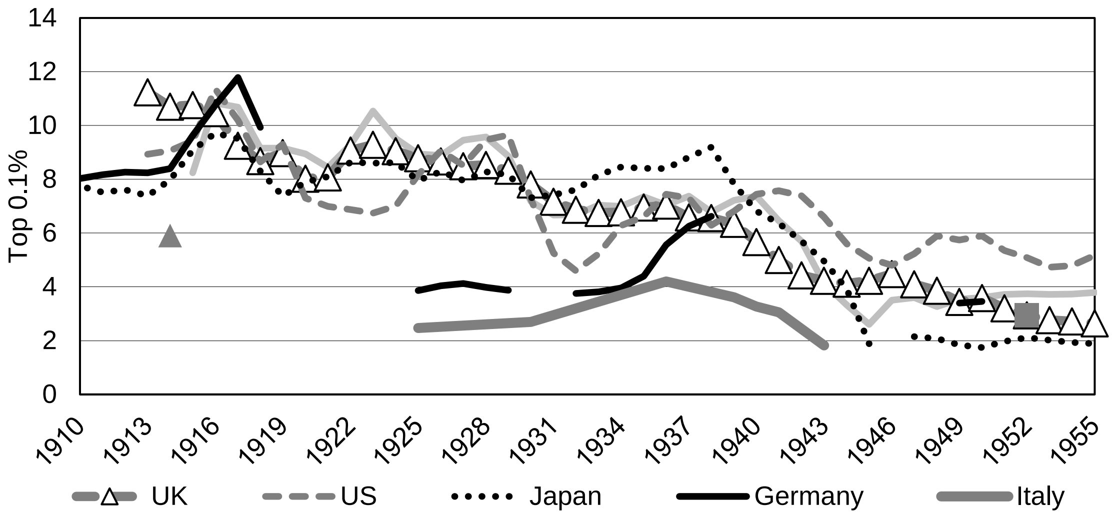
Figure 32 - Top Income Shares in Italy, 1914-1955

Sources: tabulations from Meda (1920), Boldrini (1925), Rèpaci (1937), Ricci (1937), Borgatta (1946), Steve (1947), MEF-ID (1932b, 1951a), MEF (1953); adult population at census years from Istat (2011), linearly interpolated; total income: Y-T, or when not specified, C+S, both at 60%, as defined in Figure 30; data interpolated using the mean split histogram methodology as presented in Atkinson (2005).

For Italy, there is no particular reason to believe the Great War had an 'apocalyptic' effect, in terms of wealth and top income destruction, contrary to the British case discussed by Scott (2020, p. 8), or the losses incurred by French investors due to the repudiation of debt by the Soviet government; on the contrary, we have seen how both capital shares and the imperfect fiscal evidence on extra-profits (that as already discussed in Chapter 3, according to contemporaries such as Borgatta, 1922, traced only part of the increased earnings of the rich) would support a contrary interpretation, more in line with the German story depicted by Bartels (2019). If the decline in top capital incomes drove the 'great levelling', WWII and the early 1940s seem a more likely candidate for Italy, in the light of the later, sizeable increase in the labour share (Gabbuti, 2021a). As expected, different income totals can change the results – but the impact on the trend is limited, as the only significant difference is reported in the graph. When using C+S, the 1925 figure for the top 1% is lower than that in 1930; on the other hand, the 1936 figures represent an absolute peak, even above the 1914 figure; on the contrary, the latter is higher when using the 'preferred' total (Y-T). Results for the top 0.1% (and 0.5%) are, on the contrary, stable with both totals. This is possibly the most appropriate indicator, to capture 'top' income earners in Italy, as can be seen from the relatively low thresholds defining them (Table 2); this group, in fact, would include at least the 'rich' discussed in the previous section, together with those declaring other types of income. Top 0.1% thresholds are relatively stable in constant terms, at least until 1940, ensuring greater consistency, while the trend shown in Figure 32 is robust to all the alternatives in denominators, population totals, and interpolation methods discussed in this section.

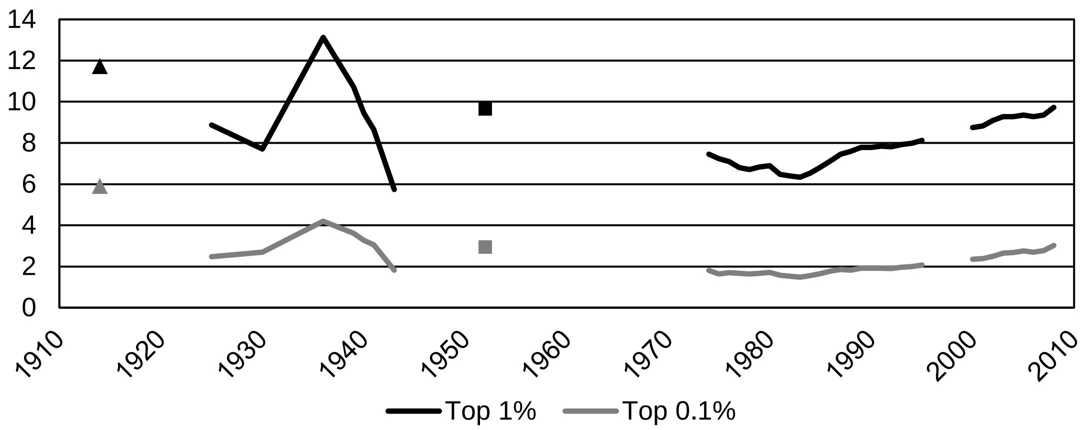
Despite the choices of both population and disposable income totals were, if anything, driving up the estimates, Italian top income shares are relatively low by international standards (Figure 33 and Figure A 16). The comparison reveals the peculiar dynamics of Italian top shares in 1925-1936: both top 1 and 0.1% series peak in 1936 - after the Great Depression, that was driving down capital and top income shares in most of the world. The contemporary fall in the capital share (Figure 25) reinforces the idea of growing concentration within capital. From 1936, both series show a decline (for the top 0.1, not enough to return to pre-1930s levels). In this case, the trend is common to most other belligerent countries during the war period.

Figure 33 - Top Income Shares: Italy in International Perspective, 1910-1945



Sources: Italy as in Figure 32 (C+S); other countries Wid.world, selecting pre-tax income figures and, whenever available, total adults (e.g., for UK, only tax unit figures are available in the period). Top 1% are reported in Figure A 16.

Figure 34 - Italian Top Income Shares: A (Tentative) Long Run Perspective



Sources: 1914-53 as in Figure 32; 1974-2008 from Alvaredo and Pisano (2010).

As shown in Figure 31, in this period we observe a de-linking between the economy and taxed incomes, arguably a combination of inflation (as we can see from the falling real value of the thresholds of Table 2, almost halved between 1939 and 1934) and a more ‘tolerant’ approach by tax authorities (Manestra, 2010, p. 33).

Contrary to other countries, in Italy the fall seems only temporary: in 1952, at the beginning of the Italian Economic Miracle, top income shares were back to the late-1930s level (and the same is true for the thresholds in Table 2). Despite the low levels in international comparisons, 1930s top income shares represent a secular peak, when confronted with later figures by Alvaredo and Pisano (2010) (Figure 34). Also in this case, differences in the underlying source could bias the comparison – even though the introduction of IRPEF should have marked an increase in the quality of the data; in any case, the historical series presented in this section questions the long-run, uninterrupted decline of income inequality suggested by Vecchi (2017) and co-authors, rather indicating, in line with the more recent figures by A'Hearn et al. (2020), an increase in concentration during 1920s (a period of fast growth and structural change, as discussed in Section 2) but also during the Great Depression.

Table 2 - Top Percentiles Income Thresholds

Year	Threshold (current lire)			Threshold (1938 lire)			GDP pc.
	Top 1	Top 0.5	Top 0.1	Top 1	Top 0.5	Top 0.1	(1938 lire)
1914	2162	3497	10075	9398	15199	43795	2707
1925	19218	26696	57259	17441	24227	51963	3764
1930	7932	14698	40532	8006	14835	40909	3435
1936	10375	18954	45322	12229	22341	53421	3365
1939	13527	22366	56218	12954	21420	53840	4045
1940	13315	22227	54754	10928	18242	44937	4059
1941	13419	22295	55052	9518	15814	39049	4147
1943	16832	25871	71276	6159	9466	26080	3588
1952	878592	1195878	2476494	15841	21562	44651	4771

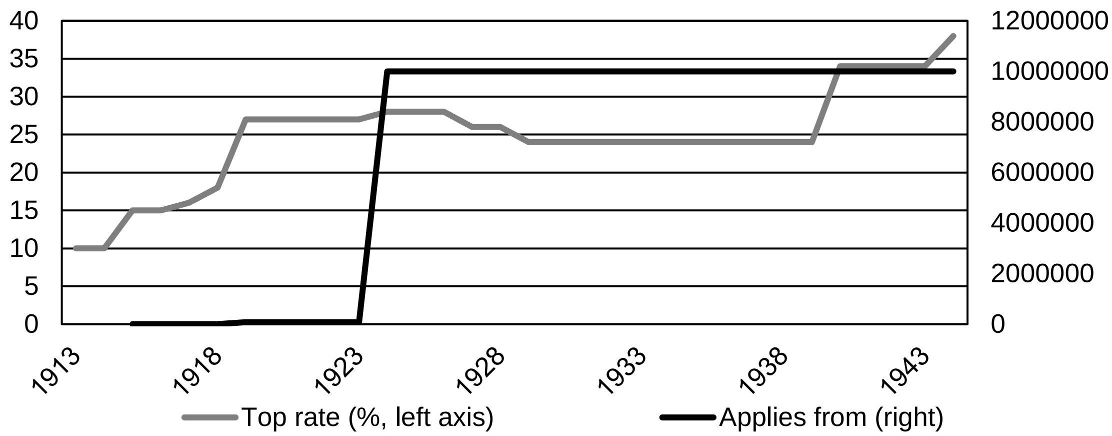
Source: see Figure 32.

5. Taxing the Rich in Fascist Italy

Is tax evasion the reason why the top income shares just presented are so low? Was it so widespread to affect the trend? In this section I try to address these questions, by reviewing the available literature on tax enforcement during the period, and the little quantitative evidence available. In doing this, I will also briefly discuss the attitude of the Fascist government towards the taxation of the rich. The view that Italian incomes were relatively not concentrated was shared by most ‘experts’ of the times (and ‘proven’ empirically by Boldrini, 1925): but while the level of top income shares is in line with those estimated (at the household level) by Amendola and Vecchi (2017), this result is strongly at odds with comparatively high level of capital shares discussed in Section 2. Capital incomes are in fact the major source of concern for tax evasion at the top. As mentioned in Chapter 3, immediately after the March on Rome Fascists abolished the certification of financial assets, making virtually impossible to link capital incomes to individual taxpayers (Manestra, 2010, p. 28). Not surprisingly, out of the 18 billion lire of total tax evasion estimated by Deni (1935, p. 692), no less than 8 billion were attributed to the dividends, and interests on public bonds, that escaped the *Imposta complementare*. For Borgatta (1946, p. 331), evasion was ‘almost total’ on those assets exempted from the pre-existing taxes (the aforementioned *Imposta di ricchezza mobile*, *Imposta fondiaria* and *Imposta sui fabbricati*) on which the *Imposta complementare* was based.

In fact, the *Imposta complementare*, while introducing progressive taxation on personal incomes in the Italian fiscal system, represented a favourable development for the richest Italian. The underlying, flat rates of the *Imposta di ricchezza mobile* had been lowered, and the previous progressive surtax (applied on incomes above 10,000, and, as noted by Sarti, 1971, pp. 70-71, also on firms and legal entities) had been abolished. The progressivity of the new tax was very low, even for the times: the top rate, an extra 10% for incomes above 1,000,000 lire, brough the top marginal rate to 28% – compared to those between 52 and 60% applied in France, Germany, US and the UK (Genovese et al., 2016). While this was a marginal increase of the top tax rate, it now applied only to incomes above one million (Figure 35). De Stefani himself presented the reform as a ‘tax break’, especially when compared to the more progressive alternatives discussed before (G.U., 1924, p. 455). Most importantly, compared to the proposal by Meda (1920) – the latest of the fiscal reform projects mentioned in Chapter 3 – De Stefani avoided any ‘modernisation of direct fiscal imposition’ (Frascani, 1988, pp. 162-163). Instead of introducing more effective assessment procedures or tackling evasion at the top (starting from capital incomes), the Fascist Minister simply tried to increase its revenues, by expanding the tax base. While abolishing inheritance tax, De Stefani extended the *Imposta di ricchezza mobile* to industrial workers (who, however, were not included under the ‘C’ schedule), and, as we have seen in Chapter 3, imposed new levies on the incomes of tenants, sharecroppers and small owners.

Figure 35 - Top Marginal Tax Rate on Income in Italy, 1913-1944



Source: author’s elaboration on Genovese et al. (2016).

The limitations of the *Imposta complementare* can clearly contribute to explain the low level of the top income shares: but what if evasion also affected the trends of the series just presented? These issues are not systematically addressed by the top income literature. For instance, Alvaredo and Pisano (2010, pp. 631-640), after providing sensitivity checks for the levels, simply assume that ‘tax evasion has not changed significantly over the period’. The historian of Italian fascism cannot make a similar assumption: while authors such as Maione (1979, p. 75) stress how fiscal agencies became 'more tolerant' after 1922, De Stefani himself, regarded by contemporaries as 'honest and incorruptible', 'declared war' on tax evaders (Manestra, 2010, pp. 28-29); the same publication of taxpayers' lists in the 1920s and 1930s, was intended to achieve higher tax compliance. Contemporaries had divided opinions on the success of De Stefani's 'war': some statisticians, such as Orlandi (1934, p. 47) and Retti-Marsani (1937a, p. 36), expressed their confidence in the improved quality of the fiscal statistics adopted in their calculations. Others were less pleased, in particular, by the compliance of richer taxpayers: in 1925, a few months before the end of his mandate, De Stefani himself had to admit that 'between 50 and 75%' of the *Imposta di ricchezza mobile* was evaded, with 'greater evasion' at the top' (Fausto, 1993, p. 120). Later, Senator Ricci (1937, p. 23) stressed that the richest earners were not adequately captured by the *Imposta complementare*. In theory, the introduction of the 'presumptive' method of income assessment in 1932 – the same principle discussed in Chapter 3 – had made it possible for tax authorities to 'deduce' a more appropriate income level from 'evidence', such as luxury consumption, increasing the ability to track higher incomes. In practice, however, this 'ma[de] it possible to assault small taxpayers, but [wa]s absolutely useless with respect to major ones' (a feature Ricci attributed to other fiscal reforms of the 1930s), given that observable consumption did not greatly change above certain thresholds. For the Senator, the *Imposta complementare* was not a 'mountaineer' (*alpinista*), as it was unable to reach the heights of top earners (Ricci, 1937, p. 22). Later literature seems to support Ricci: Maione (1979, pp. 175-179) discussed at length how, in particular, as a result of the reforms of the late-1930s – including the introduction of a 'Fiscal General Register' (1936), and collective declarations, such as those by the aforementioned Roman butchers – resulted in further unfairness between the richest and the poorest taxpayers. While the 'General Register' was continuously delayed until 1940, declarations were less and less updated; as noted by Manestra (2010), even the publication of taxpayer's lists was interrupted. According to Frascani (1978, p. 1067), the interwar period saw a 'growing gulf between fiscal data and the underlying economic reality', a view shared by fiscal authorities themselves (MEF-ID, 1950). For Manestra (2010, p. 27), De Stefani's reforms decreased the efficiency of the administration, by reducing the number of employees and promoting bureaucratization. While, as will be discussed more extensively in Chapter 7, and as we have seen in Chapter 2 dealing with estates, some of these claims were arguably exaggerated, a measure such the presumptive evaluation of tax declarations could not overcome the abolition of the certification of financial asset, that was the very starting point of any attempt of including capital income in progressive taxation. That was the 'original sin' of the *Imposta complementare*, and of any attempt of taxing capital and higher incomes: not by chance, in the vivid language of Rossi (1966), its abolition was one of the very first 'promissory note' paid back by Fascists after the March on Rome.

To try to address quantitatively these views, in Table 3, I report available figures on the number of taxpayers and on incomes assessed for the *Imposta di ricchezza mobile* and the *Imposta complementare* in the period covered by the top income shares. For both 'entrepreneurs' and professionals, the period saw an increase in both the number of declarations, and average income, signalling the consistent enlargement of the tax base. However, the new evidence assembled on the *Imposta complementare* is way less positive. Even leaving apart the 'preliminary' 1925 figures, average assessed income decreased until 1936. The new incomes subject to the *Imposta complementare* came, on average, from the lower brackets, while most of the increased tax base of the *Imposta di ricchezza mobile* did not qualify to pay (or evaded) the progressive surtax, in line with the enlargement of the tax base with lower incomes.[104] According to Orlandi (1934), most of the new taxpayers were below, or close to, the mean. Despite the potential inconsistencies between 1922 and 1929 figures, Orlandi's computations, reported in Table A 1, showed how inequality decreased *within* most sectors and professions, despite the increase in taxpayers and average income. There are reasons to believe, therefore, that evasion at the top should not explain the rising trend between 1925 and 1936. If anything, tax evasion by top taxpayers, and especially capital income earners, could have increased over the period: if we follow Bengtsson and Waldenström (2018), this could explain the puzzling trend of top income shares after 1936, in contrast with the increase in capital shares, profits and ROE (Figure 25).

***Table 3 - Taxpayers and Assessed Incomes:* Ricchezza Mobile *and* Complementare**

Year	Mixed Incomes		Professions		*Imposta Complementare*			
	Taxpayers	Avg. Income	Taxpayers	Avg. Income	Taxpayers	Assessed Incomes	Average Income	Taxpayers (% of Pop. 20+)
1925	853,383	3,933	108,370	3,801	1,014,917	15,499,643,000	15,272	4.30%
1928	969,582	5,763	131,177	5,600	734,733	-	-	3.00%
1930	1,019,230	6,559	152,415	6,423	861,411	11,104,414,924	12,891	3.50%
1936	1,080,605	5,434	181,133	5,571	954,200	11,986,000,000	12,561	3.60%
1939	1,155,394	7,339	215,673	5,564	1,232,000	16,212,700,000	13,160	4.50%
1940	1,148,829	7,176	193,460	6,500	1,228,365	16,180,000,000	13,172	4.40%

Sources: author's elaboration on Manestra (2010), Baffigi (2015); MEF-ID (1926, 1932b, 1951a), Istat (2011), and Figure 32.

6. Conclusions

In this chapter, I discussed the available, largely unsatisfactory evidence on the incomes of the rich. First, I introduced the issue in Section 2, by discussing trends in investments, capital shares and similar 'macro' indicators. All in all, the Fascist period represented one of great stability in indicators of investment, profit and capital shares, suggesting that, while not necessarily a 'developmentalist' dictatorship, the regime managed to foster capital accumulation and investment to some extent, especially

[104] This increase of lower incomes would be even more evident if we could include dependent workers, whose incomes, from 1933, had to be declared by the employers, reducing the possibility of evasion. As mentioned, however, these were reported under a different schedule.

considering the troubling context of the interwar decades – a result that, as discussed in Chapter 3, according to De Stefani and other economists close to the Fascists was favoured by a preferential treatment for the economic elites. Thus, Section 3 discussed the available fiscal evidence on the incomes of top taxpayers, uncovering interesting, overlooked evidence on WWI extra profits, province and activity level Ginis among self-employed and professionals, as well as the 'top' taxpayers in these categories in 1933. In line with what highlighted by macroeconomic indicators, and in particular by the capital share (Gabbuti, 2021a), the Great War emerges as a major distributive shock, to be further investigated for its consequences on personal income distribution. More interestingly, a compilation of tabulations of personal incomes, mostly reported by secondary sources, allowed me to estimate a first historical series of top income shares, in particular between 1925 and 1952. While I discuss the limitations of this evidence, the resulting series are not only the first historical inequality estimates directly observing at least part of the richest Italians, but also the first evidence on personal income concentration in Italy in the late 1930s. In international comparisons, Italian series are low: this does not seem due to evasion only, but to the very design of the tax. Tabulations clearly missed an important part of capital incomes, impossible to link to individual taxpayers for uncertified assets, but also labour incomes exempted from progressivity, such as those of public employees, including the high bureaucracy. On the other hand, fiscal evidence misses by definition any kind of illicit revenues: as shown in Chapter 2, this was allegedly the case of several fascist leaders, involved in cases of corruption or misappropriation (Volpini and Canali, 2019); from 1930s, new 'opportunities' were opened for public officials by the problematic introduction and management of trade controls (Toniolo 1980, p. 286).

In the late 1930s, evasion seemed to increase, especially at the top: the update of taxpayers' incomes, in a period of sustained inflation, does not seem to have been very effective, and could explain the decline in the top income shares. But from the very beginning, Fascist fiscal reforms led to lower tax burden on the rich. Fiscal progressivity, introduced the same year in which inheritance tax was abolished, was mild in comparison with alternative proposals and the rates applied in the leading European economies. This attitude was confirmed by De Stefani's successor, Volpi (featuring himself among the super-rich of Figure 19), who abolished the 15% tax on bearer securities incomes (La Francesca, 1972, pp. 14-17). From 1936, when Italy had already entered a decade of warfare, the Fascist government partly changed its attitude, introducing a number of new levies – the 'forced' subscription of loans to real estate owners; an extraordinary, progressive tax on the dividends distributed by joint stock companies; and in 1939-40, a new wealth tax – even though, as discussed by Maione (1979) and Legnani (1985), in practice only the first was really effective (ironically, in the light of the 'quiritarian' spirit evoked to defend the early 1920s pro-rich reforms); the progressive tax, in particular, was aimed at preventing the distribution of profits, promoting their reinvestment in the firms, and the absence of levies on these profits was criticised even by corporatist economists (Gualerni, 1976, pp. 134-5). In practice, as noted by La Francesca (1972, p. 88), firms avoided the levy also by revaluing their plants, or distributing new shares for free to shareholders (as during WWI), thus lowering the ratio between profits and capital. While shifting the tax burden towards agriculture (Frascani, 1988), the government expanded the number of taxpayers, rather than making the richest of them pay their fair share. If anything, the effect of contrast to tax evasion was to increase the fiscal burden on small taxpayers – part of those middle classes to which, as we have seen in Chapter 3, Fascists tried to appeal from the first months of their government.[105] Building on the discussion of this Chapter, in the next I will try to place the incomes of these groups within new yearly estimates of income inequality, covering the whole distribution, to fully address the issues on the evolution of inequality in Fascist Italy raised in Section 1.

[105] Frascani (1988, pp. 162-163) elaborated available fiscal sources to show that between 1922 and 1925, the incomes declared by public and private employee declined from 50,7 to 38,7% as a share of total declared income for direct taxes, while the share of rural taxpayers doubled from 15.9 to 30.2%; however, different incomes were subject to different tax rates, and as we have seen, public employees were exempted from the progressive surtax, making difficult to draw conclusions on the actual fiscal burden.

Chapter 5 – Income Inequality in Italy, 1900-1950[106]

1. Introduction

In Chapter 4, we have discussed the motivations for estimating new, yearly figures for income inequality in Italy. After discussing the evidence on capital accumulation, and the available fiscal evidence, this chapter further contributes to this literature, by presenting new annual series of overall income inequality in Italy, between 1900 and 1950 – that is, the entire period from the first industrialisation of the country to the dawn of the post-war 'miracle', covering both world wars and the rise and fall of the Fascist regime. It does so by building so-called dynamic social tables, obtaining estimates comparable to those estimated by Gómez León and de Jong (2019) for Britain and Germany, and by Prados de la Escosura (2008) for Spain. Dynamic social tables, obtained by combining data on the occupational structure from population censuses with information on earnings linked to different categories (distinguishing by employment status and gender), make possible to obtain yearly direct estimates of inequality for the first half of the 20th century, covering the whole range of the distribution; also, they allow us to explore the origin of changes in inequality, disentangling trends in within-labour inequality, gender wage gaps, and owner-to-worker income ratios.

This exercise contributes to the historiography of Italian fascism and its distributional legacy, by including three important, 'missing halves' of the country's income distribution. The existing evidence on personal income inequality in the

[106] This chapter is based on joint, ongoing work with María Gómez León: a first version of the work has been circulated as Gómez León and Gabbuti (2021).

country, surveyed in the previous chapters, is in fact silent on important groups: the roughly half of the working population that could be characterised as self-employed (small and medium entrepreneurs, shopkeepers, but also small landowners, sharecroppers and renters of land) (Gabbuti, 2021a, pp. 356-357); non-labour incomes, comprising around half the national income during these decades, as shown in the previous chapter; and most obviously, women. Despite the early, important contribution by Bettio (1988, p. 98), according to whom gender pay gaps in post-unification Italy 'declined to an extent unparalleled in other industrialised countries', women have never been included in the discussion of historical income inequality in Italy. In fact, historical literature on inequality has often failed to consider women's participation and pay gaps, due to methodological issues or source limitations.[107] In the absence of long-term, continuous series on gender wage gaps, it was possible to combine official statistics and secondary literature, and consistently estimate gaps at benchmark years for many different sectors, making possible to discuss their contribution to the overall dynamics of inequality – particularly important, given the crucial role assigned to women in fascist propaganda (De Grand, 1976), and the very limited attention paid by Italian economic history to women.

By relying on fiscal sources such as those presented in section 3 of Chapter 4, so far overlooked by economic historians, this work is also the first to systematically address the relative position of self-employed workers – a sizeable group in Italian history (Sylos Labini, 1974), given the long-term, 'strong presence of an industrial and artisan petty-bourgeoisie' (Paci, 1979), alongside with the important group of sharecroppers and small landowners. These 'old' middle classes, characterised by

[107] For instance, factor shares are 'gender-blind'; household-level information makes it hard to include this dimension; Italian fiscal sources, such as those discussed in Chapter 4, do not tabulate women separately.

‘economic independence’, according to contemporary observers such as Michels (1936, pp. 2-3) were ‘disappearing’, ‘giving up to the competition of large firms’, while ‘a new middle class’ of ‘technical, administrative elements employed in factory’ was rising. By assembling a broad set of series, we are able to discuss the evolution of the relative position of all the groups comprising this heterogeneous ‘middle’ strata – that, as recently pointed out by Bengtsson and Prado (2020), deserve more specific attention from economic historians.[108] Contemporary observers saw Fascism as the ‘revolt of the petit bourgeoisie’ (*piccola borghesia*) (Morris, 1996) – even North-American newspapers, as reported by Santomassimo (2006, p. 207), described it as ‘the most successful attempt of the middle class to contain the mounting waves of socialism’. Later, in his highly influential biography of Mussolini, the historian Renzo De Felice (1975) described fascism as the expression of ‘emerging’ middle classes; Chapter 3 discussed how Fascist first economic policies already appealed to these groups, even before the expansion of the state in the 1930s. For sure, scholars had been debating on the differential impact of both the Great War and the following inflation, often concluding that industrial workers had improved their relative position at the expense of these middling groups (Gabbuti, 2019, pp. 114-119). However, we still lack reliable estimates on the evolution of their earnings, normally proxied by the average one in the corresponding sector, as in the case of the labour share (Gabbuti, 2021a, p. 362), as well as in the household budgets database, where some budgets for the self-employed are included, such as those of the ‘owners of the bankrupt firms, typically small and medium- sized artisan and commercial enterprises’ collected across Italian State

[108] Every social scientist is aware that the definition of ‘middle-class’ is a troubling field: here, I simply refer to what contemporary observers, as well as historians, call *classi medie*. Rather than to the middling part of income distribution, the expression refers, as in Michels (1936), to the classic definitions of ‘mixed incomes’, together with education and status.

Archives (Chianese and Vecchi, 2017, pp. 506-507), but they are not treated differently from dependent workers when post-stratifying the sample; in fact, labour inputs series such as those by Giordano and Zollino (2015, 2021) do not even distinguish between them and dependent workers.

Finally, building on the discussion of Chapter 4, these series are the first historical personal income inequality figures for Italy to explicitly address the underestimation of capital income. In some respects, therefore, the estimates are necessarily tentative, and further research is definitely needed in these matters. Still, the dynamic social tables presented here can be seen an ‘infrastructure’, which could be updated, integrating more refined series whenever available.

The rest of the chapter is structured as following: section 2 describes the dynamic social tables methodology; sources and data adopted for building the Italian social tables are discussed in section 3; section 4 presents results on within-labour inequality, focussing on the role of gender ratios, skill premiums and the relative position of the middle classes; overall inequality, resulting from the inclusion of owners’ incomes, is discussed in section 5, that also place the new series in the national and international long-term perspective. Finally, section 6 concludes.

2. The Dynamic Social Tables Approach

For periods prior the development of modern household surveys, scholars usually infer inequality trends from the evolution of indirect estimates such as wage differentials, the GDP wage-ratio, or the evolution of top income shares and labour shares. These alternatives have been particularly useful for filling gaps in inequality long-run trends, and to study particular, crucial segments of the distribution, as we attempted in Chapter 4 with respect to the top percentiles. However, if one wants to examine changes in inequality levels and to cover the whole income distribution, in the absence of (historically rare) micro-datasets, the construction of social tables is a viable alternative. Social tables have permitted scholars to study income distribution in early periods for a range of societies in Europe, Latin America and Africa (Milanovic et al., 2011; Gómez León and de Jong, 2019).

Essentially, social tables compile data on the number of people belonging to different social groups, and the estimated average incomes that can be linked to these groups. The methodology, conceptually very similar to that applied for the construction of national accounts, makes it possible to obtain a representative picture of the population to be considered, and moreover, to capture the whole range of the distribution – something that is particularly important when studying inequality in periods of rapid structural change, linked to sectoral shifts and inter-occupational inequalities. Social tables' obvious limitations, on the other hand, are the lack of information on family structures (unlike household surveys) and the level of disaggregation within the richest group (unlike fiscal sources). Moreover, inequality is potentially underestimated when the number of groups included is too small.

Conventionally, social tables – often estimated in the past by scholars based on various sources – have been used to estimate inequality for benchmark years. A more recent approach initiated by Rodríguez Weber (2014), and applied by Gómez León (2019; 2021) and Gómez León and de Jong (2019), however, make possible to assess inequality over longer periods, by letting both the population shares and income of different social groups move on an annual basis.[109] Following this approach, this chapter documents, for the first time, dynamic social tables for Italy from 1901 to 1950

[109] Although not specifically labelled 'dynamic social tables', Prados de la Escosura (2008) applied a very similar approach to assessing inequality in Spain from 1850.

– that is, for the half of the 20th century not covered by modern household surveys of income distribution. While not exactly comparable to modern household survey data, when built adopting the same categories, dynamic social tables permit consistent comparisons of income distribution across time and countries. Whenever possible, therefore, categories will be defined to maximise consistency with those adopted by Gómez León and de Jong (2019) for Britain and Germany. A range of sources, such as tax records and population censuses, can be used to gather information on the number of individuals belonging to different social classes, and the average income that can be linked to them. Following Milanovic et al. (2011), Italian social tables are constructed with information on the active population structure provided in the population censuses. We use population censuses to obtain a representative picture, which captures the whole range of the distribution (from owners at the top, to the unemployed at the bottom).[110] Despite the clear limitations, starting from the absence of microdata, the advantage of the dynamic social tables is to offer a full representation of the basic, macroeconomic, demographic and structural forces driving inequality, throughout the whole spectrum of the distribution, in their year-to-year development. All in all, dynamic social tables seem a valuable addition to the already rich set of historical inequality estimates available for Italy.

Nominal income data linked to each profession (by work status) were then compiled from different sources, as described in the following section and in greater detail in Appendix 2. Notably, resulting social tables, which include annual information on the number of individuals by income group and their respective associated incomes

[110] Following Gómez León and de Jong (2019), in this Chapter I will refer to 'owners' as a broad category, defined in opposition to workers, and including landowners, large entrepreneurs, capitalists, and the like.

allow us to compute yearly direct estimates on inequality, Gini coefficients, in a conventional way:

(1) $$G = \frac{1}{\mu}\sum_{i<J}^{n} p_i p_j (y_j - y_i)$$

where n is the number of social classes; μ is the overall mean income, p_i is the proportion of people belonging to the i-th social class; and y_i is the mean income of people belonging to the i-th social class, with social classes ranked in ascending order ($y_j > y_i$).

3. Sources and Data for the Construction of Italian Social Tables

Active Population

Information on the active population structure by profession is obtained from the population censuses, along with inter-census headcount of workers estimated for the main sectors in Giordano and Zollino (2015). Italian economic historians have heatedly debated whether industrial censuses provide a better portrait of the evolution of the employment structure: see debate between Fenoaltea (2015; 2016) and Zamagni (2016). While those in favour of this source consider it as a proper proxy of full-time equivalent workers (a concept more suitable for productivity than distribution concerns), population censuses are the only source covering the whole Italian population (including those without any profession) and agriculture, still accounting for the lion's share of employment. In population censuses individuals were asked about their main occupation and were grouped according to employment and gender. The 1901 and 1911 censuses included the resident population of the Kingdom of Italy. The censuses of 1921, 1933 and 1936 also included the territories annexed after the First World War (Trentino, Alto Adige, Gorizia, eastern Friuli and part of Slovenia and Croatia, and the city of Trieste), some of which were lost after the Second World War, and therefore not included in 1951. To avoid these territorial changes affecting our estimates, the adjustment proposed by the statistician Vitali (1968) was adopted, to obtain homogeneous series using today's borders. This has the advantage of being consistent with most of the historical statistics available for Italy, from GDP (Baffigi, 2015) to the aforementioned labour inputs by Giordano and Zollino (2015). The data has then been adjusted, leaving out family assistants, housewives and students, to prevent potential double counting. Finally, given that historians have discussed the arguable underestimation of women working in agriculture (Patriarca, 1998; Mancini, 2018) for a long time, original census figures have been corrected, again following Vitali (1968), by equating the numbers of women employed on family-run farms to the corresponding males similarly employed.[111] Despite the aforementioned adjustments, differences between benchmark years are small in terms of both coverage and structure (see Table A 4). The data represents 52 per cent of the total population on average (standard deviation equal to 1.1), with relatively stable proportions for the male and female labour forces (67 and 33 per cent, respectively), and male and female unemployed (64 vs. 36 per cent).[112]

The number of occupations was standardised to 18 to make censuses comparable across time. Work categories were re-classified into three for agriculture – owners (*padroni* in the census), self-employed, and wage earners; one for owners in industry, commerce and transport; three for workers in industry (self-employed, salary-earners and wage earners); three for commerce and transport (self-employed, salary earners and wage-earners); two for public administration and services (salary earners and wage

[111] Although considered positively even by a gender historian such as Patriarca (1988), Vitali's correction is probably an underestimation; looking at the differences between agrarian and population censuses, Mancini (2018) adjusted the total number of women employed in agriculture even further. She did not provide separate figures for peasants, sharecroppers, and the like, however, making it impossible to adopt her adjustment in social tables without losing these crucial distinctions.
[112] See Table A 4.

earners); one for liberal professions; and one for unoccupied. They were all disaggregated, in turn, by gender (male and female), resulting into 60 classes.[113] The occupation structure by work status across census benchmarks suggests constant proportions of owners and self-employed (around 10 and 25 per cent respectively) during the period, along with a slow increase of salary earners (from 7 per cent in 1901 to 13 per cent in 1951).[114] The share of different sectors structures remained quite stable until 1921, with a high proportion of people employed in the agricultural sector (accounting on average for 60 per cent of total labour force) followed by industry (25 per cent) and services (15 per cent). From 1921 the labour force gradually transferred from agriculture to the other two sectors, which in 1951, already accounted for 40 and 30 per cent respectively.[115]

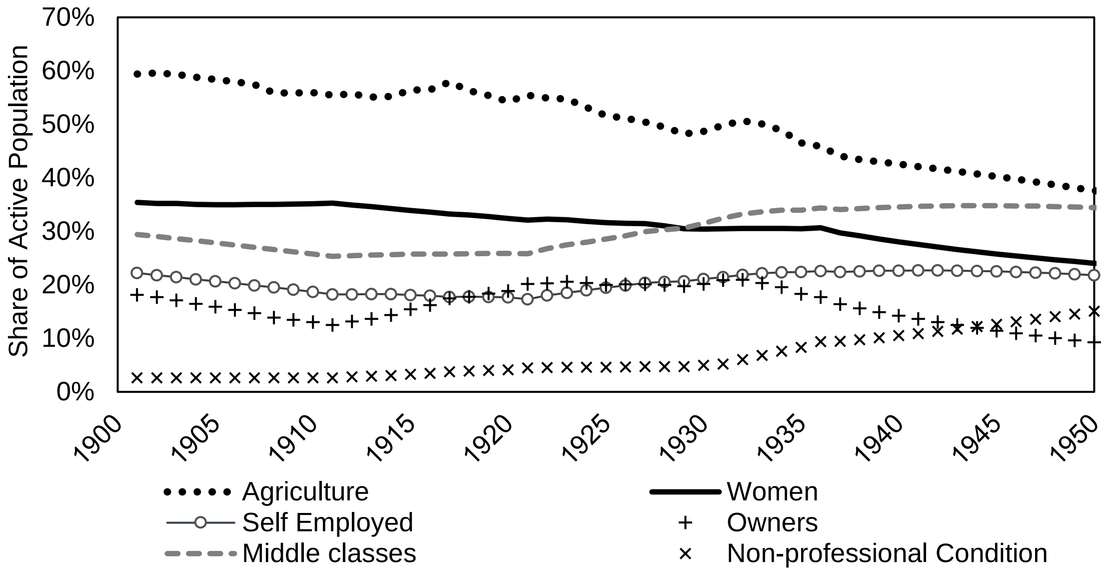
Once the censuses were homogenised, interpolation methods have been applied between the census benchmark years to obtain annual data on the active population structure of Italy between 1901 and 1950. To obtain more accurate figures, consistent with existing evidence, these interpolations have been adjusted following the annual figures provided by Giordano and Zollino (2015) on the evolution of the population employed in the main sectors (Figure 36). In fact, these changes do not alter the overall inequality trends much but reassure us on the fact that they are not artificially driven by linear interpolations (especially during the war years), given that Giordano and Zollino relied on a great number of existing sources, to avoid linear interpolation for all sectors apart from agriculture.

As shown in Figure 36, the resulting series makes the strong structural changes experienced in this period clear, where the share of the population employed in

[113] See Table A 5.
[114] See Table A 6.
[115] See Figure A 34.

agriculture in all occupational conditions declined from 60 to less than 40 per cent. A sizeable proportion of the population was in non-dependent positions – combining owners and the self-employed, this was more than 40% in 1901, and was still 30 per cent half a century later, a reduction almost entirely due to the decrease in the number of owners by half.

Figure 36 - The Evolution of Italian Workforce, 1900-1950

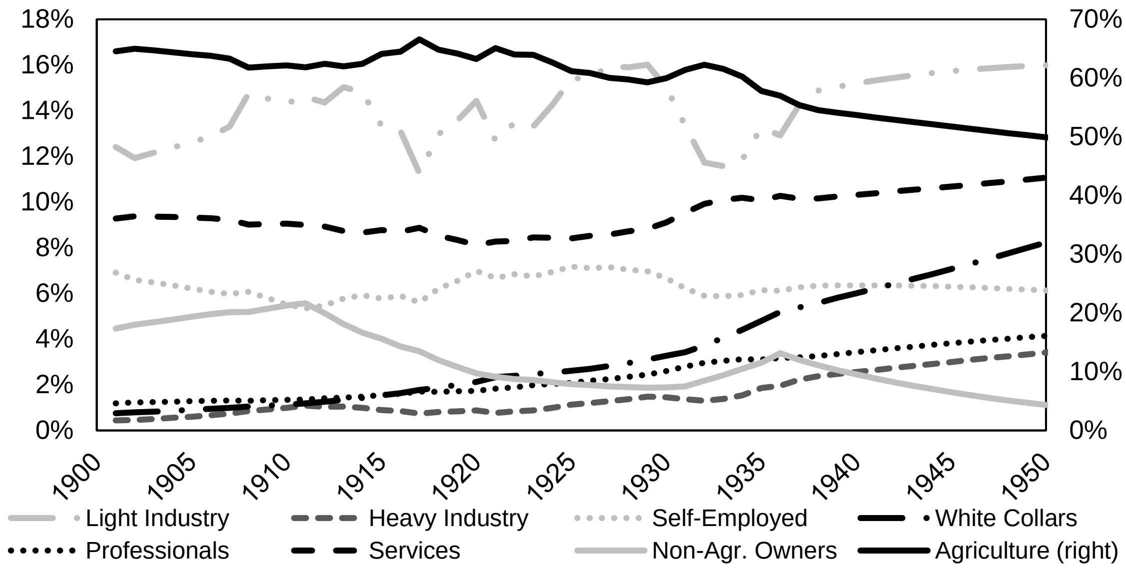


Source: see Table A 4, Table A 5 and Table A 6.

At the same time, we can discuss the evolution of the heterogeneous group of ‘middle classes’ – including all self-employed, professional and salary-earners, irrespectively of gender and sector. Almost 30 per cent at the beginning of the period, their share had declined by some five points in the first decades of the century, but grew by almost ten in the following decades, peaking just below 35. While the classification differs from that used by Sylos Labini (1974, pp. 153-156), which groups landowners together with the self-employed in the ‘relatively-autonomous petit bourgeoisie’, these series also capture the increase in the middle classes between 1921 and 1951, especially evident for small shopkeepers and artisans, whose ‘continued prominence in Italy’ has been attributed by historians to the ‘restrictive shop-licensing system’ instituted in 1926 by the Fascist regime (Morris, 1996, p. 286). Censuses also reveal an increasing proportion of the 'active' population not in professional condition. The original census definition (*in condizioni non professionali*) included, together with retired people, disabled, unemployed and similar, also students and housewives. We subtracted these two latter categories from the group and labelled the rest as 'unoccupied' in the following, since it is made neither by strictly 'unemployed' nor inactive people. The increase is particularly strong after the Great Depression (Toniolo and Piva, 1988), and even though the official records reveal the growing number of Italians receiving old age and invalidity pensions (Giorgi and Pavan, 2021, p. 126), most probably reflects a strong increase in unemployment, hard to detect via 'official' sources, and often 'hidden' by censuses (Alberti, 2018).

As clear from Figure 37, there is also interesting variation within female employment: the overall reduction, shown in Figure 36, is mostly due to agriculture, just below two-thirds of the total for the first three decades, and declining to 50 per cent since. The share of light industries experienced wide fluctuations, in reaction to both WWI and the Great Depression; on the other hand, as already discussed by De Grand (1976) and Pescarolo (2019), we can see a constant increase in the share of women working in professions, salaried positions, services, but also heavy industry. The next step is now to allocate annual average incomes to each of the 56 classes that we just standardised.

Figure 37 - Women Participation in Italy, 1900-1950



Source: see Table A 4, Table A 5 and Table A 6.

Incomes of Dependent Workers

In constructing the social tables, we are somehow forced to work with incomes gross of taxes. Annual estimations of the average income associated with dependent workers in industry are mostly based on Zamagni (1975, 1984, 1995), from which data are available for dependent workers across 12 branches. It was necessary to rely on other sources, however, for the uncovered years, and differences between wage and salary earners.[116] For instance, Zamagni (1980, p. 38a) mentioned that the incomes of salary-earners in industry matched those of clerks in public administration or the lower ranked civil servant employees. Meanwhile, Rey and Vitali (1991) provide annual data (between 1900 and 1950) for government civil employees, across different categories (directive, executive and auxiliary careers), distributed, in turn, by work status levels (ten in total), from the highest to the lowest remunerated (e.g., general director, first manager, clerks, etc.). The annual income of clerks provided by Rey and Vitali (1991) was thus applied to salaried employees in industry. Since it was not possible to obtain

[116] Detailed information on sources by sector, period, and work status are in Table A 7, Table A 8, and Table A 9.

separate information on income for salaried employees across different industrial branches, those in industry were aggregated and considered a single category. Nevertheless, given the small proportion of this group (compared to self-employed and wage-earners), the inclusion of a separate income for these ‘middle class’ workers would enrich the detail of the exercise, but hardly change inequality levels or trends.

Data on dependent workers in transport, public administration, liberal professions, services and commerce is provided by Zamagni (1980a); uncovered years are extrapolated based on the evolution of annual incomes for the most similar occupations in Rey and Vitali (1991) and Istat (1953), which, also provides annual data for central government employees across four categories (division chief, vice-secretary, clerk and usher). For instance, the income of salary earners in transport associated with *ferrovieri* (railway workers) in Zamagni (1980a), who estimates that in 1910, and from 1925 to 1938, was extrapolated from the evolution of the managerial staff’s annual income from 1900 to 1950 in Rey and Vitali (1991). Similarly, incomes for wage-earners, associated with *operai* in Zamagni, were extrapolated from the evolution of the auxiliary staff’s annual income in Rey.[117] The same strategy has been applied for the rest of occupations. Finally, following Gómez León and de Jong (2019), the unoccupied have been assigned the income of the poorest category (unskilled workers in agriculture): this implies a sort of ‘lower bound’ assumption for inequality, compared to attribute them no income, and captures the possibility that they earned pensions, unemployment benefits (less frequent and generous in Italy that in most European countries: Giorgi and Pavan, 2021; Gabbuti, 2020b, p. 276-286), or other marginal sources of income. In fact, as shown in Figure A 25, assigning no income to this groups

[117] See Figure A 17 and Figure A 18.

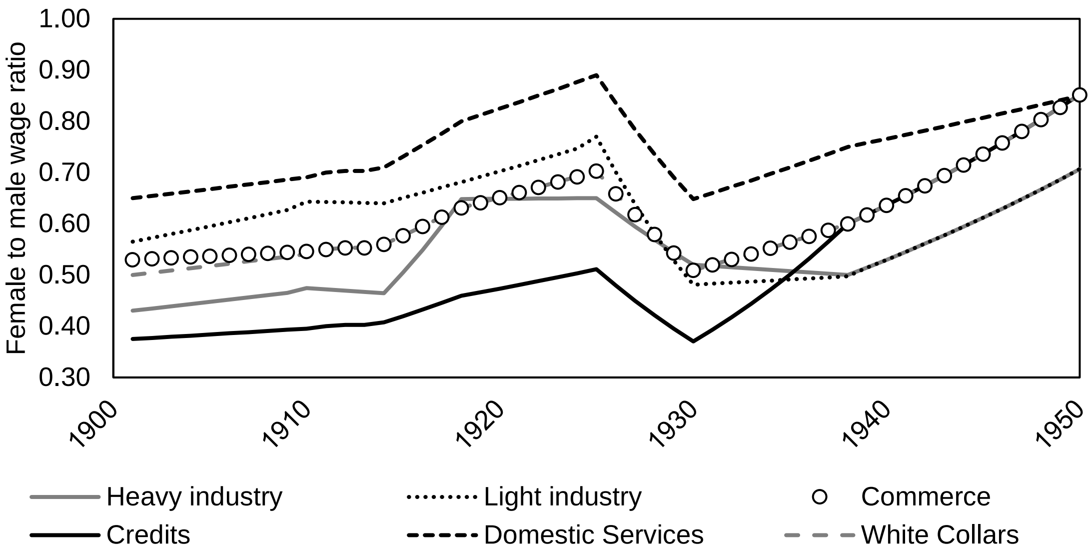
lead overall inequality to increase, especially in the 1930s, without changing overall trends.

In the absence of comparably detailed evidence of women's wages, female earnings have been estimated from the gender ratios (female earnings as a percentage of male earnings) obtained from both the secondary literature (most notably, Bettio, 1988) and primary sources (in particular, the *Annuario Statistico Italiano*).[118] These sources made it possible to build separate ratios for agriculture, industry (here distinguishing between heavy and light industries), transport, commerce, public administration, liberal professions and services, for the years 1901, 1911, 1914, 1918, 1925, 1938 and 1951. Annual series were obtained by interpolating the ratios between available benchmark years, except for agriculture, for which the *Statistical Abstract* of 1953 provides us with annual estimates, from 1911 to 1950.

While there seems to be room for improvement, especially in the 1940s, the series already reveal sizeable differences across sectors and industries, both in trends and levels, enriching therefore our understanding of gender gaps in 20th century Italy (Figure 38). These gender gaps reflect what the gender history literature highlighted as crucial turning points, such as the Great War, with an equalising effect that was particularly strong in heavy industry but was common to all sectors. As discussed already by Bettio (1988), this 'positive' equalisation had been reinforced by the reduction in wages, imposed by fascists to industrial workers in 1922-26 – but this time, there is a difference between heavy and light industry – and was followed by a sharp reversal in both light and heavy industries in the late. In all sectors, it will take the end of the war to see a strong reduction in gaps.

[118] For a full list of primary and secondary quantitative sources on female wages and gender pay gaps see Table A 8.

Figure 38 - Gender Wage Gaps across Italy's Sectors



Source: see Table A 9.

Incomes of the Self-Employed

While Zamagni and others have made available a large amount of information on wage and salary earners, almost nothing is known about the incomes of the self-employed – to my knowledge, the only exception is represented by Zamagni's (1981) work on commercial distribution, which included estimates for the incomes of different categories of retail sellers for 1938, based on the statistics of the National Fascist Confederation of Traders, and costs and revenues in the retail trade. A first, 'conservative' possibility, would be to impute the self-employed an income slightly above that perceived by those working as waged labour in the same sectors, as this is a common practice when estimating labour shares (Bengtsson and Waldenström, 2018). This solution, however, inevitably excludes any variation in the relative position of the self-employed, with respect to both waged workers and 'capitalists' in their same sectors. While this could possibly not be an issue when assessing inequality trends through variation in labour shares,[119] a better understanding of the variation within the

[119] See Gabbuti (2021a, p. 361) for a discussion.

group of workers is crucial, as discussed, for understanding the ‘political economy’ of the fascist regime.

Unfortunately, not much can be done in agriculture, where it there is no alternative from adopting daily wages in agriculture (Istat, 1953) and the assumption made by Giordano and Zollino (2015) on the number of working days for small owners, sharecroppers, and tenants (265 days a year, compared to 220 for landless male labourers, and 120 for females and children, regardless of their status). To avoid potential double counting, it was necessary to treat female owners as self-employed, since the wives of owners were inconsistently recorded as owners themselves, or as labourers (Pescarolo, 2019, p. 58). Although unsatisfactory – especially because we were forced to impose the same income on a very heterogeneous group – this seems the only viable alternative at the moment: hopefully, new income estimates for owners, self-employed (tenants and sharecroppers) and wage-earners in agriculture could be obtained in the future from the household budgets database by Vecchi and co-authors, even though it would not be straightforward to apply these figures to the individual level structure of the social tables.

A different, innovative source was adopted for the self-employed in industry and services: official fiscal statistics reporting individual taxpayers’ incomes, assessed for the purpose of the *Imposta di ricchezza mobile*. As discussed in chapter 4, this was the main direct income tax of the period, and the Ministry of Finance regularly published information on the incomes assessed for the different schedules, separately for legal entities and ‘private’ persons. Although it is clearly an imperfect estimation, the average income declared by private Schedule B taxpayers – the so-called ‘mixed incomes’, the business incomes obtained by combining capital and labour – can be used to proxy the incomes of the self-employed outside agriculture.[120] As discussed of Chapter 4, while some of the taxpayers in Category B were rich entrepreneurs, the exclusion of legal entities (and more generally, of capital incomes, filed under Category A) implies that the great majority of richest ones was not included in these figures. Indeed, most declarations were made by the self-employed, family businesses, and similar categories, including those declaring less than the exemption threshold; on average, it is not implausible that their incomes were close to those perceived by, say, blue collars in metalmaking. Since, apart for few exceptions, the incomes of the B category were reported together for industry, services and transport, the baseline series for those three groups of self-employed will be obtained as the mean between the average reported income, increased by one third to take into account evasion and exemptions, and the average wage earned in the respective sector by wage earners. As reported in Figure A 19, while level comparisons are inevitably affected by the necessarily arbitrary correction of fiscal declarations, the resulting figures capture the changing relative fortunes of this 'traditional middle class' over time. In line with coeval anecdotal evidence, the self-employed had lost ground in the post-war years of labour unrest and inflation, when the series converge and, if we accept the correction proposed here, workers had even overtaken them; still, after the March on Rome, and even more after the deflationary shift of *Quota 90*, the self-employed regained their position.

Incomes of Owners

In Chapter 4, we have seen how unsatisfactory historical estimates of the incomes of the rich in Italy are. Contrary to all other groups, it is impossible to directly estimate incomes for owners on an annual basis. A good starting point could have been

[120] As discussed, in fact, rural incomes were taxed under different taxes, for which comparable figures were not issued by fiscal authorities.

tabular data, as the one for the *Imposta di ricchezza mobile*, which makes it possible to isolate the incomes of the 'top' groups. However, we have discussed how these tabulations miss a sizeable part of capital incomes – the 'real' entrepreneurs and capitalists, as the Agnelli family. On the other hand, tabulations are only available for a few years, and would require hardly reliable interpolations over long periods – in particular, over both World Wars, and years characterised by sustained inflation, severely undermining any meaningful interpretation of the resulting figures. For these reasons, while a tentative alternative based on these tabulations is documented in Figure A 20 and Figure A 25, the baseline estimate is based on the residual value added, obtained after subtracting all labour and self-employment incomes, divided by the number of owners, in line with Arroyo Abad and Astorga (2017, p. 354).[121]

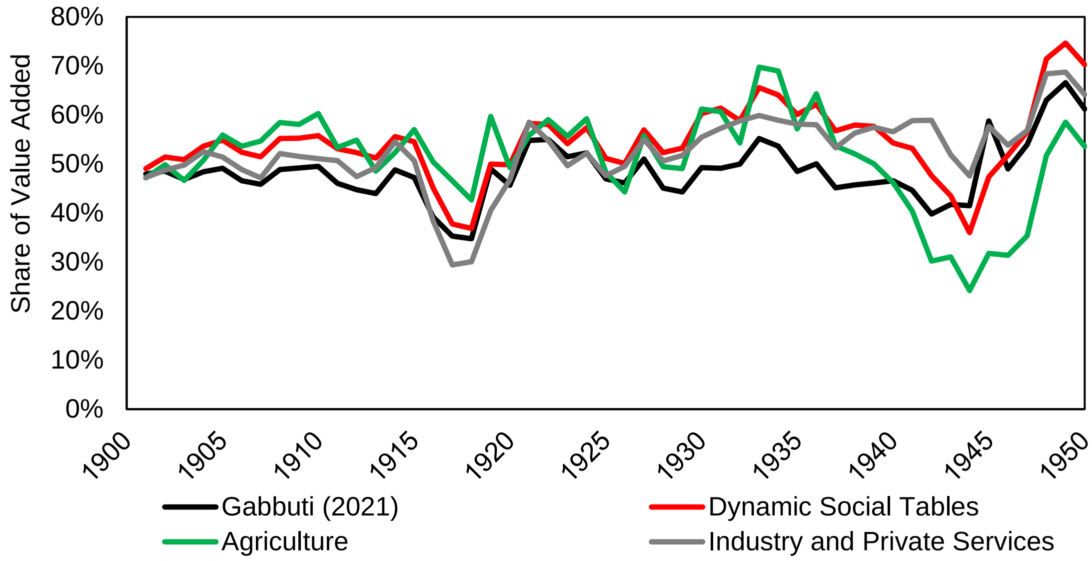
In fact, the sum of all the labour and self-employment incomes just described in this section is consistent, in trends and levels, with the overall labour share estimated in Gabbuti (2021a) (Figure 39). In this work, labour inputs are based on the population censuses, while in Gabbuti (2021a) I adopted FTE figures elaborated by Giordano and Zollino (2015) only for the four main sectors of agriculture, industry, services and the government, and not providing detail on self-employment, wage vs. salary, or even gender. This comparison seems to support my previous claim, that the labour share estimated in Gabbuti (2021a), even though already featuring among the lowest in European and Atlantic comparisons, could even be overestimated: if we were to give an annual wage only to 'full-time equivalent' figures, in the light of the discussion in Alberti (2018), the resulting figures could be even lower. In this sense, given that the dynamic social table series overestimate the labour share by including the

[121] In any case, for the limitations of both income and population sources, it is impossible to include within-capital differences: these were arguably growing, in the light of the discussion in Chapter 4.

entrepreneurial component as part of self-employed income, it is interesting that the difference between the two series becomes negligible precisely in the post-WWI period, when, as just discussed, self-employed workers incomes were the closest to those of the dependent workers in their sector. While it is not the purpose of this chapter to propose a refined version of the labour shares, residual income can be used to obtain a first, yearly proxy of the incomes of the owners' groups. In this way, the Gini obtained out of these social tables would fully reflect the macroeconomic, factorial distribution dynamics, that in turn, as discussed in Chapter 4, seem to capture sufficiently well the dynamics reflected by other indicators, such as the ROE estimated by Giannetti and Vasta (2006). Two separate residuals were computed, one for agriculture, and for industry and the services – in this sense, obtaining a more accurate result than Arroyo Abad and Astorga (2017).[122] As discussed by these authors, this still could introduce a bias in the trends, in those periods in which the incomes of workers are overestimated, due to the impossibility, at the current state of the evidence, of taking the reduction in working hours into account (Arroyo Abad and Astorga, 2017, pp. 354-355).

[122] While including female owners in agriculture, the industry and service labour share takes out not only the imputed rental incomes, but also the miscellaneous services (those in which, as documented in Baffigi, 2015, pp. 109, are mostly related to professions – whose incomes are also excluded from the numerator - or non-business activities).

Figure 39 - The Labour Share: Social Tables vs. Existing Series



Sources: the Dynamic Social Tables labour share is obtained by the sum of all the incomes of both self-employed and dependent workers (waged and salaried), times the respective population series (both described in Section 3), divided by GDP at factor prices (Baffigi, 2015) following the same procedure in Gabbuti (2021a, p. 363); series for agriculture and industry and private services are obtained analogously, but only for the respective sector (in the latter case, excluding professionals and, from services value added, miscellaneous services and location of buildings).

Indeed, the graph shows how the Great Depression is the period in which our labour share is more distant from those estimated using the available FTE figures, up to some 10 percentage points. On the other hand, including all the residual income from the VA would mean overestimating the owners share, since its discrepancies with disposable income (the relevant concept for personal income inequality estimates) are well documented. In line with what we have seen in Chapter 4 for proxying disposable income from national accounts, in the baseline series only 80 per cent of the residual income of agriculture, industry and private services was imputed to the owners of the respective sectors; alongside the one based on fiscal tabulations, the same Figure A 20 and Figure A 25 document a third series, obtained imputing a more conservative 50% of the residuals. Notably, the results of those two series are quite similar in levels – as they are with those obtained from tabulations, in the less ‘troubled’ years’; also, trends are only partially affected. While more direct and continuous evidence on these incomes will definitely improve our understanding of this period, at the current state of the evidence, this seems the most reliable way of treating owners' incomes, making possible to link the macro-economic evolution of capital shares to the personal distribution of income.

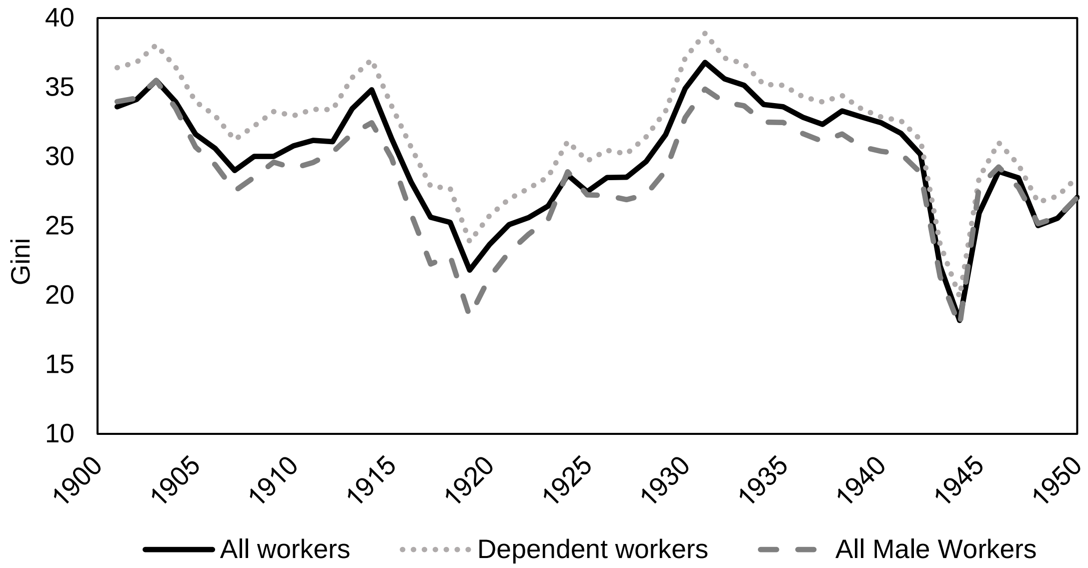
4. Income Inequality Within Labour

Following the construction of the dynamic social tables, this section provides the results on inequality between workers between 1900 and 1950, and analyses two of the major 'forces' driving changes in inequality over time – gender and 'skill' differences.

Inequality Between Workers

Figure 40 shows direct estimates of inequality (Ginis) among workers. The series shows a fall in inequality levels between 1901 and 1907 (from 34 to 30), followed by a sharp increase (of 4 percentage Gini points) before the Great War, revealing further fluctuations as well as an increase in stratification among workers by the end of the Liberal age. The outbreak of WWI, however, marked the beginning of a major compression of pay gaps: there was a decrease in inequality (from 35 to 22) took place during the conflict and in the immediate post-war years, which was a period of increasing labour demands all around Europe, including in Italy, where the years 1919-1920 became known as the *biennio rosso* ('two red years') for their intense labour unrest. Industrial workers in particular managed to obtain substantial pay increases, as well as substantial concessions in terms of 'work discipline, factory councils, right to dismiss workers and the like' (Zamagni, 1991), but rural workers also achieved important victories. The equalisation seems to be the result of an overall downward compression – indeed, between 1914 and 1919, the average wage of dependent workers in industry decreased, in relative terms compared to those earned by rural labourers, from a ratio of 1.47, to almost parity (1.05).[123]

Figure 40 - Inequality Between Workers (1901-1950)



Gini series (expressed in percentages) are computed using incomes and population data (described in Section 3), limited to, and applied to all workers (dependent and self-employed, male and females); all dependent workers (males and females, excluding self-employed); and all male workers (dependent and self-employed).

There was a 'rebound' from 1919, and, in 1931, inequality between workers reached its absolute maximum (37); then, it decreased constantly in the following years, and, significantly, also in the late 1930s, when the invasion of Ethiopia marked the beginning of a decade of warfare (Gabbuti, 2020b, pp. 45-46), as well as the economic recovery (Baffigi, 2015). The reduction in the early 1930s (by 5 percentage Gini points) is possibly biased by the imperfect accounting of working hours, and also because of the 'work-sharing' policies imposed by the fascist government (Mattesini and Quintieri, 2006). After 1935, the regime partly 'loosened the reins' of trade unions, making 'some concessions to working classes' (arguably in an effort to strengthen the 'internal front') (Musso, 2016, pp. 276-279); this included some long-awaited wage adjustments for inflation, after years in which wage compression, according to Zamagni (1975, pp. 547-

[123] As shown in Figure 39, the labour share, especially in industry, fell in these years.

548), was ‘a deliberate economic policy’, resulting in slower wage growth than in Germany, the UK, the USA, France and Japan. It should still be noted that, despite the return to GDP growth, the reduction in inequality in these years went hand in hand with a decline in the overall labour share and, in fact, the living standards of the poorest continued to decrease, with a striking increase of malnutrition.[124]

The decline observed during WWII is clearly the result of a strong, generalised compression in living standards, starting from private consumption, with all dependent workers facing strong reductions in purchasing power due to inflation and the need to buy essential goods on the black market (Zamagni, 1997a, pp. 23-25). Given the very low starting point of wages, according to the Bank of Italy, this overall compression led to the ‘levelling of incomes both in terms of differences between the various categories of blue and white collars, as well as the average difference between wages and salaries, and between the incomes of dependent and independent workers’, with the latter ‘initially going to very low levels’, but then ‘more rapidly adjusting to the value of money’ (BdI, 1947, pp. 100-101).

Figure 40 shows that, when including the female labour force, inequality levels increase. This is the result of both the lower average incomes received by female workers (disproportionally employed in low-pay sectors and occupations), and the gender pay gap with respect to their male counterparts when employed in similar sectors, which result in greater inequality levels. While the exclusion of women does not change the story of within-labour income dispersion in terms of trends, the absolute difference decreased over time – from 2.4 Gini points in 1901, to just 1.5 half a century later, when the distance from the overall series becomes negligible. Similarly, when considering dependent workers only, inequality trends remain unaffected, but the level

[124] See Vecchi (2017), various chapters, and the survey in Gabbuti (2020b, pp. 263-272).

tends to increase. This is consistent with the fact that the self-employed are genuinely a ‘middling’ group in terms of income, since their average is only marginally above that of the dependent workers in their sectors.

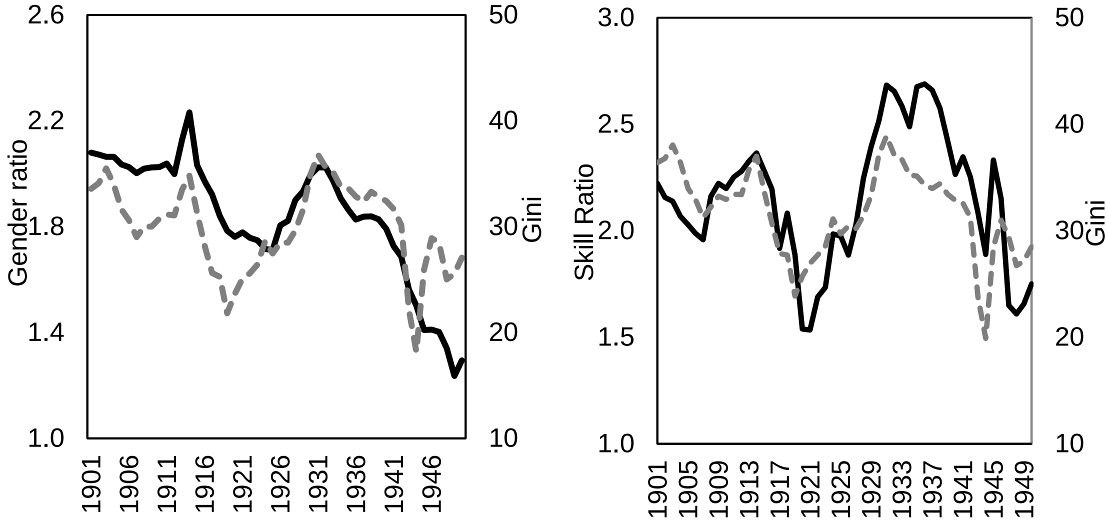
Inequality Forces

Along with inequality (Ginis), Figure 41 shows the evolution of different ‘inequality forces’, which helps us to obtain a wider understanding of the mechanisms driving changes in inequality between workers. The first mechanism, the gender ratio (left figure), is the ratio between male and female incomes, and indicates variations in inequality resulting from changes in gender pay gaps. The second mechanism, the skill ratio (right figure), is the ratio between the incomes of salaried workers and wage workers and signals variations in inequality derived from differences in work status. To the extent that increasing skill and gender ratios contribute to a higher income dispersion among workers, analysing its evolution helps us to understand the origins of changes in inequality.

As shown in Figure 41, and in line with Bettio (1988), gender gaps emerge as one of the major ‘inequality forces’ contributing to the Italian ‘Great Levelling’ throughout the first half of the 20th century. Despite the source and methodological differences, the series, consistently with Federico et al. (2021, p. 15), show an increase in the gender gap (also comparable also in magnitude) during the first Italian industrialisation at the beginning of the century. In line with Bettio (1988), however, not only the war, but also the early 1920s, saw women benefitting in relative terms. In particular, the equalising effect of the Great War was strongest in heavy industry, but common to all sectors, including the various services. This ‘positive’ equalisation was reinforced by the wage compression, imposed on industrial workers in the first year of fascist government (Bettio, 1988). From 1925 to 1933 there is what looks like an effective attempt at reverting this declining trend: gender gaps then increased until 1933, contributing to the overall increase in within-labour inequality (between 1924 and 1930, the distance between the series including and excluding women grows from 2.2 to 4.3 Gini points). Wage pay gaps will continue to decrease from this point on, mainly due to the changing composition of female workers, who are less and less employed in agriculture (De Grand, 1976), rather than from a reduction in gender pay inequalities. Despite the fascist's regime strong rhetoric against female employment, in these years Italian women slowly, but constantly, increased their presence in the commerce, services and health care sectors, as well as in heavy industry (Pescarolo, 2019, p. 237). On the other hand, in a sector with high women's presence as light industry, trends in female employment seem linked to the economic cycle, rather than to the success of discriminatory policies. Contrary to the experience of the 1921-1931, however, the collective bargaining imposed by fascists did not bring greater gender equality (Musso, 1992).[125] It was only after WWII, with democracy and free trade unions, that equality was established on a more positive basis, within general pay increases and economic growth; at that time, however, the female participation rate would collapse again, reaching its absolute historical minimum in 1961 (Mancini, 2018, p. 55). Compared internationally, while the reduction in gender ratios throughout the period is more substantial for Italy (which started at an intermediate level compared to Germany and Britain, respectively more and less equal), the 1920s reversal is unique, in the light of more gradual, constant decline experienced in other countries.

[125] On top of sizeable and stable pay gaps, the regime imposed a discrimination by providing family allowances to male household heads only, introduced in 1934 (Giorgi and Pavan, 2021, pp. 100-105). While Musso (1992) also estimated the effect of these allowances on gender pay gaps, these cannot be included in this analysis, limited to market incomes.

Figure 41 - Inequality Forces: Gender and ‘Skills’ Ratios



Solid lines (represented on the left y-axes) show annual development of different ratios. Dashed lines (represented on the right y-axes) show annual trends in within-labour inequality (Figure 40, All workers). The gender ratio is the weighted average of females vs. male incomes, it includes all sectors. The skill ratio is a weighted average of salary vs. wage earners, by sector; it excludes, therefore, workers in agriculture (for sectoral ratios, see Figure A 22), professionals, personal services and people without specified profession.

The evolution of ‘skill’ ratios, also in line with Federico et al. (2021, pp. 13-16), show a declining trend in differences by work status from the mid-19th century until 1912. After an increase in the pre-war years, the equalising effect of the Great War on the incomes of dependent workers is also remarkable. This time, the compression continued into the *biennio rosso*, when the incomes of the unskilled increased more rapidly (Zamagni, 1991, p.141). While such a compression also partly occurred in Britain (Gómez León and de Jong, 2019, p. 1088), Italy stands out in this case for the extent to which this ratio increased from 1922 – a trend that brings to mind the desiderata of the banker Bianchini who, as reported in Chapter 3, in his letters immediately before the March on Rome, urged to ‘sacrifice some classes, to save the broader economy’.[126] It is interesting to note that the initial increase in overall labour inequality, in 1919-1922, was driven by growing blue collar wages, resulting from the

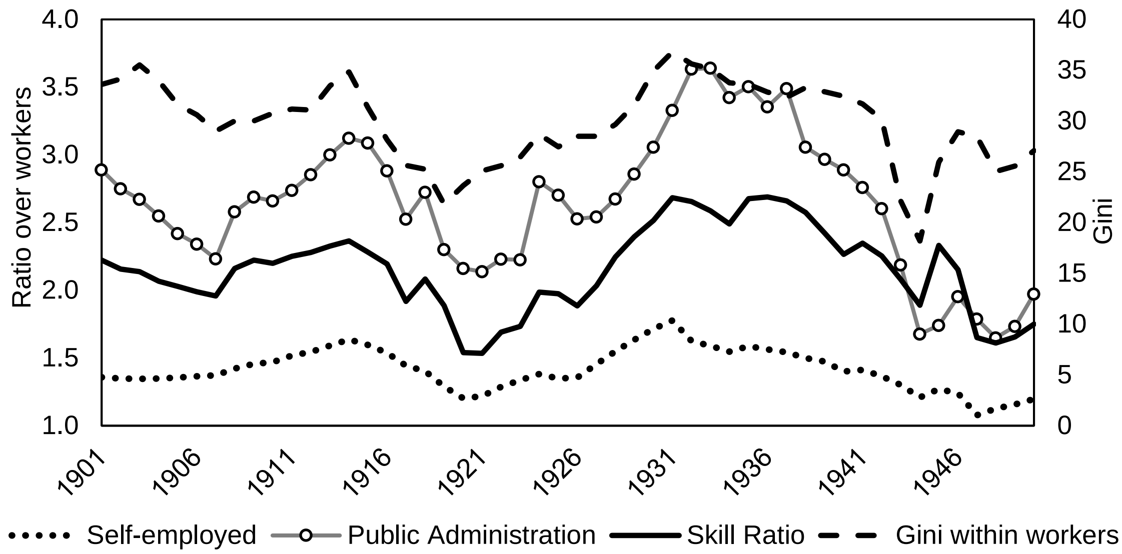
[126] See footnote 49.

increases gained in the red biennium, compared to the larger share of rural workers, as clear from the industry/agriculture ratio, reported in Figure A 22. On the contrary, from 1922 on, it is the difference between white and blue collars that explains the overall trend in Figure 40. Indeed, the 1920s represented a continual increase in the relative position of Italian white collars, contributing to the overall increase in labour income inequality. Together with 'endogenous' forces and deliberate policy choices, it should be noted again that this decade saw a strong restriction in the ability of Italian workers to migrate, which had contributed to the increase in unskilled wages in the Liberal period (Gomellini et al., 2017). The skills ratio peaked in the early 1930; then the relative position of blue-collar workers improved, consistently with the aforementioned concessions to trade unions and blue-collar workers; nonetheless, it remained high, and close to the peak for most of the decade. The outbreak of WWII – when, as mentioned, income sources are unfortunately less granular – led to a strong equalisation within labour, resulting in a quick fall of the skills ratio, almost back to the low level of 1920-21, before some increase in the late 1940s. It is tempting to see the trend of this ratio as quantitative evidence for the effective way in which the fascist regime managed to constraint labour: from the mid-1920s, official, 'corporatist' trade unions were the only representatives of the workers, and in fact, usually acted as a transmission mechanism for government policy decisions (Musso, 2016, pp. 273-275; Mattesini and Quintieri, 2006, pp. 418-422). Interestingly, the dynamic social tables allow us to observe that this did not simply mean the moderation of industrial wages, but more generally, a widening in the gap between waged and salaried workers, and moreover a reversal in the short-term reduction of labour income inequality resulting from the Great War.

Figure 42 shows the varying relative fortunes of both private and public employees, as well as those of the self-employed workers. The graph reveals how, whether the Italian middle classes experienced the ‘red menace’ or not (Acemoglu et al., 2020), they were probably feeling a relative impoverishment in the years of the so-called ‘Crisis of Liberal Italy’, in line with contemporary perceptions (Morris, 1996, p. 285). After a relative improvement in the first decade of the century, the years of 1914-1919 saw all these groups losing ground, in comparison with the waged workers, and this clearly reinforced their anxieties and the demand fiscal measures as the ones discussed in Chapter 3. Whether it would be hard to assess direct causality, it is interesting to notice that, from the first years, the Fascist period represented a ‘restoration’ for the different groups of the middle classes, although with some differences in timing and magnitude.

Interestingly, the deflationary shift of 1926 seems to reinforce this trend, for both the self-employed and public employees: in the years of deflation, when wages and working hours were reduced by law, the Italian middle classes (both the wealthier white collars, and the more modest shopkeepers and artisans) prospered, at least relative to the waged workers. Establishing whether the move found its ‘rationale’ in the Fascist government’s aim of consolidating the support of these groups goes beyond the scope of this quantitative reconstruction, but we can conclude that, whether intended or not, this result was achieved. On the other hand, fortunes seem to change from the late 1930s, when, also as a consequence of increased public expenditure, Italy was eventually forced to leave the Gold Standard (Toniolo, 1980, pp 287-294).

Figure 42 - The Relative Position of Italian **Middle Classes**, *1900-1950*



Sources: skills ratio and Gini between workers as in Figure 41; public administration and self-employed ratios are obtained as the ratios of, respectively, salary earners in public administration, and the self-employed in industry and services, over the same denominator for the skills ratio.

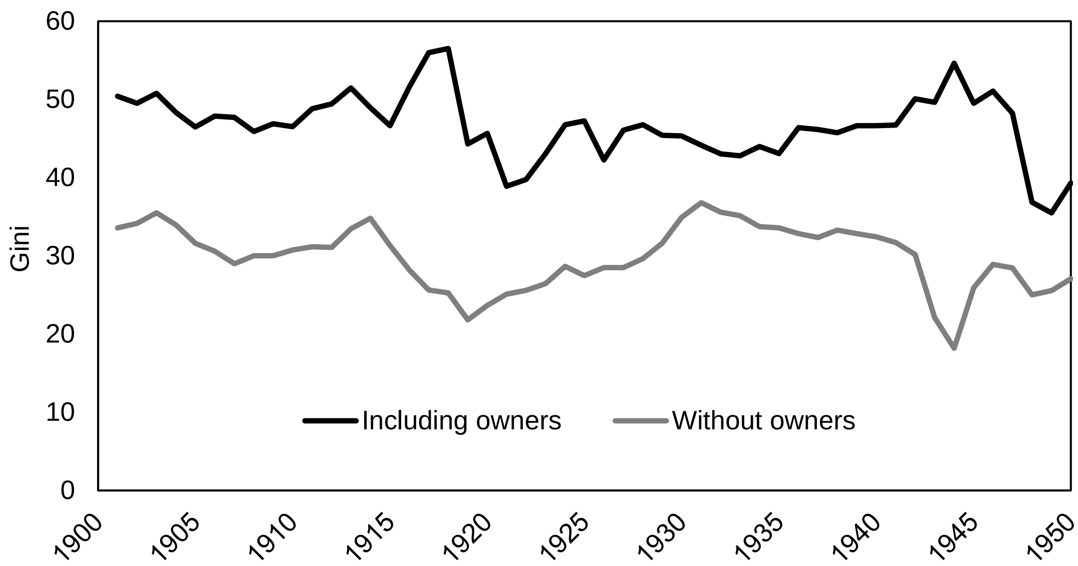
5. Overall Income Inequality: Italy in 1900-1950

Income inequality is not limited to within-labour dynamics. Figure 43 shows the results for overall inequality when the incomes of the owners are included. As expected, the inclusion of individuals at the top part of the distribution affects the level of our inequality estimates, but also their trend.[127] At the beginning of the century, the inclusion of owners incomes possibly makes the decline in overall inequality more clear, even though it does not seem as pronounced as in Vecchi (2017); then, capital incomes 'delay' the decrease in inequality to the red biennium – actually, the Gini increases in 1917 and 1918, peaking at 56.5, in correspondence with the minimum reached by the labour share. In the light of the discussion by Galletta and Giommoni (2021, p. 23) on the impact of the Spanish flu on Italy's income distribution, it is interesting that 1919 represents the minimum of inequality within workers (at least until

[127] The alternative series reported in Figure A 25 also confirm these trends, reinforcing the 1920s increase, as those based on alternative inequality indicators (Figure A 26); notably, the Theil index – which is more sensitive to income changes registered in the upper part of the distribution - reports steeper rises in both WWI and WWII, because of the abrupt increase of the ratios in those years.

1944), but that the trend in capital incomes – mostly absent from the schedule of the *Ricchezza Mobile* for which they could collect data – show a different dynamic, leading overall inequality to decline between 1918 and 1921. While the extent of the following 1920s reversal is somehow limited by the volatile progression of the owners ratio, the overall inequality series in Figure 43 also show a later increase in inequality throughout the whole Fascist period, peaking in the troubled years of WWII (when the increase in capital income more than compensate the decline in within-labour inequality, somehow reassuring us on the net effect of the unsatisfactory assumptions on industrial wages), before a sizeable compression in the first years of the Italian Republic.[128]

Figure 43 - Inequality in Italy, 1900-1950



Source: Gini without owners as in Figure 40; series including owners are computed in the same way, but also include owners in agriculture, industry and services.

It is clear that, despite the 'British' fall in within-labour inequality, the Great War resulted in a great increase in capital incomes for owners in industry, already evident from Figure 39; in this sense, Italy shows a 'German' side, and the net effect is an increase in inequality. Industrial owners recovered strongly in the early 1920s, when,

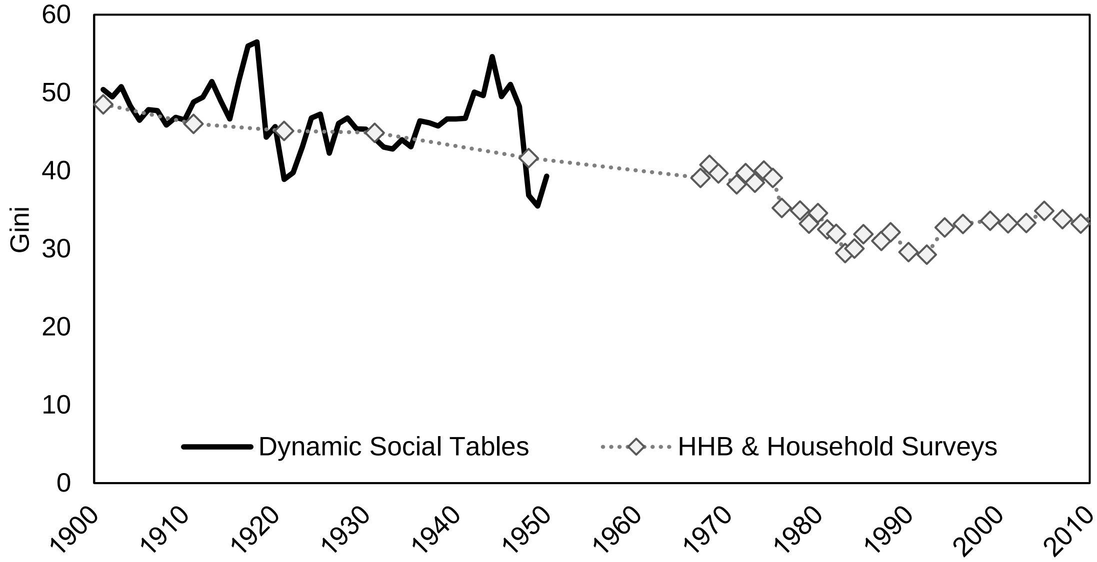
[128] A better understanding of this dynamic comes from looking at the owners' ratios, resulting from the residual VA: they are reported in Figure A 23.

as discussed in Chapter 3, the ‘productivist’ policies of Minister De Stefani aimed at making Italy attractive to Italian and foreign capitalists, and to boost investment (Marcoaldi, 1986, pp. 12-13). Industry also seemed to drive the changing trend in the mid-1920s, and this time it is arguably due to the overestimation of labour income discussed above: notably, both the alternative Gini series included in Appendix 1 – not only that resulting from tabulations, but also the ‘conservative’ one – show a much smoother, constant increase in overall inequality, from 1921 to 1931. In all specifications, including owners’ incomes compensates for the fall in within-labour dispersion, resulting into a ‘plateau’ of overall inequality (around 43), in line with the increase in top income shares discussed in Chapter 4. As we have seen, fiscal sources fail to capture the evolution of the incomes of the wealthy in the late 1930s. Dynamic social tables show that they continued to improve their position even in that new phase: the owners’ ratios increased, and even skyrocketed during the war years. Interestingly, the last years of the series show a fall sustained fall in inequality, bringing the Gini at 35 in 1949, from a level close to 50 in 1901. This ‘levelling’ is even more sustained once owners’ incomes are considered, but it almost entirely takes place in the immediate aftermath of the war, during the ‘Reconstruction’ years. The final year of the series also reveals a small increase, both in within labour and overall inequality, just before the start of Economic Miracle. But how do they compare to the existing evidence of Italian income inequality in this period, and in the long-term?

Inequality in Italy, 1900-2013

Figure 44 compares the new inequality series based on dynamic social tables with those based on historical household budgets (1901-1931) and modern household budget surveys (1948, and then regularly from the late-1960s). The comparison is only partially meaningful, given the different definitions (households vs. personal income) and sources: while dynamic social tables are, due to their construction, able to reflect all the year-by-year variation between sectors and genders, and also takes into account trends in capital incomes, they inevitably miss all the variation within each of the 60 groups.

Figure 44 - Inequality in 20th Century Italy: The Long and the Short Run



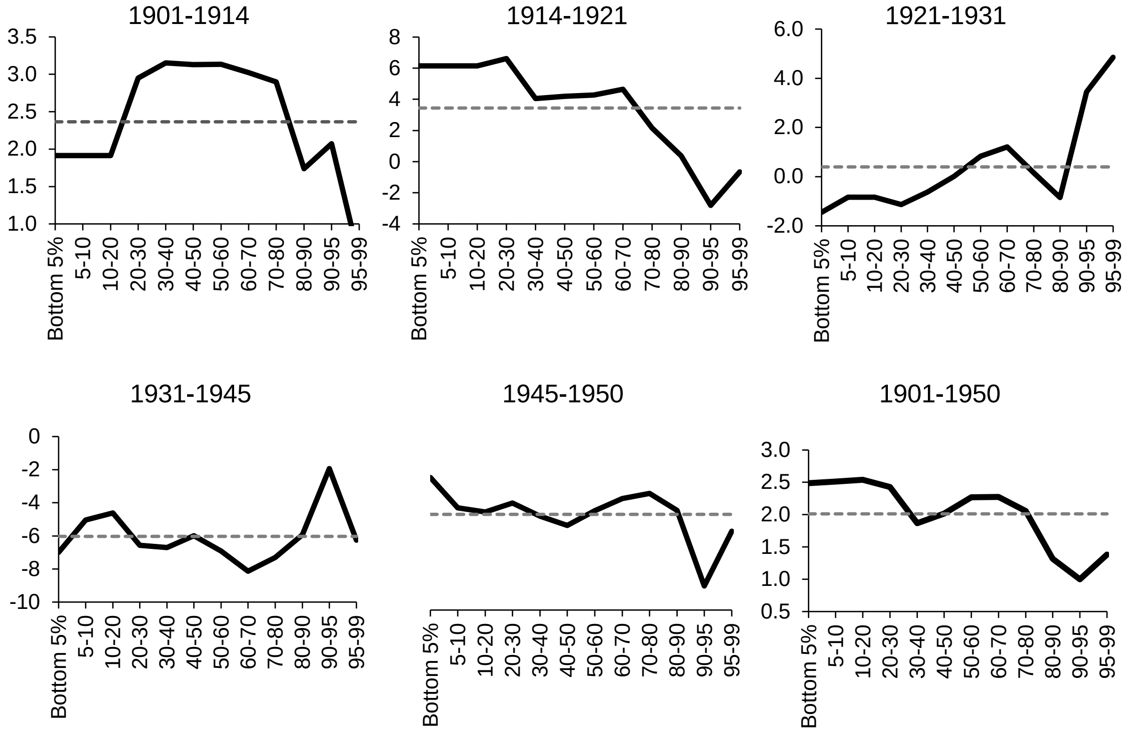
Source: Gini estimates obtained from household surveys are from Amendola and Vecchi (2017), and those obtained from dynamic social tables as in Figure 43.

That said, a positive aspect of the inclusion of owners' incomes in our baseline, under the reasonable assumption of 80% of the residual from the labour share, is that it moves the level of the estimates very close to those presented in Vecchi (2017). In fact, despite the great year-to-year variation, dynamic social tables almost perfectly 'fit' the decadal estimates obtained by means of the household budgets. While not altering the long-term picture of declining income inequality, the new series revealed sizeable short-term distributive episodes, such as the Great War, and reversal of this trend during the Fascist period. The discussion of inequality forces revealed some of the driving factors behind both the long-term equalisation, and the short-term reversal, such as the skill and gender ratios. Even though it poses difficult methodological issues to solve, it would be ideal to find a way to combine the macro structure of the dynamic social tables with the micro-level evidence from historical household budgets, to fully capture between and within inequality; in any case, Figure 44 reveals how dynamic social tables can improve our understanding of short-term distributive dynamics, even in countries such as Italy, for which we can already rely on solid evidence of historical long-term inequality.

Another way of appreciating the consistency between this 'macro' exercise, and the household budget analysis by Vecchi (2017), as well as the greater short-run detail allowed by dynamic social tables, are the so-called growth incidences curves (GICs). GICs display compound growth rates in average incomes for particular segments of the distribution between two benchmark years (signalling most important short-term episodes), and identify how different segments of the workforce were affected during periods of economic expansion or economic downturn.[129] An upward slope indicates that the richest segments of the workforce benefited relatively more during a specific period, suggesting an increase in inequality; a downward trend suggests the opposite. Figure 45 reports the GICs obtained from the dynamic social table, for the overall 1900-1950 period, as well as for shorter periods: they are consistent with those computed by Amendola and Vecchi (2017, p. 323) whenever the two overlap - that is, the pre-WWI years and the 1921-1931. While the first period shows relative higher gains within the 'middling strata' (with a real income growth rate of 3 per cent annually), the 1920s show high positive gains for the richest 90 per cent (up to 5 per cent annually) to the detriment of the bottom 50, which instead registered negative gains.[130]

[129] Of course, the data does not make possible to follow individual occupations throughout time, but occupational groups tend to remain associated with particular fractals at different benchmark years.
[130] Amendola and Vecchi (2017) show this result for the whole 1861-1911 period.

Figure 45 - Growth Incidences Curves in Italy, 1901-1950



The y-axes show the average annual compound growth rates of real incomes (expressed in %) at different fractals of the distribution (drawn on the X-axes) between two benchmark years. Solid lines show average annual growth for different segments of the distribution. The straight dashed lines show overall average annual growth. Series were deflated with the CPI (1913 = 100) provided by Istat.

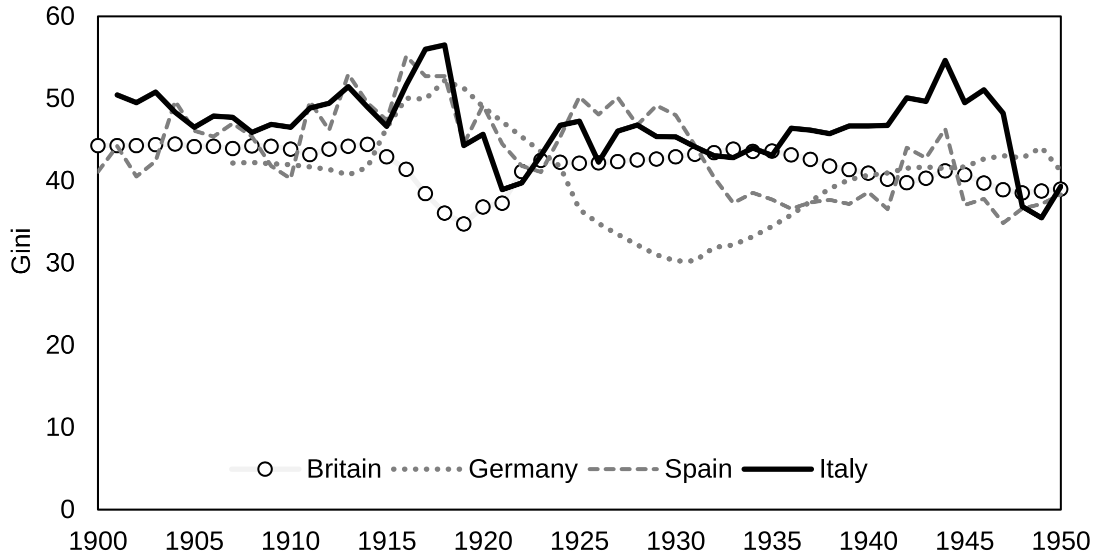
In line with the discussion of this and previous section, GICs reveal the opposing trend of 1914-1921, when the richest suffered relatively more than the middle, and especially to the lower strata, with the bottom 30 per cent attaining real income growth rates of 6 per cent annually. As shown in Figure A 24, however, this is the result of two relatively different shorter-term effects, the Great War (1914-18), when the highest incomes thrived, and the later 1918-21 period, in line with the trend of factor shares. At the same time, Figure 45 shows, after the regressive turn of the 1920s, the relatively pro-rich stability of the 1931-1945, where all classes, and especially the middle classes, experienced negative growth rates in real incomes, but the richest suffered relatively less. Especially during the war, the contractions of real incomes, and the redistribution within both labour and capital, mostly affected the ‘middle classes’ according to the Bank of Italy (BdI, 1947, pp. 97-99). The situation was eventually reversed in the late 1940s, when the top 10 per cent registered the lowest gains. Considering the whole 1901-1950 period, the bottom 30 and the 'upper-middle classes' (from the 50th to the 80th percentile) were still the major winners, registering the highest gains above the average (around 2 per cent annually), confirming the long-run 'great levelling' detected by household budgets.

Income Distribution in Interwar Europe

Finally, Figure 46 shows the new inequality series for Italy in international comparisons. A first interesting result is that the levels of inequality do not seem to differ greatly; in fact, Italy and Spain – despite being at a more premature stage of development – were marginally more unequal than Britain and Germany. The figure supports, more consistently, the comparison made by Hauner et al. (2020, pp. 14-16), according to which Italy emerged as having relatively high inequality on the eve of WWI. While comparisons are always difficult in the light of the different sources and assumptions needed to assemble social tables, the picture is quite different to the one offered by top wealth shares (Figure 1), and Italy emerges as more unequal than both Britain and Germany. Secondly, in line with previous evidence, the results for Italy support the long-term decreasing trend in inequality witnessed by Western European countries during the first half of the twentieth century. Yet, in line with the cases of Germany, Britain (Gómez León and de Jong, 2019), and Spain (Prados de la Escosura, 2008), dynamic social tables show that this decline was not linear.

While the impact of WWI in Italy was overall similar to that in Germany, Italy managed, as Britain, to avoid a substantial reduction in inequality in the following years; and indeed, as in Germany, would reach new peaks of inequality in the World War II. In this sense, while the series cannot suggest causality between Fascist policies and inequality, they address Milanovic's (2016, pp. 77-78) question, reported in the introduction, by revealing substantial increases in inequality, both in the early 1920s and in the late 1930s.

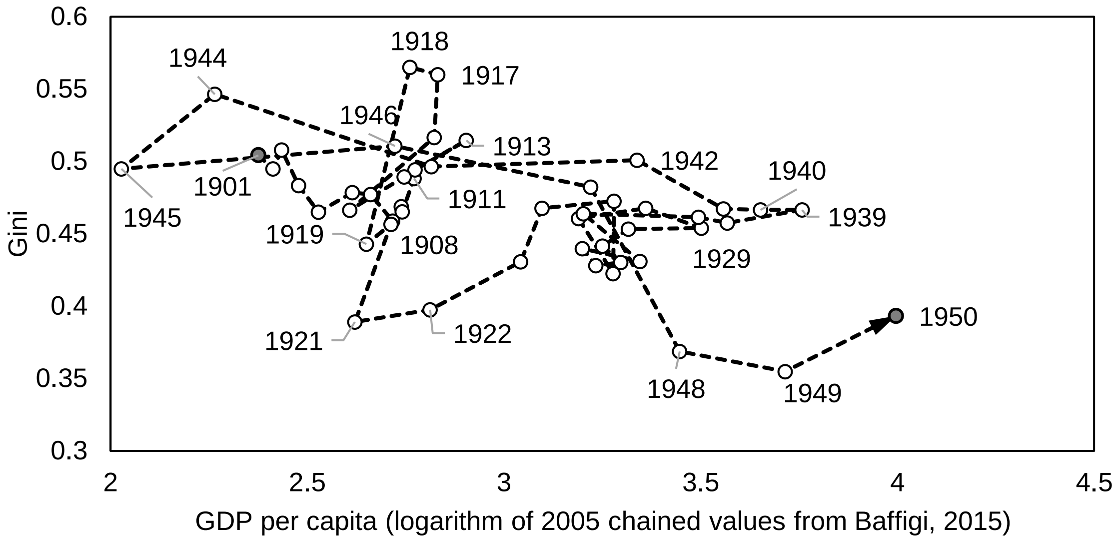
Figure 46 - Inequality in Europe, 1900-1950



Sources: estimates for Italy were described sections 2 and 3; Britain and Germany from Gómez León and de Jong (2019); Spain from Prados de la Escosura (2008).

Notably, both periods were characterised by strong growth (Baffigi, 2015): as a result, the 1920s is the only decade in which we can observe a positive correlation between per capita GDP growth and inequality in Italy's distributive history (Figure 47). Similarly, in Spain, the sustained reduction in inequality during the interwar period was interrupted by the Civil War, and sharply reversed under Franco's dictatorship, when inequality peaked in 1953 (Prados de la Escosura, 2008). In their own way, therefore, the fascist dictatorships of the interwar period show regressive outcomes in terms of the distribution of income. The experiences of these countries suggest that a reduction in inequality driven by 'malign' shocks, such as wars, might have short-lived effects, where pro-rich policies were enacted to offset them. Indeed, the reduction in inequality achieved in the 'red biennium' in Italy, the Weimar Republic in Germany and the Second Republic in Spain was eventually reverted. It was only at the end of WWII that inequality began to decrease again, and a new, partly unwritten history was to begin.

Figure 47 - Inequality and Growth in Italy, 1901-1950



Source: author’s elaboration on Baffigi (2015) and Figure 43.

Despite their limitations, dynamic social tables can contribute to our understanding of these dynamics: longer estimates could help to bridge the gap in Italian household budget data between 1948 and 1967; series for more countries, on the other hand, would make it possible to generalise this first comparison, and even to investigate whether changes in inequality (and particularly, abrupt reductions, substantially altering the relative position of the richest echelons of society) could contribute to explaining, together with economic growth, the rise of right-wing dictatorship in interwar Europe (De Bromhead et al., 2013).

6. Conclusions

Using dynamic social tables, this chapter presented new, yearly series of income inequality for Italy in the first half of the 20th century, which substantially revise the distributive history of these crucial decades. The Italian dynamic social tables, documented in section 3, could definitely be improved by further work on primary sources, especially in the 1940s – when unfortunately it is inevitable to project most industrial branches by the same, overall wage, thus keeping workers relative positions constant; categories could be certainly broken down even further, revealing greater heterogeneity, and more accurate income figures will hopefully become available for many groups, starting from women across different sectors. Still, they offer us a new, yearly glance of income distribution in Italy during the first half of the century.

While confirming the long-term decline in income inequality (Vecchi, 2017), the dynamic social tables reveal serious, so far overlooked periods of short-term turbulence. After an initial decline, both within-labour and overall inequality increased during the most intense phase of the first Italian industrialisation. The Great War was a substantial, overlooked distributive shock: in line with the evidence on labour shares, capital incomes increased, but there was a strong compression of within-labour inequality, further continued in the *red biennium*, when the mobilisation of industrial workers drove inequality down to a minimum. The March on Rome was a further watershed: within-labour inequality sharply increased throughout the 1920s, driven by gender and skills ratios, as well as the increased gaps between middle classes and workers. The inclusion of owners' incomes partly complicates the picture, especially in the years in which proxying them by means of the residual income obtained from the labour share more clearly underestimate their evolution; this, it makes clear how the partial compression of within-labour inequality in the 1930s did not lead to overall inequality reduction. While gender gaps emerge as one of the driving forces behind the Italian 'Great Levelling', the Fascist decades stand out as a period of substantial reversal, possibly unique in the history of post-unification Italy.

Part III – Social Mobility

Chapter 6 – The Long Debate on Social Mobility in Italy

1. Introduction

So far, this dissertation has contributed to the history of inequality in post-unification Italy, with a special focus on the crucial interwar decades. From Vecchi (2017) and co-authors, we have a consolidated, long-run view on poverty and the distribution of income across Italian households from the Unification of the country to the present, within a broader discussion on the evolution of wellbeing. Chapter 2 extended this picture to another, fundamental dimension of inequality, such as wealth – its weight over the economy, building on the previous work by Cannari et al. (2017), but also its concentration, at least for the crucial decades between Unification and the Great War, comparable to the existing series for the early-modern period (Alfani, 2021) and the most recent decades (Acciari et al., 2021). In Chapter 3, the abolition of the inheritance tax offered us an insightful perspective, of the importance of political and ideological disputes, and their policy translation, in the study of inequality; the importance of these short-run, 'idiosyncratic' shocks, as well as 'exogenous' crisis and conflicts, have been then shown by Chapters 4 - that offered a first perspective on capital accumulation and the incomes of the wealthy between the World Wars – and 5, that reconstructed yearly estimates of income distribution for the first half of the 20th century. This allowed us to highlight unnoticed aspects of Italy's distributive history, confirming and qualifying the evidence on factor shares (Gabbuti, 2021a). Overall, a look at wealth and capital incomes allowed us to qualify the 'benevolence' of the Liberal period – a period in which the reduction of poverty, and the improving living standards of workers did not imply a sizeable reduction in the concentration of wealth, nor in the importance of capital incomes. On the other end, the Fascist period emerged as a crucial period in terms of income inequality.

Among this rich quantitative history of inequality, we still lack historical estimates of social mobility, comparable to those existing for other advanced economies. The Italian income distribution became more equitable throughout the Liberal and Fascist period, but were relative positions of Italian stable over this time? This dynamic aspect of inequality will be the object of Part III of this dissertation: Chapter 7 will discuss the possibility of adopting new, micro-sources from fiscal records, of the kind of those adopted in Chapters 2, 4 and 5, for the estimation of wealth and income inequality, replicating innovative methodologies from the historical and social science literature; building on this discussion, Chapter 8 will present estimates of income mobility at the provincial level for the interwar period. Before this empirical effort, this chapter introduces the issue of social mobility, discussing its importance in the Italian economic and social thinking, from the end of the liberal period to the dawn of the post-WWII Economic Miracle. In fact, despite modern sociologists have complained the late development of this field of research in Italy,[131] for decades Italian economists and statisticians had debated issues – from the role of inheritance, to the 'circulation of elites'– very much related to the modern concept of intergenerational transmission of status.

The birth of the sociological concept of social mobility is attributed to Pitirim Sorokin (1927). Before his work, economists, statisticians, but also social anthropologists, who greatly influenced 19th and 20th-century economics (Maccabelli,

[131] Notably, for Barbagli (1997, pp. 3-6), 'Italian sociologists have for long proven no interest' for social mobility, despite the pioneering works of the 'economist' Chessa (1912), and the 'demographer' Livio (1950), 'the first (and for long only) research on social mobility in Italy had been carried on by an American scholar', Lopreato (1965); on the same vein, Ammassari (1977, p. 11) and Cobalti and Schizzerotto (1997, p. 7).

2008b), had already investigated 'hereditability' of traits, but also of occupations, although in a pre-industrial, '*ancient regime* mindset' - for instance, looking at Indian caste system and its persistence. While proposing more precise and systematic definitions of the issue, Sorokin was the first to explicitly focus on the very mobile society created by the industrial and Russian revolutions (Mulè, 1992, pp. 6-7). Still, his work addressed a heated topic of its times social sciences, as testified by the enthusiastic *Quarterly Journal of Economics* review by Joslyn (1927), according to which 'no economist who is alive to the possibilities and implications of his subject can fail to be interested' in the issue. In fact, Sorokin extensively quoted Italian authors, starting from anthropometricians.[132] As I already noted in Gabbuti (2020a, p. 440), the 'dynamic' aspect of inequality was also the main focus of the pioneers of modern inequality measurement, starting from Pareto and Gini. In fact, in the only country that had abolished inheritance tax, applied economists and statisticians pioneered the empirical study of intergenerational transmission of economic status - 'among the most common' issue of the times, according to De Stefani (1921, p. 3) himself - and pointed at inheritance itself as a crucial, institutional channel of this transmission. Theories of élites circulation permeated the ideology of early Fascists, who perceived themselves as a new, rising elite replacing the weak, unfit ruling class of Liberal Italy. In 1921 electoral rallies, it was again De Stefani (1923) to explain Fascism as a complement to the French Revolution: the latter had 'facilitated upward mobility of worthy men', but it was still necessary to get rid of 'individuals at the top of social and economic pyramids', who 'hold on to that like an oyster, and do not want to go!'.

[132] For instance, the infamous 'Lombrosian' statistician and criminologist, Alfredo Niceforo, is mentioned more than Francis Galton, alongside the statistician Ridolfo Livi, author of important anthropometric works on conscripts' statures.

This chapter offers a first, selective survey of the theories and estimates of ‘social mobility’ by Italian social scientists, from the late 19th century to the 1950s – when the first modern estimates appeared, and the first modern sociological works were carried on.[133] In order to meaningfully approach this large, heterogeneous literature, I applied a ‘data-driven’, non-mutually exclusive categorisation. First of all, section 2 discusses inheritance and its taxation – a topic in which Italy, as noted by Einaudi (1928), had provided scholars of public finances with the greatest innovations, not only for the 1923 abolition, but also for the foremost proposal to reform inheritance taxation, Eugenio Rignano’s ‘socialism in accordance with liberal economics’. An associated issue debated by many of these authors is equality of opportunity, or of ‘starting positions’ – in fact, commonly associated in the public debate, and very correlated according to empirical research, but conceptually distinguished by social mobility (Swift, 2004; Corak, 2013). This issue is discussed in section 3: the rest of the paper deals with two more heterogeneous categories: those authors, such as Pareto, Gini and their ‘followers’, who either from more theoretical (section 4) or empirical perspectives (section 5), were interested in concepts, such as the ‘circulation of élites’, closely associated to issues of social mobility. In fact, most authors overlap across these categories: all together, as discussed in section 6, they testify the rich interest for social mobility issues, and often the inventiveness, of Italian social scientists from the Giolittian to the interwar period, providing us with strong motivations for investigating the history of social mobility in Italy.

[133] Later sociological research is already covered by ‘internal’ histories, such as Ammassari (1977, pp. 13-25).

2. The Taxation of Inheritance

Inheritance, inevitably associated by economists and historians to the persistence and transmission of inequality (Alfani, 2021; Acciari and Morelli, 2020), has always attracted the interest of social scientists dealing with the transmission of economic status. This is not exclusive of Italy: in the British case, it suffices to mention John Stuart Mill, James Meade, or Hugh Dalton; however, the issue has attracted little interest by historians of economics (Silvant, 2015). In Italy, even before Rignano 'there is no lack of other proposals of progressive taxation of inherited wealth, in a more equitable way', and inheritance was 'a field in which Italian scholars have made a remarkable contribution' (Fausto, 2008). In the Italian tradition, according to Fausto, 'the main case for progressive taxation rests upon inequality; that is, the socio-political objective of reducing the great disparities of economic opportunities arising from the unequal distribution of income and wealth', rather than on distinctions between 'productive' activities and less deserving ones, common to authors such as Mill. This was the case of inheritance too: what characterized it among existing taxes, was its practicality – for the authorities, that could assess transmitted assets more easily, in a mostly rural economy, thanks to the association with the real estate register (Chapter 2);[134] but also for the taxpayer, called to sustain the burden when inheriting wealth.[135] A foremost example of these 'classic' arguments is Augusto Graziani (1890, p. 58), according to whom it was important to observe the actual role of succession duties: in modern public finances, they are part of 'systems directly taxing the products of different industries'; as for other indirect taxes, inheritance tax aimed at 'integrating income taxes, to which, for technical reasons, many taxable entities evade', thus 'trying

[134] For Graziani (1890), in fact, fiscal declarations at death were 'more reliable than any other time'.
[135] We have seen these arguments raised in the 1920s debate as well: see footnote 82.

to make everybody contribute to public expenditures, in line with the state of their wealth and needs'.[136] Inheritance tax played, indeed, an ancillary role in the late-19th and early 20th century debate on the fiscal reform. For instance, the 'fiscal ideal' of Carlo Angelo Conigliani – the most prominent advocate of progressive taxation - was 'a progressive income tax, with social-political objective: this would be the only direct tax (joint by another progressive levy on inheritance, and indirect taxes on luxurious consumption') (Favilli, 2009, p. 93). Among the few to explicitly address inheritance tax in this debate was Conigliani's advisor, Giuseppe Ricca Salerno (1897, pp. 106-107), who – somehow ironically – added the lack of 'opposition from private interests' to the practical arguments in favour of the tax. In the light of international trends, Ricca Salerno had 'no doubt' that inheritance tax would increase its role in Italy as well; making it progressive, on top of addressing 'the needs of distributive justice', was to greatly increase the revenue from this tax, given that 'more than 60%' of the transfers happened in direct line, paying therefore very low rates (Ricca Salerno, 1897, pp. 122-123). Ricca Salerno's optimism was confirmed few years later: despite the failure of the broader fiscal reform, devised by Conigliani himself.[137] Despite the fiscal reform was considered as 'very moderate', or even 'modest', by liberal economists such as Einaudi (Favilli, 2009, pp. 208-215), it encountered strong opponents, starting from Pantaleoni. The so-called 'Prince of Italian economists', who had already expressed his radically anti-redistributive positions (Michelini, 1997, p. 88), opposed particularly the progressivity of inheritance taxation: possibly the first to raise this argument in the Italian debate, for Pantaleoni such a tax, practically applicable only on real estate

[136] Inheritance tax was, in fact, administered by the General Directorate responsible for Indirect taxes.
[137] Notably, the introduction of a general income tax was to provide tax collectors with a 'presumptive' assessment of private wealth (as the one debated by Einaudi and Griziotti in the 1920s), based on the capitalisation of capital earnings (one of the methods currently adopted by economists, mentioned in Chapter 2).

property, was to induce capital flights (Michelini, 1998, pp. 205-206) – an argument we have encountered in Chapter 3. While the broader fiscal reform was rejected, inheritance tax became progressive in 1902 – the first in Italian fiscal history, and just after France.

The previous year, a socialist independent scholar, Rignano (1901), published an ambitious book on ‘a socialism in accordance with liberal economics’ – the first statement of a proposal that was to dominate the European post-war debate on inheritance taxation. Rignano ‘framed his proposal in a critique of the capitalist system based upon the works of Achille Loria and Marx’, and ‘argued that the existing inheritance systems tended to perpetuate the deprivation of the working class and to confer an immortal character to the fortunes accumulated by the capitalist class’ (Erreygers and Di Bartolomeo, 2007, pp. 610-611). He acknowledged the powerful incentives to work and save provided by property rights, resulting in more rapid accumulation of capital than collectivism; still, the *conservation* of formed capital could be the responsibility of public authorities. The three principles on which Rignano’s ‘alternative property regime’ was based were: 1) the ultimate nationalisation of means of production; 2) the rapid de-cumulating of private fortune, to prevent large wealth inequality; 3) preserving stimuli to work and save. This led him to propose ‘to differentiate the right of bequest according to the “origin” or “age” of the property involved. (…) When a man dies, his possessions have to be split up into different parts according to the number of times a property had been transferred (by means of inheritance or gift) to reach its present state’ (Erreygers and Di Bartolomeo, 2007). The estate is thus divided in several parts: first, what had been personally accumulated and saved by the deceased (no previous transfer); the wealth inherited from people who had accumulated them personally, such as the deceased’s father’s own savings (1 transfer);

the wealth the father had inherited from his father (2 transfers), and so on. Progressivity was then applied on the number of transfers, rather than on the value: in Rignano's original proposal, rates would reach 100 percent in a limited number of transmissions.

Rignano's ideas, marking a radical break with the Italian tradition, went 'almost unnoticed in the first two decades of the century', when they got some recognition only in France (Maccabelli, 2007, p. 97-99). It was after the Great War, and the consequent change in attitudes towards taxation, that Rignano's work was translated and published in England and the US; while Rignano published himself modified and simplified versions of his work on the *Economic Journal*, Dalton advanced a simplified version of his ideas, to reform British death duties (Erreygers and Di Bartolomeo, 2007, pp. 621-630; Maccabelli, 2007, p. 99). In front of the radical alternative represented by Bolshevik Russia, Rignano could present his proposal as a pragmatic middling way, able to address the new inequalities created by the war, but also to avoid negative incentives on accumulation. He expressed similar ideas in a letter to Turati, published in January 1920 by the Socialist party's magazine, and republished together with the 'provisional draft' of law decree, and the critiques received by Italian scholars. Not surprisingly, Graziani contested Rignano's 'extra fiscal', 'socio-political' objectives (Rignano, 1920, pp. 46-52). For Einaudi (1919, pp. 162-165), Rignano's scheme presented so many practical difficulties 'to make it useless to discuss it': moreover, expressing a very conservative attitude on the matter, the economist criticised the very idea of contrasting 'the preservation of families and fortunes throughout following generations'; the proposal would 'accelerate the process of family dissolution, of annihilation of traditions, and conversions of men into nomads, living in rented houses or in hotels, holding securities, have international tastes and do not feel any attachment to the land where they were born and their parents and ancestors rest'.[138] Most critiques shared practical concerns, especially in terms of evasion; but the harshest – the only to which Rignano (1920, pp. 103-104) did not reply in amenable tones[139] – were those by Griziotti. Despite stressing the importance of inheritance taxation to halt the increase in wealth concentration, Griziotti (1921, pp. 42-43) had long been warning workers against the lures of 'demagogic finance' (that, as we have seen in Chapter 3, he would later see as contributing to the rise of Fascism). In any case, a Rignano-style proposal was included by Turati in the 'three-hour speech to the Italian Parliament in which he presented his reformist socialist program' in June 1920 (Erreygers and Di Bartolomeo, 2007, p. 605). The debate continued in Rignano's own journal, *Scientia*, where Gini – at the times, interested in the factorial distribution of fiscal burden between labour and capital (Gabbuti, 2019, p. 105) - supported a 'minimal' interpretation of the reform: while strongly opposing Rignano's political goals,[140] Gini urged 'to treat differently, with regard to taxation, revenues from labor and revenues from capital', on the principle that 'what is acquired by less effort can be disposed of with less pain', and for this reason discussed the technical aspects of the proposal (Erreygers and Di Bartolomeo, 2007, pp. 624-625). Finally, an interesting objection to Rignano, based on…gender equality, came from De Stefani (1921, pp. 118-119): given that 'the share of wealth coming from individual accumulation is arguably higher' for men, such progressivity 'would disproportionally hit women and those' (such as children) 'who do not contribute to increase social wealth, in the light of their natural condition'.

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[138] In January 1923, asking the new government to reform inheritance tax, Einaudi (1965, p. 9) was relieved that previous ones 'did not make it in time' to enact 'the latest, most disastrous proposal' of progressivity by the number of transfers.

[139] In 1919-1920, he very politely wrote to Einaudi himself; notably, he was unaware of what Pigou and Fisher had written on his proposal and ask Einaudi to 'lend me for 48 hours' their works: Archivio Einaudi, Corrispondenza, Rignano Eugenio, 1919-1920.

[140] Gini's sympathies for Fascism are well known - see, for instance, Favero (2004).

In the same period, Pantaleoni had violently opposed the redistributive policies of ‘Italian bolshevism’ – a term under which he comprised not only socialists, but also liberals, such as Giolitti and Nitti. In articles written in 1920 and 1921, he had repeatedly argued that wage increases and ‘political prices’ – of which ‘inequality (and its non-acceptance, the idea that equality can be achieved by low) is the most powerful cause’ – had ‘artificially altered the normal, Paretian curve of incomes’ (Pantaleoni, 1922, pp. 26-47). Few months later, as discussed in chapter 3, ‘Bolsheviks’ had been defeated, De Stefani had been appointed Finance Minister, and Pantaleoni worked as his main advisor, when drafted the paper arguing for the complete abolition of inheritance tax. From the first lines, Pantaleoni (1928, pp. 5-7) denounced inheritance taxation as the most ‘political’ (and socialist) of all taxes. Ironically quoting its supporters, Pantaleoni defined inheritance taxation ‘the by-product of modern democracy’ – something Fascism had no reason to imitate. Against the ‘ethical-political’ motivations, Pantaleoni stressed the ‘fundamental economic consideration’ against succession duties – that it is ‘a tax that destroys capital’ (Pantaleoni, 1928, pp. 12-13). ‘Rich countries, like England’ could afford the ‘luxury’ of destroying part of their assets ‘to give some political satisfaction to the Labour Party’; Italy was instead a labour-abundant, capital-scarce country. For Pantaleoni (1928, p. 15), inheritance taxation is either black or white: one can allow it, accepting socialist thinking, or deny it completely, adhering to the *mentalità quiritaria* mentioned in Chapter 3. Under this view, ‘estates are not income (and thus, taxable) but capital, coming from restrain from consumption; it is the product of selective inequality, a feature of *quiritario* system, according to which it is the source of social progress’. Negating the possibility of identifying wealth ‘due to circumstances’ (*congiuntura*) from the one coming from ‘personal effort’, Pantaleoni assumed an extremely provocative, radical position: any similar attempt would ‘undermine all the productive system as illegal, because no productive act is independent from circumstances. Circumstances distribute health and physical strength among men; talent and genius; moral and immoral qualities, in agriculture, circumstances depend on season, in industry from that and thousands of cases in the global market. Circumstances concur in making the history of nations and had determined their geographical location. There is no proportion, as a fact, between labour and return, because the latter depends on many variables, of which labour is just one. Every generation inherits, by circumstances, the Fatherland, its traditions, its civilisation, its organisation (…). Where is merit?’ (Pantaleoni, 1928, pp. 16-17). As will be discussed in the next section, the radical opposition to inheritance (and any progressive) tax derived from Pantaleoni’s extreme ideas in terms of ‘equality of starting positions’.

Published in the same year, Einaudi (1928) seems however unaware of Pantaleoni’s article – probably the only, really interesting theoretical contribution on inheritance taxation after Rignano. In this almost forgotten contribution to a German *festschrift*, Einaudi assumed a more impartial stance, and argued that both Rignano and De Stefani’s ideas ‘converge[d] towards the same objective’ (fostering capital accumulation), thus omitting the redistributive motivation behind Rignano’s proposal. In fact, the only Italian economists who seriously discussed the abolition theoretical ground was the aforementioned student of Griziotti’s. Pugliese (1926) started from the consideration that, in the light of some new taxes imposed by the government, the abolition of inheritance tax had probably been unwise. He then approached the arguments raised in MEF (1923) (clearly borrowed from Pantaleoni, 1928) first, by dismissing as ‘superfluous’ any critique to ‘such a badly and inappropriately invoked concept, such as quiritarian law’ – a ‘feudal’, pre-modern concept applied in societies with large families and no taxes at all. More serious were the 'economic arguments', on potential capital flights, tax evasion, territorial equity, and the scarce amount of revenues lost by the state; but these arguments would imply that ' any tax on capital income is harmful, because any similar tax induces capital flights, is not remunerative when badly administered, and evaded if poorly designed and grievous'. What mattered was *moderation* – and he stressed that supporting inheritance taxation did not imply 'defending the confiscatory tax of 1920' (Pugliese, 1926, p. 193-194). Indeed, from De Stefani's speeches, Pugliese inferred that his underlying rationale was 'an unconfessed (…) aversion to any capital tax', based on 'Ricardo's classic objection that inheritance tax *undermines capital accumulation*'.

3. Starting Positions and Equality of Opportunity

Given that the starting point of one generation is the end of the previous one, philosophers and economists – such as Rawls or Sen – who discuss 'equality of opportunity' also deal with the acceptable degree to which the past should matter in determining present opportunities (Ferreira and Peragine, 2015). In philosophical terms, the birth of the concept is generally associated with enlightening and the French revolution (Maccabelli, 2012); its history in economics seems overlooked, as if the issue attracted economists' interest only recently.[141] However, the concept must have been debated, if authors such as Pantaleoni and Einaudi, as will be discussed in this section, addressed the 'well-known' theory of 'the equality of starting points', without the need of explicit references; in his infamous pamphlet on 'equality', the British economic historian Tawney (1931, pp. 100-103) considered 'equality of opportunity' nothing less than the 'lightning-conductor' of his times. Published in the same year of Rignano (1901) and of the debate on the fiscal reform, Pantaleoni (1901) must be understood in

[141] An exception is the discussion of 'liberal socialist' authors in Maccabelli (2007).

the context of a widely discussed 'ideology', that as argued by Tawney (1931), 'was formulated as a lever to overthrow legal inequality and juristic privilege, and from its infancy it has been presented in negative, rather than positive terms'. Pantaleoni's contribution, however, rightfully deserved to be considered 'one of the most irreverent and destructive analysis ever proposed of the concept of equality of starting points' (Maccabelli, 2012, p. 174), somehow anticipating later reflections by Hayek (1976).[142]

Pantaleoni started from the metaphor of a horse race: if horses have 'been lined up on a line whose points are all equidistant from the *goal*', then 'they have initial starting positions, with respect to the *distance* from the starting point to the goal'. This equality 'is *in the will* of the judges': out of the metaphor, the state can create such equality by law. This, however, does not take into account several facts: the way in which horses had been fed, trained, or the parental match operated by the breeder. Moreover, Pantaleoni argues, in economic life, one cannot find fixed, predetermined ends. With the same 'relativist' reasoning of the later discussion of 'circumstances, 'the end (…) was achieved wealth, now is misery. It was honour and glory (…) now is the opposite. (…). Mental and physical qualities, once useful, become hopeless'. It is 'of great importance', for Pantaleoni, to know whether factors that public intervention could modify 'are or not relevant, with respect to the invariable ones'. The answer lied the scope of the paper, but Pantaleoni referred to 'Pareto's theory on the shape of income curve', proving that 'even the most profound, artificial alteration of initial positions is irrelevant', determining the 'general inefficiency' of any intervention (Faucci, 2014, p. 133). This was particularly true for inheritance tax, defined by

[142] Notably, Hayek (1976, p. 331) mentions twice one of the first essays of Pantaleoni (1925), where he already stressed the 'general problem of remuneration according to merit'.

Pantaleoni (1928, pp. 6-7) an attempt of ‘levelling every citizen’s initial economic position’ and ‘*achieving initial de facto equality*’.

The 1901 paper attracted the admiration of contemporaries, and was included in several collections of his writings, but somehow surprisingly, historians have not paid great attention to its distributive implications.[143] An exception is Mosca (2015, p. 31), who also stressed the importance of a comprehensive assessment of Pantaleoni’s work, without distinguishing between an earlier, more academically productive period, and the later involvement in politics. Indeed, Pantaleoni’s ‘anti-socialists criticisms are all evidently based on a theorical, economic structure’ (Mosca, 2015, p. 34), and the same holds true for his active involvement in politics; it is therefore interesting to reconstruct the intellectual background of these positions, that were to influence later Italian scholars (Maccabelli, 2008a; 2012). The notion of ‘initial positions’ first occurred in his late-1890s writings (now collected in Pantaleoni, 1904), and an interesting angle on their genesis is offered by Gangemi (1939). The former collaborator of De Stefani, in his new role of librarian of the Ministry of Finance, reordered Pantaleoni’s books. Looking at the annotations on books margins (‘that must be dated between 1887 and 1894’), Gangemi (1939, pp. 33-35) noted that ‘Pantaleoni was much into the issue of distribution around 1890’.[144] Notably, for Pantaleoni (1922), ‘the only distributive process that does not consist of and result in production is inheritance, that for this reason attracts the appetite of smart Bolshevik writers such as Eugenio Rignano’. Gangemi reports Pantaleoni’s sympathetic annotations on economists discussing

[143] Augello and Michelini (1997, p. 133) and Michelini (1997, p. 115) mention it as a step in Pantaleoni’s detachment from Pareto’s general equilibrium, towards a theory of ‘economic dynamics’.
[144] Pantaleoni observed that ‘looking for the reason of distribution in value phenomena’ was going to ‘unintentionally give Marx a weapon’: distribution must be ‘studied in the technical process of production’, in the context of ‘marginal productivity theory’ (Gangemi, 1939, p. 36-37) – an issue that was to return in later writings, when Pantaleoni (1922, pp. 189-195) strongly denied any distinction between ‘production and distribution’, contrary to authors such as Mill and Walras (Maccabelli, 2007, pp. 81-188).

'attrition', such as theorists of so-called 'non-competing groups', who show that the classic assumption of 'perfect mobility of labour and capital, and perfect competition' are partly violated, something that 'must be noted when explaining the theory of marginal productivity'. As will be discussed below, the issue was later elaborated by Benini, according to which this 'different capacity to resist contracts' had to become central in economics: on the contrary, noted Gangemi (1939, p. 40), Pantaleoni's 'way out … is already clear. Economic science must discard those problems that, if approached with its own tools, end out without solution'. So, while in private he annotated that 'major sources of attrition are the starting positions of individuals, the historical and social conditions, the strength relationship between social classes' (Gangemi, 1939, p. 37), in public he stressed that economics should be limited exclusively to 'economic phenomena' – that is, 'relationships that must take place according to a presumption of equality among sides, presumption that holds even where initial positions, the *starts* are not equal' (Pantaleoni, 1904, p. 45).[145] The point was stressed most authoritatively on the *Economic Journal*, where he stressed that compared to 'sociology' and 'socialism', that see 'struggle' between agents who are 'strong' or 'weak' according to their initial positions, 'the mind of economists appears to be singularly narrow' (Pantaleoni, 1898, p. 183-184): 'To speak of "distribution of wealth" and then practically limit discussions, as economists mostly do, to phenomena of exchange, and not see inheritance, not see laws on property and its transfer, not see the many forms of remnant status and newly grown status, not see war, and taxation, and theft, and cheating, is this not simply vitiating the whole argument in such a way as to allow us to construct upon it whatever arbitrary theory we like?'. The reason for such a 'narrow' approach, however, is that 'interpersonal comparison cannot be made in

[145] 'Starts' is in English (and italics) in the original.

economics, since there is no bridge between the utility evaluation made by A and that made by B (all individuals are their own best judge)': diversity in initial positions is indefinable, and the only way to define 'strong' and 'weak' in economics is 'indirectly, namely, through reference to the consumer's surplus; all consumers who maximize their own surplus are "strong"' (Faucci, 2014, p. 134). While the 1898 paper does not focus on inequality, the implications are evident: first, Pantaleoni (1898, p. 201) see different criteria ('anthropological, moral, aesthetic') for defining their strength, producing inconsistent rankings.[146] Moreover, 'strength and weakness need, for their definition, a *secundum quid*': here, Pantaleoni makes the interesting example of China, that in comparison to Europeans at his times 'most people would consider the weak' – a judgement that would be very different considering a longer time span, as we can appreciate today. Anticipating the aforementioned discussion in Pantaleoni (1901),[147] 'the historical case is further complicated by the fact, that there is not one session of examinations, but a series, and that candidates must live, up to the remoter terms; and, besides, that victory of the first terms, partially determines the conditions in which the struggle, when the later terms come, will take place' (Pantaleoni, 1898, p. 202). While, as discussed by Michelini (1998, pp. 187-188), at the turn of the century Pantaleoni was still willing to collaborate with 'reasonable socialists' (who supported his successful MP run in 1900), the theoretical premises for his opposition to redistribution (and especially inheritance tax) were already well settled. In a conference at Venice *La Fenice*, Pantaleoni (1909, pp. 9-10) attributed to 'collectivism' the aim of 'reducing the distance between initial conditions way more than in the individualistic regime', to the point of equality of initial and final positions'). Collectivism could be democratic, and was a

[146] A point that came back in Pantaleoni (1922, p. 29): 'categorising a society by income (…) reflects only one of the elements that constitutes the overall diversity of initial positions'.
[147] Notably, Pantaleoni (1904) reprints these two essays one after the other.

legitimate political position, but mostly ‘artificial’, rather than the ‘spontaneous’ product of competition and evolution; for Pantaleoni, by hampering competition, and ‘lowering the remuneration of the worthy to the one of the unworthy’, reduced the incentive of the first – and, thus, overall wellbeing. Still, in a 1913 prolusion on ‘the definition of economics’, chosen to open his last collection of writings, he stressed that for him ‘economic science’ was ‘totally identified with the *Theory of value*’. The similar definition of economics as ‘theory of general equilibrium’ is ‘more limited’, because describes ‘only the result’ of human actions, ‘overlooking the causes’: general equilibrium has a ‘gap’, in the fact ‘it says nothing on initial quantity and distribution of goods, nor of tastes’ (Pantaleoni, 1925, pp. 1-4).

This discussion of Pantaleoni’s views allows us to appreciate the full extent of Rignano’s ‘overall palingenetic project’, generally ‘overlooked’ by those considering only the technicalities of his tax proposal (Maccabelli, 2007, pp. 89-90). As stressed by Francisci Gerbino (1925, p. 236), ‘Rignano thinks that inheritance is the main cause of maintaining the division of society into the two opposite classes of holders of capital and workers without the implements indispensable for their work, and that this is contrary to nature, because, by placing individuals in initial different conditions in the struggle for life, it causes the survival, not of the fittest, but of those who are artificially less inured to conflict’. While the contrast was fundamentally ideological, impossible to be solved with technical arguments, Pantaleoni frequently supported his view with the empirical regularity ‘discovered’ by Pareto – even though he presented it as preliminary, to be confirmed by further evidence (Pantaleoni, 1901, pp. 352-353; 1925, p. 4). In fact, Pareto’s results and interpretation were soon contested (Gabbuti, 2020a, p. 439); together with empirical attempts of testing the transmission of status, discussed in section 5, Italian applied economists and statisticians often addressed the issue of equality of starting points. Costantino Bresciani Turroni, author of the infamous work on Weimar hyperinflation, argued that inequality did not come from ‘human nature’, but rather ‘from the organisation of our society’, and in particular, precisely from ‘the institution of inheritance’. Contrary to Pareto and Pantaleoni, Bresciani Turroni considered the role of ‘starting positions’ as very important, concluding that radically different societies (such as socialism) would result in different distributions (Maccabelli, 2004, pp. 208-210).

Within the economic debate on ‘corporatist economics’ that took place in Italy around the Great Depression (Faucci, 2014, pp. 187-191), the centrality of initial position had been advocated by at least two singular figures: the statistician Rodolfo Benini - together with Pareto, a pioneer of modern inequality measurement (Maccabelli, 2008a; Gabbuti, 2019; 2020a) - and Massimo Fovel, whose reflections on corporatism and distribution had attracted some interest by a reviewer such as John Hicks (1930). An eclectic scholar of public finance (Manzalini, 2018), Fovel discussed the issue of starting points in relationship with political regimes. First, writing on the Fascist journal *Critica Fascista*, Fovel (1928) criticised liberalism, adopting very similar concepts to those developed by Pantaleoni: for Fovel (who mentioned the ‘economics of non-competing groups’), the ‘individualistic general equilibrium’ and the opposite ‘statist equilibrium’, were based on assumptions of ‘given initial positions’. Equally, in the political realm, ‘liberalism’ was one of the possible ‘political starting position’, together with collectivism and ‘corporatism – that is, the sum of new initial positions created by law, jurisprudence, the will of a party’ (Fovel, 1928, p. 347). The issue was later developed, especially in Fovel (1931, p. 85-86): discussing the problem of achieving the ‘maximum collective wellbeing’ under ‘freedom of choice’, Fovel argued that the ‘perfect solution’ reached by economists was ‘naturally based on the acceptance of the premises', that is: perfect knowledge of initial position; of tastes and constraints; and freedom of choices within a time interval. It suffices to negate just one of these premises to 'take down all the castle'; precisely what had been done by 'those who denied the notion of "initial position", replacing it with a continuous flux of indivisible economic activity' - a clear reference to Pantaleoni (1901).

In the same years, Benini (1929, 1930a) – that as will be discussed in section 5, had a long history of empirical work and reflections on the relationship between inheritance and income distributions – entered the corporatist debate arguing that the study of 'more or less advanced initial positions' was to be made 'the very first chapter' of a new economic science, founded on a radically inductive, quantitative basis. Economics had in fact been so far 'half a science', for the choice of focusing only on what he defined as the 'application points', ignoring the way in which that initial distribution had been determined by inheritance and institutions (precisely the kind of 'historical enquiry' Pantaleoni considered outside the dominion of economics). In a further article, Benini (1930b) stressed that these initial conditions translated into different 'resistance capacity'. Even within the marginalist framework, introducing inequality was necessary to fully understand how observed equilibria had been reached – something he will then stress in his 1936 textbook of political economy (Maccabelli, 2008a, pp. 120-126). From the terminology, Benini clearly drew on Pantaleoni (1901) (Maccabelli, 2008a), but also on 'Cairnes' theory of *non-competing groups*', mentioned in Pantaleoni's annotations (Gangemi, 1939, p. 39). John Elliot Cairnes – mentioned, together with Mill and Marshall, in Chessa's (1912, pp. 3-31) rich survey of 'qualitative theories' of inheritance of profession - wrote in 1874 that within the labour market one could find 'not a whole population competing indiscriminately for all occupations, but a series of industrial layers, superposed on one another, within each of which the various candidates for employment possess a real and effective power of selection, while those occupying the several strata are, for all purposes of effective competition, practically isolated from each other'.[148] According to Gangemi (1939), non-competing groups were 'a fundamental basis for corporatist economics', that had found its 'logic and clear development' in Benini's recent textbook; somehow surprisingly, the strong advocate of the 1923 abolition of inheritance tax supported an author accused of 'Marxism' by corporatist economists (including Fovel): while such allegations were clearly exaggerations, Benini expressed his hope that, in a foreseeable future, 'the assumption of wealth inequality' would become one of the premises of economic theory (Maccabelli, 2008a, pp. 126-128).

Discussing Benini's views on starting positions, Maccabelli (2008a, pp. 112-120) noted they were completely ignored by Einaudi, despite the economist had entered the debate to reply against the statistician's defence of state intervention. Indeed, Einaudi's (1949) statement on the importance of equality of starting points, infamously calling for a strong inheritance tax, able to 'mow down', at death, all individual fortunes, apart for allowances of spouses and offspring's needs, was a late conversion, that impressed some of his colleagues (Maccabelli, 2012, p. 182). First, Einaudi had opposed Rignano's arguments even after the abolition of the tax, with words that, as those reported in section 2, revealed a 'social philosophy' in 'total opposition to the principle of equality in starting points' (Maccabelli, 2012, pp. 176-177). Maccabelli also noted that the 1940s conversion was still 'troubled', and advanced serious 'historiographical concerns on the recent interpretations of Einaudi as an advocate of equality in starting points'; while changing his approach, Einaudi never reached the

[148] Quoted in Caldari (2006, pp. 330-331), who also discusses Marshall's views on non-competing groups.

point of ‘championing a society organised according to the principle of equality of starting points’ (Maccabelli, 2012, p. 172). In the chapter, written in 1944 during his Swiss exile, Einaudi (1949, pp. 241-250) argued that there are no effective arguments against an *ex-ante* egalitarian redistribution of resources, what would make possible for markets to tend towards a meritocratic *ex post* distribution; this form of redistribution would not entail the downsides of equality in final positions. However, the statement is followed by clarifications that limit its general validity, rather emphasising its limitations and unintended, negative consequences. In practice, while the unfairness of the distribution of opportunities is greatly exaggerated, the ‘leveller tax’ just advocated as a matter of principle, would encounter many complications in order to be applied. Moreover, Einaudi still described a ‘society organised around the principle of equality in starting points’ in ‘absolutely dismal, dark’ tones (Maccabelli, 2012, pp. 179-180), revealing a radical, moral opposition to the idea.[149] As argued by Forte (2009, pp. 113-114), Einaudi seems often to argue for some guaranteed ‘vital minimum’; while arguing for some reduction in the inequality of starting points (especially in terms of human capital, and the abolition of entry restrictions in professions and economic activity), including some taxation of the wealthiest (*tagliare le punte*), he did not ‘juxtapose an autonomous principle of justice’ to the one of freedom. Rather than Rawls, Einaudi’s ideal resembles Popper’ ‘open society’ (Forte, 2009, pp. 215-216). If one adopts Roemer’s (2000, p. 1) classification, Einaudi never really argued in favour of ‘levelling the playing field’, although placing himself somehow ‘at the left’ of those simply arguing for ‘a mere principle of ‘non-discrimination’.

[149] ‘A society, in which really, the book of life had to restart from each generation, would be an inferno of men wildly fighting against each other for primacy, or a phalanstery or monastery ruled by Mandarins. (…) You’d get a society of bureaucrats, the opposite of a society of free men, bond by strong ties of family and place’.

From the specific perspective of this survey, it is also worth noting Einaudi's dismissal of the 'empirical' importance of equality of starting point: 'it would be useful if its supporters would not expose it often only in terms that sound too much a rhetorical exaggeration to be able to get the real truth. The comparison between a dumb 'daddy's boy' [*figlio di papà*], taking up the most profitable jobs, and the 'unacknowledged genius', living a miserable life in obscure occupations because he had the misfortune to be born from poor parents, sounds impressive in the tribune's mouth on in the famous novelist's pages; but which statisticians could ever measure the frequency of that? (…) Are there any studies on the greater or lower frequency of *self-made men*,[150] of men coming up from nowhere, and reaching leading positions?' (Einaudi, 1949, pp. 247-248). Somehow surprisingly, an erudite scholar like Einaudi overlooked the existing (although far from conclusive, as discussed below) literature on the matter, and stated that 'judging by first impressions, … in every country and in every field of political, religious, intellectual, artistic, and economic life, the *homines novi* are the majority of the accomplished'. Further light on Einaudi's views on the matter is given by the private correspondence with Ernesto Rossi (the liberal, anti-fascist economists, mentioned in previous chapters), in the months before writing the *Lezioni*. In a letter dated February 23, 1942, discussing education, Einaudi observed the increase in the number of students, especially those 'not wealthy', in a 'stationary' population: his impression was that, in 1942 Italy, 'if one deserves, he succeeds'; further 'encouragements' would hardly be needed - the state should just let people choose how much they want to study, providing them with good schools and teachers, serious and rigorous examinations, and scholarships for the deserving poor (Einaudi and Rossi, 1988, p. 90). The same letter anticipated, more explicitly, his 'quantitative' beliefs: 'Let's be suspicious of statistical

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[150] English in the original.

figures and clichés [*discorsi fatti*]. If we look around, *between the people we know*, there is a continuous up and down [*sali e scendi*]. In my village, almost all wealthy people are *homines novi*' (Einaudi and Rossi, 1988, p. 92). On July 10th, we find also the critique to the 'Mandarin' bureaucrats mentioned in footnote 149: this time, Einaudi also listed 'the professors, statisticians, wise men, academics' (Einaudi and Rossi, 1988, pp. 98-100), suggesting that he must have known some of the empirical works on the matter. In his replies, Rossi stressed that Einaudi 'seems not to be aware' of the many constraints already limiting human action ('that you represent as free, spontaneous'), stressing, as Tawney, the difference between a negative and more positive approach to the issue of equality of starting points. In a radical critique to the kind of 'narrow' economic analysis advocated by Pantaleoni, in December Rossi stressed that 'customers do not pay what they want, but what they can pay, in relation with the level of their income and with the other needs reclaiming satisfaction. Saying: "everyone does as he pleases", when there are many without enough money to pay for basic necessities, could sounds as an offense. Equalizing the marginal evaluation on the market does not mean in any sense equalization of vital importance of the outcomes that could be obtained with alternative consumption. If people breed Pekinese pets instead of pigs, or orchids rather than potatoes, does not simply depend on consumers' tastes, but on unequal distribution of social income. And if one does not keep this in consideration, rather than amending the 'fault of consumers' democracy', contributes to exacerbates it, and give some reason to those who accuse economists of being the defenders of wealthy classes (Einaudi and Rossi, 1988, pp. 108-110).

The correspondence will soon be interrupted – in 1943, Italy signed the armistice with the Allied forces; after Nazi occupied the North, both Rossi and Einaudi fled to Switzerland, where Einaudi wrote his text. It will take some more time – January

1945, just few days after his appointment as Governor of the Bank of Italy – for him to confess to his diary that he 'adhere[d] to Rignano system' (Einaudi, 1993, p. 60); few months later, taking service as President of the Republic, Einaudi stressed that the new Constitution 'guarantees to all people, whatever may be the circumstances of their birth, the greatest possible equality of starting points'. In the light of the evolution of his thought, it seems reasonable to consider, in line with Forte (2009, p. ix), these late-1940s statements as born in a 'particular moment', in which more redistributive but still moderate solutions could be advanced.

4. 'Circulation of Aristocracies' in the Elitist Literature

A third group of thinkers who contributed to the Italian debate on 'social mobility' is the so-called 'Italian elitist school'. It attracted abundant attention from scholars, but was mainly discussed by political scientists, not necessarily interested in its social mobility aspects. Sorokin (1927) himself, however, considered political mobility as one of the dominions of social mobility (together with professional and economic), and referred fourteen times to both Pareto and Robert Michels.[151] While economists mostly recall his 'law of incomes' (Persky, 1992), Pareto had in fact engaged extensively with the movement of individuals within that curve, and considered 'circulation of aristocracies', or élites, an essential component of the 'determination of social equilibrium' (Pareto, 1906, pp. 102-103). A very useful summary of his views comes from a student of Gini, who devoted an essay to a comparison of 'two modern Italian theories that tried to give a scientific explanation' to 'social change' – a phenomenon that 'is assuming great importance, especially in current times' (Levi della Vida, 1935, p. 1). Pareto first discussed the issue in the

[151] German-born sociologist, Michels moved to Italy, where he wrote many of his important elitist contribution in Italian and is traditionally included in the 'Italian' school of elitism alongside Pareto and Gaetano Mosca.

Systèmes socialistes (1902), and *Manuale di economia politica* (1906), before systematising it in the *Trattato di sociologia generale* (1916). Pareto's starting point was 'social heterogeneity': human societies are formed by 'physically, morally and intellectually different individuals' who constitute many, almost indistinguishable classes. For the sake of simplicity, Pareto discussed two groups – the inferior and the 'superior', in turn divided between those ruling and those not. In all societies, even pre-industrial ones, there is a natural process of 'degeneration' of the élite group, in which, as stressed by Levi della Vida (1935), demography plays no role, contrary to the view of Gini and other contemporaries; 'in the absence of obstacles to circulation, the superior class will be repopulated by members of the inferior class, able to rule' – and this selection happened, depending on the societies, by 'achieving wealth', 'military success', 'political ability', or 'literary success' as in China (Pareto, 1902, p. 163). Pareto's concept of social mobility was 'radically different' from those held by most of the 19th-century 'anthroposociological' authors: 'The idea that individuals coming from the "lower" ranks can contaminate the aristocracies was turned upside down by Pareto. If there were not this "turnover," society would be destined to perish. It is precisely the subjects coming from the lower classes that allow the social system to continually renew itself' (Maccabelli, 2008b, p. 506). In this sense, Pareto agreed with Gini in seeing circulation among classes as a positive factor (Levi della Vida, 1935, p. 26).

Pareto's starting point was the observation that historically, élites had constantly fell and disappeared. Contrary to Marx, Pareto focused on the 'middling parts' of the distribution, where 'elected' working class members were naturally selected to move 'upwards' and replace 'inferior' descendants of incumbent élites. As noted by Levi della Vida (1935, p. 16), Pareto did not elaborate on the normal functioning of social change, but rather on its anomalies: for him, whenever circulation from the strata was impeded –

for instance, because an entrenched élites prevented talented people from moving upward along the distribution - 'social equilibrium gets extremely unstable, and a violent revolution is imminent' (Pareto, 1906). The idea clearly echoed in De Stefani's (1921) electoral speeches, that portrayed Italian political elites as 'oysters' holding on the rocks, as well as the popular antiparliamentary rhetoric of the times. Sorokin (1942, pp. 111-116) also suggested a link between economic mobility and political outcomes, but for him, the causation process was the opposite: as 'any large-scale calamity', wars and revolutions created 'many vacancies in the various strata of the society', 'by destroying a considerable proportion of the population'. Therefore, while for Pareto revolutions were explained by periods of unusually low mobility, for Sorokin they triggered periods of exceptionally high mobility: after some time, this movement needed to be redressed by 'reverse circulation', when the 'many persons' who ended up 'occupy[ing] very responsible positions whose duties they are incapable of adequately discharging' must be replaced by the most qualified among the 'depressed upper and middle classes'. Pareto would rather agree with Goldthorpe (1992, p. 127) that social mobility 'performs important legitimizing and stabilizing functions' on political regimes.[152]

Pareto himself considered these issues to belong to the field of sociology:[153] not surprisingly, after his death, most of his 'school' focused on other lines of research in economics, even though 'the composition of different social classes and their relationship with political elite' was discussed with reference to public finance, interpreted as 'a process of redistribution between individuals or groups' (Pomini,

[152] Interestingly, Pantaleoni (1922, p. 36) discussed a rather peculiar case of short-term 'ascension of social class' motivated by political factors: the imposition of 'political prices' (such as the one on bread discussed in chapter 2), that he saw as 'a tool to simultaneously move a whole class one step upward', while normally upward class mobility was 'an individual phenomenon'.
[153] Contrary to Pantaleoni, Pareto never resolved the contradiction between economic equilibrium and these 'struggles' (Michelini, 1997, pp. 114-116).

2017). Still, Tusset (2018, pp. 65-86) recently surveyed some authors who continued the line of 'mathematical' research opened by his 'law' of income distributions. These authors, part of a more mathematical, 'abstract' approach to the distribution of income, gave it a dynamic representation: for instance, the mathematician Guido Castelnuovo, after interpreting income distribution in probabilistic terms, developed an analogy with theories regarding gas distributions, and concluded that 'the initial conditions did not matter because the causes influencing the formation of income groups were so numerous that the final distribution, or equilibrium, could not be referred to the initial one' (Tusset, 2018, pp. 70-71).

Way more pragmatic, and political, was the approach of another 'elitist'. Michels paid great attention to the issue of social mobility: as recently argued by Ventura (forthcoming), the sociologist was particularly concerned with a sub-group of the intellectual class – those 'who do not find a satisfactory place in the social order are retrospectively *déclassés*: they have been lost to their class of origin (birth); and prospectively *spostati* (dislodged): they have not proved their ability to win good jobs' (Michels, 1932). From 'the standpoint of the political state', these groups had a very opposite nature: while the first 'are always ready because of class egotism and personal selfishness to defend the state which feeds them', the latter provided revolutionary parties with their most active and radical agitators. As discussed by Barbagli (1974), 'intellectual unemployment' and its consequence for political stability was a serious concern of Italian elites since the Liberal period, and as reconstructed by Ventura, the issue originated in Michels involvement in debates within the left on whether this group (that experience either downward mobility, or frustrated expectations of upward mobility) was to be considered a truly revolutionary force. It was much later, however, that Michels (1936) – now supporter of the Fascist regime - discussed the 'social and intellectual movements in the post-war period'. According to Ventura, the volume is influenced by 'the most recent developments in American and German sociology'; indeed, Michels constantly referred to German, as well as Swedish and Hungarian studies on university students' social mobility: for him, 'the role of university in the history of upward mobility of social classes is very important' (Michels, 1936, p. 41); while lamenting the absence of suitable data for Italy, Michels (1936, p. 73) noted that the number of students coming from the working class or small rural ownership was 'scarce' ('in the light of my long practice of teaching in Italian universities', and after running a small 'private survey' among his students). For Michels, the recruiting process of 'traditional faculties' was 'evidently endogenous in character': in this matter, 'Italy probably resembles more 1871 than today's Germany'. This phenomenon had a positive impact on the quality of Italian professionals, but inhibited upward mobility, preventing the chance 'for valuable men to emerge' professionally, as it had been the case, politically, 'with Fascism' (Michels, 1936, p. 75). According to Michels, Fascism did not discriminate between classes, and politically, 'represented an irreparable break that hit the liberal strata of ruling bourgeoisie', all removed by their places; the same could not be said, however, 'on the economic side', where the social structure was similar, despite 'infinite individual movements' had occurred, and 'without doubt' Fascism acted as a factor of upward mobility for 'many members of petit bourgeoisie', as testified by the lower social class and educational achievements of his leaders (Michels, 1936, pp. 134-136). After an accurate survey of empirical works, Michels (1936, p. 150) tried to reach a 'political synthesis': in the 'bourgeois system', changes of social classes depended on 'three fundamental causes': the 'objective' demand of human capital from the economy; the fertility of different social classes; but also, the 'upward dynamics' – that is, human effort to 'improve their fate and climb the social ladder'. Available statistical evidence convinced Michels (1936, p. 153) that the 'upward stream from modest and middle classes to the wealthy and ruling classes' was stronger than the downward flow; moreover, 'those falling down' normally 'stopped at some intermediate step, without reaching the bottom of the ladder' (manual labour).

5. 'Social Change' and the Birth of an Idiosyncrasy

Alongside more theoretical contributions, Italian statisticians – at the forefront of what coeval economists saw as a new, 'inductive economics', to provide a 'statistical complement of pure economics' – had been carried on empirical work in order to investigate the various concepts of 'mobility' discussed in this chapter. From their earlier contributions, authors such as Benini and Bresciani considered separately the distribution of wealth and income, and tried to approach their dynamic relationship, and its effect on intergenerational mobility (Gabbuti, 2020a). In particular, Benini estimated a 'coefficient of inherited incomes', the ratio between the private wealth transmitted and the total income earned. In one of the very first Italian contributions to the modern literature on inequality measurement, Benini (1894, p. 869) concluded that 'income increased by a geometrical progression of factor 2, while inheritance of 3'. As discussed above, these dynamic aspects of inequalities were to remain a lasting interest in his research agenda. In Benini (1906, p. 332), this 'empirical law' in interpreted less mathematically, with clear references to Cairnes: 'Statistics, although conjectural, supports the common view. Lower classes, lacking sufficient wealth to access remunerative professions requiring long, expensive training, work from young age – they earn soon their life, but do not earn much more than what they need. Relatively upper classes start earning later in life, but more than proportionally. Because of their greater or lower wealth, different social groups constitute non-competing groups when selecting professions – or rather, competition is easy from upper to lower strata, but hard the other way round'.

Many authors, including Michels (1936, p. 82), mentioned Benini's results regarding 'wedding homogamy', that pointed at assortative mating as another, strong force against social mobility. Interestingly, Benini (1906, 245-246) stressed that his results could depend on what we would define an omitted variable problem: 'the examined characteristics explain an influence, that is not entirely their own, but rather, partly due to other affinity characteristics, hided, so to speak, behind them. So illiterate men most of times choose their spouse within illiterate women, but not because of illiteracy; but rather, because behind that semblance or manifestation exist way other common characteristics: similarity in economic, professional conditions, neighborhood relationships, and so on. (…) One would need quite specialized statistical figures to isolate the precise share of influence accrued by individual characters, and the several combinations between them'. The reconstruction of the relationship between Benini and the contemporary 'non-competing groups' literature – as well as the empirical work carried on by other European scholars[154] – goes far beyond the scope of this contribution but could be an interesting chapter of the largely unwritten global intellectual history of inequality. For sure, the 'index of attraction' developed by Benini to explore assortative mating was favourably quoted, among others, by Lipset and Bendix (1959, p. 27) in what is considered the start of 'modern' sociological analysis of social mobility.[155]

[154] For instance, Chessa (1912, pp. 6-8) reports how in the same 1906 the German economist Karl Bücher had reached the very similar conclusion that is family income to determine profession, and not the other way round.
[155] See also Jones (1985), and the literature surveyed in Ammassari (1977).

At this point, Chessa (1912) – the only pre-WWII contribution to this field, according to Italian sociologists – might appear less pioneering; by its times, however, it was an impressive contribution. Chessa analyzed the transmission of professions from the most heterogeneous sources (such as the British *Who's Who*). In opposition to the surveys carried on independently by other scholars, Chessa stressed that mobility had to be analyzed by means of large samples, given its variability across time, place and profession (Mulè, 1992). In line with Sorokin, Chessa identified growing social mobility as a long-run feature of modern societies: 'industrial progress and the development of division of labour break down the old professional and social classes', making it harder 'to inherit professions from fathers to sons'. Indeed, the upward movement of lower classes was a separate, independent phenomenon from the hereditary transmission of some professions. Methodologically, he combined the indices devised by Gini and Benini, into a new 'synthetic index'. All in all, also for Chessa upward mobility was stronger than downward mobility, and the tendency was to even more social change, given that the role of inherited traits declined with economic development, compared to the importance of acquired skills.

Among the authors carrying on empirical work on estates we can also find, as mentioned, De Stefani (1921, pp. 3-4), who in a book largely based on French material aimed at discussing 'How does inheritance affect wealth distribution? Which are the effects of persistence, among some families, some groups, of the economic dominion, due to the transmission of goods from fathers to sons and to nephews? How many, among us, join this dominion, that is not simply a dominion of man on things, but rather, a dominion of man on other men? Isn't the will of the rich affecting the whole society – from politics to law; in the production; in labour's conditions?'.[156] In this work, De Stefani tried to investigate the ways in which inheritance influenced the distribution of wealth, as well as to infer its trend, showing eclectic influences by authors such as Pareto, Pantaleoni and Gini, along with racist theories from anthroposociology. The result was not always consistent: for instance, at page 8 he seemed to hint at Pareto's law, by stressing that across generations, the 'initial distribution of wealth' is maintained, with people changing position within groups of constant size, while later, he discussed both the relative increase in the number of 'middle' estates (p. 24), and advanced the idea that the present wealth inequality represented an absolute, and 'demographic-economic-industrial concentration will possibly appear to the future historian as the most salient feature of our times' (p. 161).[157]

Where De Stefani (1921) was more consistent is in rebutting Gini's demographic (and after all, biological) theory of social change. As Pareto, Gini had come to study income and wealth distribution from a concern related to 'social mobility' (Gabbuti, 2020a, p. 440). In his first works on the measurement of inequality, Gini (1909) was concerned with 'differential reproduction among social classes'; an issue that 'had by that time solicited the attention of a vast array of authors', but 'Gini ha[d] the merit of demonstrating the phenomenon by means of wide statistical analysis' (Levi della Vida, 1935, p. 9). Contrary to Pareto, for Gini, 'differential fertility was the engine of social mobility'(Favero, 2004, p. 48): wealth (and therefore, inequality) was

[156] Notably, De Stefani also worked on '2,616 estates reported to the Registry Office of Vicenza in 1880-1889', of the kind of those discussed in Chapter 2, collected by a student of his.
[157] Interestingly, for De Stefani (1921, p. 163-164), despite 'capitalistic concentration clearly did not damage working classes', in light of its correlation with better material and working conditions, it possibly 'did not increase in the same way workers' wellbeing', given that 'demographic concentration contributes to provoke and exacerbate desires': workers had become richer, 'but also desires more comfort and pleasure: the sensation of poverty comes from comparison'.

among the major factors explaining the low fertility of upper class (Gini, 1909, pp. 67-69); its demographic shrinking, together with the wider demand coming from a more developed economy, provoked 'a true upward stream, bringing deserving individuals to the upper strata', and a corresponding, 'much less intense' downward movement (Levi della Vida, 1935, p. 9). The mechanism, in practice, was very similar to the one discussed by Michels; but for Gini (1912, p. 26), the elites did not 'circulate, but for the great majority, extinguish, and have to be replaced by new elements from below'. Against all the evidence, Gini insisted on attributing these dynamics to biological, rather than socio-economic causes – to the preposterous extent of attributing the diffusion of Christianism and Socialism to the faster demographic growth of those lower strata, where they were more widespread. Gini's discussion of social mobility was also part of a more ambitious attempt of explaining the overall rise and decline of 'nations': 'young' nations show high fertility rates, including among elites, who while growing less than the lower classes, are still able to reproduce themselves; this 'state of demographic exuberance' leads to either peaceful emigration or war (Gini, 1912, p. 35), but is then followed (as in human's life cycle) by a stage of 'maturity', and then decline. Still, in the same work, a footnote exposed a social mobility matrix, reporting the data collected by the Statistical office of Rome on 'the profession of husbands at wedding, and his father's occupation at his birth': the 3,127 observations, classified in four groups according to profession, showed that 'the upward stream is more than double in its intensity than the downward one', but 'much weaker' than the ones detected in Sweden, especially considering that 'our data refer to a big cities, in which we must assume social change and particularly the rise of lower classes are stronger' (Gini, 1912, p. 26). Gini's interest for social mobility is shown also by the fact that his personal library includes the only first edition of Sorokin (1927) listed by the Italian national library service catalogue, with few pencil marks precisely on chapters such as 7 (‘Social mobility, its forms and fluctuations’), and 20 (on the ‘effects of mobility on the racial composition’).[158]

Indeed, Gini seemed to spend both his academic and institutional influence to promote research on ‘social change’, rather than inequality (Gabbuti, 2019, pp. 121-122), During the six years of Gini’s direction, the newly found National Institute of Statistics carried on an interesting survey on the social origins of university students (Istat, 1936b), that intended to fill the gap discussed by Michels and others – notably, the resulting data was to be used by Barbagli (1974) himself, who had discussed the scarce interest for social mobility by Italian sociologists. Gini steered a research group on these issues, as testified by CISP (1935) - a volume collecting the papers presented by members of the *Italian committee for the study of population issues* at the congress of the *Institut International de Sociologie*, mostly focused on ‘social turnover’. After Levi Della Vida (1935), the volume featured an anticipation of Michels (1936), and a work of Vincenzo Castrilli (a former employee of the Ministry of Education, quoted by Michels himself as the ‘foremost expert on educational statistics’) on ‘the social origin of students’, and Gini’s own comment on ‘apparent and real exceptions to the norm of lower natural increase of upper classes’. This line of research continued at least until the early 1950s, as can be seen in the literature review of another work on ‘the social origin and differential outcomes of roman students’ (Giurovich, 1955): their later abandonment (and the reluctance of modern sociologists to mention them) is arguably due to the troubled legacy of Italian demography (Cassata, 2005), especially considering its involvement with Fascist ‘natalist’ policies (Treves, 2001).

[158] Sorokin, indeed, admired Gini, and shared his organicist views of society, as testified by his later collaboration in the controversial international activities carried on by Italian statistician after WWII (Cassata, 2005).

Curiously, in 1948, Italy's first systematic household budget survey included two questions, on father's and grandfather's occupation (Luzzatto Fegiz, 1956).[159] It is the same Luzzatto Fegiz to inform us that the two questions on mobility were 'suggested' by the statistician Livio Livi – one of the contributors to the empirical debate on the impact of the Great War on income distribution (Gabbuti, 2019), who later exploited the 636 individual responses to write a pioneering paper on the estimation of mobility. As clear from the title, Livi's (1950, p. 76) main motivation was methodological: still, he interpreted his results as indicative of 'quite strong' mobility. This was not, however, the way in which the data was read outside the country. As discussed by Lopreato (1965, p. 311), Livi's estimates for Italy represented the 'one major exception' to the strong mobility experienced by all industrial society according to studies such as Lipset and Bendix (1959), who saw in the occupational structure the major driver of social mobility patterns. In the third edition of his popular *Conditions of economic progress*, the economist Colin Clark (1957, p. 554) read this evidence as proving that 'Italy is [intrinsically] a society of much greater hereditary stratification than any of the other countries examined'.[160] In the same years, American scholars became increasingly interested in the Southern Question, in a way that according to Schneider (1998) should be included in the 'wider context of Orientalism'. In the same year, both Banfield (1958) and *The Leopard* were published, contributing to the definition of an Italian 'exception' in terms of intergenerational mobility and family ties. This international attention motivated Lopreato to work on what are considered the first proper empirical works on social mobility in Italy. In a first, short note, Lopreato

[159] This survey, promoted by Einaudi, is Vecchi (2017) and co-authors' source for 1948 in Figure 44. It is interesting that the resulting official reports did not include any of the several synthetic indices of inequality, developed by Italian statisticians between the late 19th century and the interwar period (Gabbuti, 2019, p. 30).
[160] Clark also reported the results of a larger survey on Rome, been presented by 'professor Lehner' at the 1954 World Population Conference.

(1965) – described by Ammassari (1977) as a 'Paretian scholar' – aimed at amending Italy's idiosyncratic figures. Taking advantage of a new, larger survey, carried out in 1963-1964, he obtained different results, in line with those found within the previous two decades in several Western countries. Lopreato attributed the difference to the limited sample adopted by Livi (1950), but in retrospect, it is perfectly possible that mobility was actually low in 1948, and had strongly increased later in the 1950s, following the rapid structural change of the Miracle (Barone and Guetto, 2020, pp. 197-198; Freschi, 2019).

6. Conclusions

It will take the 1980s to have the first nationally representative, 'modern' mobility survey, carried out by a group of sociologists based at the University of Trento (Cobalti and Schizzerotto, 1994), allowing for some proper social mobility estimates. As I tried to reconstruct in this chapter, however, it seems to hold for Italy as well that 'the scarcity of historical empirical mobility studies does not reflect a lack of interest in the subject (Long, 2013, p. 2). The interest of Italian social scientists in social mobility was in some sense 'premature', for a country that (as they recognised themselves) was not at the frontier of industrialisation and structural change. It would be tempting to 'explain' the fading out of this interest with the exceptional growth and improvement of living standards of the Miracle years, and in turn, the contemporary surge of interest with the post-1992 enduring economic decline. On the other hand, it is interesting that Italian authors, while not obsessed by 'class' as the British ones, showed some constant concern for an entrenched 'political caste' or the transmission of status to *figli di papa* (an expression recurring in both Einaudi and Rignano). It would be hard to imagine an

Italian equivalent of Young (1958); but do novels such as *The Leopard*, or recently, *My Brilliant Friend*, represent broader societal concerns?

Overall, it seems hard to deny that ‘mobility’ was a concern for many Italian scholars. Italian social scientists were concerned with the transmission of status and the circulation at the top of the social pyramid. Their studies, while offering interesting ‘baseline hypotheses’ to the historian of social mobility, provide us with the strongest motivation for investigating it empirically. In doing this, this chapter contributed to the emerging literature on the history of inequality studies – somehow at the interception between the history of economic thought, and broader intellectual and social histories (Ramos Pinto and Paidipaty, 2020) – as well as the narratives and ‘ideology’ discussed by Piketty (2020). In this sense, this chapter qualifies Alacevich and Soci’s (2017, p. 10) argument that ‘inequality has for very long time remained at the margins of economic discourse’. Apart for Pareto’s ‘law’, economists working on inequality and social mobility did not build consistent, formalised theories of inequality; but this did not stop them from doing applied work on the matter, or to address these issues in a less formalised way, in what they considered, as Pareto himself, ‘sociology’, or in public, political interventions. While economists (and probably even more, historians of economics) have tended to ‘limit very rigidly the scope of economic inquiry’ to those ‘ascertainable facts’, leaving to ‘ethics or political philosophy’ all those topics (such as inequality) involving value judgements (Maccabelli, 1998, p. 453), it would be hard to claim that inequality was not important for Pantaleoni and Einaudi, among the most influential Italian economists, after the discussion in this Chapter (but also of Chapter 3). It would be tempting to say, as De Stefani (1921, p. 54), that the reason why historians do not find inequality in pre-WWII economics is for their ‘splendid isolation’ – that is, their focus on English, instead of Italian, works; but we saw that Italian scholars participated in a wider, international, multi-disciplinary debate, and that theories such as Cairnes' 'non-competing groups' clearly had strong distributive implications for social mobility, as acknowledged by Sorokin's *QJE* reviewer (Joslyn, 1927, pp. 131-132).

The interest of Italian scholars for social mobility seemed often provoked by the same concern of the Prince of Salina, protagonist of Tomasi di Lampedusa's *The Leopard* – a book that, starting from the infamous 'everything needs to change, so everything can stay the same', reflects the experience of (absolute and relative) downward social mobility of Southern aristocrats, at the end of the ancient regime. As the Prince, Italian scholars seemed sometimes scared of 'living in a mobile reality' but did not personally experience neither the rapid structural change, nor the upward and international mobility lived by Sorokin. Concerns on inheritance tax, for instance, emerge several times in the correspondence of our 'Prince': son of a Irish noble-woman and an MP (Augello and Michelini, 1997, pp. 122-123), Pantaleoni suggested how to deal with the tax both De Viti De Marco, when offering him the condolences for the loss of his father, and several times with his friend Pareto, who indeed, was able to focus on research thanks to a very large bequest (Pareto, 1962). Strikingly, Sorokin mentioned some socialists we encountered in Chapter 3, Turati and Labriola, among those who had enjoyed vertical mobility thanks to party affiliation, in line with Italian elitist theories.[161] The early interest for 'social mobility' of Italian academics seems, in fact, just another aspect of the 'crisis' of liberal Italy; not so paradoxically, many of them were supportive of its violent outcome, starting from those, like Pareto, who had 'predicted' it. After showing the high level of wealth inequality in the Liberal period

[161] On the other hand, in line with Michels' (1936) observations, it is curious to note that some of these scholars (Livi, Graziani) had both fathers and descendants working in academia.

(Chapter 2), and the trends in income inequality during the Fascist period (Chapters 4 and 5), it seems of some interest to try to address whether Italians experienced more or less social mobility in the period, contributing to a century-old debate.

Chapter 7 – Sources and Methods for the History of Social Mobility in Italy

1. Introduction

According to recent empirical works, Italy exhibits today one of the lowest degrees of social mobility among the advanced economies. Whether this is measured through a traditional sociological approach, such as occupational or educational mobility, or more recent econometric methods, Italians' fates seem to be strongly determined by those of their ancestors. Recently, Barone and Guetto (2020) showed that both absolute and relative mobility stagnated in recent decades, with the cohort born in 1965-74 experiencing the same mobility of the one born in 1908-24. In Corak's (2013) infamous analysis on the so-called 'Gatsby' curve, Italy features among the least mobile advanced economies – despite lower inequality than UK or US. This result was confirmed by Barbieri et al. (2020) and Cannari and D'Alessio (2018b), who detected an increase in intergenerational persistence of economic outcomes. Acciari et al. (forthcoming) propose a rosier picture, at least in comparison with the US, but confirmed the existence of a Gatsby-like relationship between inequality and social mobility within Italy, first detected by Güell et al. (2018). On the very long-run, Barone and Mocetti (2021) show extreme persistence of economic status in Florence from 1427.

This picture is consistent with growing concern and dissatisfaction, reflected in the denunciation of the political and economic 'caste', that paved the way for the electoral success of so-called populist political forces, and could resemble the anti-parliamentary rhetoric mentioned in previous chapter. The country's worrying figures in terms of educational, occupational, and economic intergenerational persistence, feature every day in specialised and generalist press, and increasingly percolate into the popular culture (most notably, Elena Ferrante's *My Brilliant Friend* series, focused on the troubled escape of a young Neapolitan girl from her destiny of poverty and social exclusion, seen through the lenses of the much harder life experienced by her talented friend who was not as lucky). Another very famous novel, such as Tomasi di Lampedusa's *The Leopard*, makes clear how issues that could be linked to the current understanding of social mobility have echoes also in crucial historiographical debates. For instance, the persistence of 'landed' aristocracy had long been pointed out by historians of 19th-century Italy, as crucial factors in the (failed) modernisation of the country in economic and social terms (Romanelli, 1991). Business historians have emphasised the dynastic and 'blocked' nature of Italian capitalism, very reluctant to 'democratise' its large firms and banks, whose management was strongly interconnected, and much 'immobile', even in the transition from fascism to democracy (Amatori and Brioschi, 1997). However, the history of social mobility between unification and World War II is largely unaddressed. By combining all existing surveys on social mobility, Barone and Guetto (2020) managed for the first time to show a sizeable increase in social fluidity during and after the Economic Miracle, a result confirmed by Freschi (2019) by means of the earlies household budgets survey; however, both sources do not allow for going any later in time. Both historians and sociologists have, of course, carried on local studies, based on archival material such as marriage records (most recently, Corti and Pisati, 2021), but so far it has been impossible to carry on large-scale digitisation, preventing intertemporal or regional comparison.

In this chapter, I discuss the possibility of estimating intergenerational and multi-generational income elasticity in Italy, by means of fiscal sources on the incomes and estates assessed by tax authorities – the micro-level equivalent of those adopted in Chapters 2, 4, and 5. First, I briefly survey the methodologies and sources adopted in the growing literature on long-run social mobility, and the possibility to apply them to the Italian case (section 2). Since neither of them is easily available for the country as a whole, section 3 discusses the adoption of a new source – the taxpayers' lists, published several times from unification to the 1950s. While coverage and quality are not perfect, this source makes possible a first investigation of intergenerational transmission of status, at crucial stages of Italian economic and social history. Section 4 discusses in greater detail the two empirical strategies that seem most suitable for an application to the source, and 'test' them on the Province of Bergamo (Lombardy). The chapter argues that the application of the so-called Informative Content of Surnames (ICS) index (Güell et al., 2014, 2018) on the self-employed lists of 1889, 1922 and 1933 is the most promising way to start addressing the issues raised in Chapter 6.

2. Measuring Social Mobility in History: A Survey

Even if one adopts a sufficiently 'loose' definition of social mobility, such as the one proposed by Clark et al. (2015) ('the degree to which the past mattered in determining current social outcomes'), it is not universally agreed which are the ways in which this historical persistence should be investigated and measured. For long, sociologists have been the only social scientists to work on intergenerational mobility. For instance, Breen (2010, p. 418) stressed how 'One advantage that sociologists enjoy over economists is that they can also examine long-term temporal trends in relative mobility chances, simply because it is easier to find out someone's parental class than to find out their parental income'. Sociologists' main focus is, rather than income or wealth (that as discussed in Chapter 6, have been included by earlier scholars working on social mobility), on the transmission of social class, or socio-economic status, mostly captured by employment relations, investigated by means of large surveys. As acknowledged by Long (2013, p. 1), however, long-run social mobility studies ‘have been limited to the post-war period’; economic historians have been constrained into ‘a long tradition of vigorous study and debate on the long-run trends in distribution, but a relatively less complete empirical understanding of social mobility before the twentieth century’. An extraordinary exception has been exploited by Braun and Stuhler (2017), to study occupation and educational mobility across four German generations from late 19th century. As we have seen, the first Italian survey designed for the study of occupational mobility (after the 1948 one adopted by Livi) was carried on as late as the mid-1980s, and Barone and Guetto (2020) managed to extend their series at the latest to the generation who entered the labour market in the 1950s, while Freschi (2019) is proposing new estimates based on the Bank of Italy’s Survey on Household Income and Wealth (SHIW), that included questions on fathers’ occupation and education from 1993.

Until recently, historians interested in social mobility shared the sociological approach (Van Leeuwen, 2009). This rich literature, who would be impossible to summarise here, was mostly bound to local sources, such as marriage registers, that in the absence of large, coordinated research efforts, made normally possible only relatively small case-studies of the transmission of occupation and education (van Leeuwen and Maas, 2010). As stressed by van Leeuwen et al. (2016, p. 587), ‘Many studies on mobility during or even before industrialization make use of relatively small datasets covering one or a few regions or cities and comparing only a few years’; and this often prevents meaningful long-run comparisons, given that these studies often ‘differ with respect to the classification of occupations and the class schemes used’. In some exceptional case, linked administrative records make possible to assemble notable sample sizes: notably, Dribe and Helgertz (2016) could ‘examine the transmission of socio-economic status along three different dimensions; social class, occupational status, and earnings’ in five Swedish parishes over the period 1815-2012. Interestingly, they detected strong, multi-generational transmission in the first two dimensions (especially for paternal grandfathers), but no grandparental effect on earnings. In other cases, historians managed to produce consistent long-run estimates by combining different sources – most notably, the aforementioned paper by van Leuuwen et al. (2016) addressed the foremost question of social mobility in the aftermath of a ‘prime example of regime change, the French Revolution’, combining three ‘datasets of exceptional size’ that allowed them to cover the period 1720-1986. A recent, promising innovation in this sense comes from the diffusion of genealogical websites, that aggregate ‘decisions made by millions of people doing research on their own family histories’, through different sources such as census records or local archives, opening new avenues for future research, at least for some countries (Price et al., 2021). In Italy, historical case studies have also been carried on in the last decades (SIDES, 1997); notably, the historical demographer Corsini (1988) studied mobility in 19th century Prato, based on archival evidence from late 19th-century censuses. These records, however, seem to have survived only in few local archives, preventing large-scale digitisation of Italian census micro-data, of the kind that revolutionised the economic history literature on social mobility in the last decade or so (Long and Ferrie, 2013).

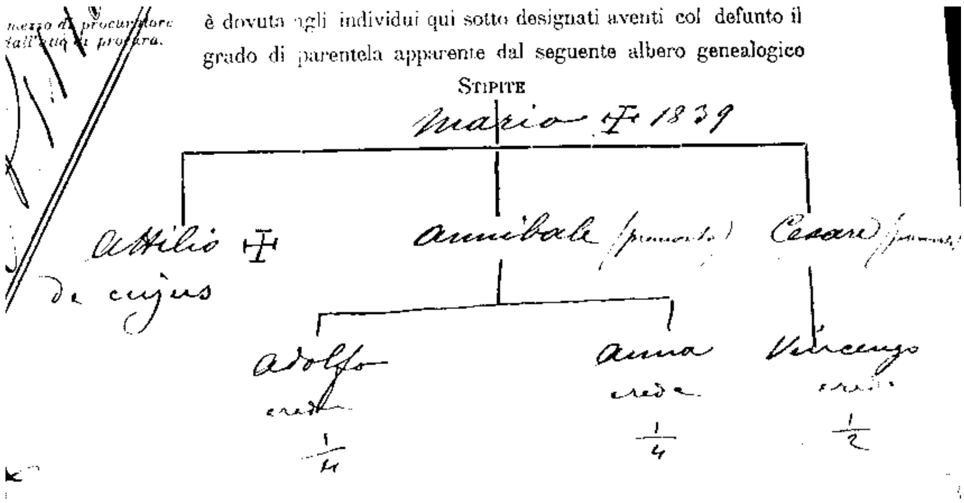
More recently, economists have come back (after the 19th-century attempts, mentioned in Chapter 6) to intergenerational mobility, by estimating the association of incomes across generations – the so-called intergenerational income elasticities (IGE). If Long (2013, p. 7) stressed that, compared to income, ‘occupation and social class capture more dimensions of an individual's experience that may be related to interpretations of social mobility such as prestige in the community, autonomy in the workplace, manual versus non-manual labor, place of work, and so on', Atkinson (1979, p. 66) had highlighted some reasons why this metric could be preferred to occupation: while 'there is very considerable variation in earnings within occupations which have the same ranking in terms of occupational prestige', and 'there are the difficulties in using an occupational scale which is essentially ordinal rather than cardinal', occupations raise issues of intertemporal comparability, given the 'great deal of change in occupational structure', and the 'changing fortunes' of occupations that 'gain or lose in relative terms' in the process. This last argument is particularly interesting for historical research, and Italy – characterised, as discussed in Chapter 5, by high shares of self-employment, with changing relative status – poses further comparability challenges also in designing an appropriate class-schema (Freschi, 2019).

To overcome the absence of truly longitudinal datasets, the workhorse of IGE estimation has been the so-called Two Stage, Two Sample Least Square (TSTSLS). When a repeated cross-sectional survey includes questions on fathers' characteristics (as in the aforementioned case of the SHIW), different cohorts can be combined to predict the incomes of these fathers and estimate the IGE. This is the methodology adopted by most Italian estimates of the IGE, starting from Mocetti (2007), the one included in Corak's comparison; also in this case, however, the possibility of extending the analysis back in time is limited, and Cannari and D'Alessio (2018b) managed to estimate mobility trends since 1993, finding, as mentioned, decreasing social mobility, at least from 2000. Similarly to what happened with census data, large administrative databases have in some cases allowed researchers to widen the time and geographical scope of mobility estimation (Chetty et al., 2017). Also in Italy, Acciari et al. (forthcoming) recently proposed estimates based on the matching of two cohorts of taxpayers from the restricted, sensitive data from the Ministry of Economy and Finance; this is the same source that was occasionally released, in anonymised form, for the year 2005, and was exploited by Güell et al. (2018) for their estimate of the ICS at the province level.

In historical perspective, a good source on intergenerational wealth transmission (at least for the richer deciles) has been represented by probate records. Notably, for England and Wales, Clark and Cummins (2014) revealed strikingly high elasticity of wealth from 1858 to present. While for the early modern, the Research Project ‘SMITE’, led by Guido Alfani, is going to estimate social mobility based on the *estimi*, in Chapter 2 we saw how modern estate records were preserved in local archives, whose accessibility varies across the country. Still, it is definitely possible, for some cities, to cover at least the first century after unification, as done by Licini (1997) for Bergamo. The quality of the source, and the limited coverage of the ‘owning’ population (that, contrary to the estimation of top shares, necessarily reduce the scope of a social mobility analysis) have been discussed in Chapter 2; moreover, such analysis would suffer from the same limitations of the aforementioned city-level case studies. On the other hand, it would be extremely interesting to test both the cross-sectional and dynamic effect of the abolition of the tax in 1923. The original archival records include a genealogical tree (Figure 48), that makes possible a very detailed analysis of wealth transmission: in this case, the deceased is Attilio (on the left), who had no descendants; for this reason, his brothers Annibale and Cesare would inherit half each, had they not died already. The estate was therefore split by their offspring – Annibale’s half was shared by his son Adolfo and his daughter Anna. Unfortunately, this information was not collected by Licini (1997).

In terms of income, Feigenbaum (2018) estimated historical IGE exploiting on the Iowa State Census of 1915, the first to include information on income. Interestingly, he finds consistent level of mobility when using several alternative measures, including those based on the analysis of given and family names. In fact, similar approaches have been proposed by several scholars, whose methods have been recently surveyed and comparatively assessed by Santavirta and Stuhler (2021). To overcome the gender discrimination imposed by the surname matching, Olivetti et al. (2018) exploited the information about parental socio-economic status conveyed by first names, to estimate inter- and multi-generational mobility across both genders. More famously, Clark et al. (2015) used rare surnames to match historical sources; moreover, they argued that mobility can be estimated 'from knowledge of just two facts: the distribution over time of surnames in the society and the distribution of surnames among an elite or underclass'. Their methodology, and the resulting finding of extremely high IGE (close to 0.75) in all societies (from Sweden to the US) provoked strong criticism. In particular, Torche and Corvalan (2018) showed that Clark and co-authors' adoption of average incomes by surname lead to systematic, upward bias in the IGE estimates. Moreover, the findings are 'an artefact of [Clark's] selection of what he calls elite and underclass group'. While Güell et al. (2018) showed that Clark's methodology does not lead to similar results when applied on Italian surnames, a replication of this strategy for the Italian case is quite difficult, in the absence of meaningful groups of surnames and elite/underclass groups to observe across the whole of Italy.

Figure 48 - Genealogical Tree from a Florentine Succession Declaration, 1885



Source: Archivio di Stato di Firenze, Ufficio delle successioni di Firenze, Parte Seconda, Denunce di Successione, Volume 671, Unità 325.

Another approach based on surnames is the one advanced by Barone and Mocetti (2021). Adapting the 'traditional' TSTSLS to exploit the high degree of variation within Italian surnames, they explored the degree of persistence of income in Florence combining the Florentine *Catasto* of 1427 and contemporary fiscal data. At the same time, they applied on both sources the ICS index, devised by Güell et al. to investigate mobility by means of a single, large enough cross-section that reports information on surnames. Barone and Mocetti's results, while showing astonishingly high persistence of economic status in Florence, suggest a plausible way of consistently estimating IGE from historical sources that include individual level information on economic outcomes and surnames. The existence and reliability of such sources will be discussed in the next section.

3. A New Source: The Taxpayers' Lists

The publication of lists of Italian taxpayers, such the one adopted by Güell et al. (2018) to estimate the ICS for Italian provinces, was not a novelty in historical terms. As documented by Manestra (2010), a royal decree disposed the publication of lists of taxpayers' incomes already in 1871, when Minister Quintino Sella expressed the belief that 'public opinion' would cooperate to promote public scrutiny and fiscal compliance. This led to the publication of a list of the 83,372 'top-earning taxpayers' (those declaring more than 1,000 lire for the *Imposta di Ricchezza Mobile*, the main income tax discussed in Chapters 4 and 5, and those who paid at least 150 lira of land income tax). We have already seen how the *Imposta di Ricchezza Mobile*, like most 9th-century taxes, was not applied on overall, personal incomes, but rather separately taxed different sources of income. For this reason, the 1871 list included IDs, to link to individual taxpayers' incomes the four schedules of the *Imposta di Ricchezza Mobile* (capital; business; labour – professions and white-collar wages; public employment), as well as a fifth one for the land tax.[162] According to one of the most accurate 'scrutinisers' among the Italian public, Silvio Amì (1885) (an engineer who had published some pamphlets on the 'statistical oddities' on fiscal data), Sella's 'heroic remedy (…) in practice turned out to be ineffective', and the publication of these lists was interrupted in 1874.

New lists were issued again in 1889: this time, they focused only on incomes declared by individuals (as opposed to legal entities, such as firms); and only those from business, self-employment, and professions (categories B and C of the *Imposta di Ricchezza Mobile*). These were considered, in fact, the least 'certain' of all incomes, those for which scrutiny was most useful. However, this time, together with a shorter publication reporting the 1,343 taxpayers who declared more than 10,000 lire, 69 volumes (one for each Province) were published with all taxpayers of this kind. It is important to notice that a sizeable number of self-employed – those cultivating their own plots, and the sharecroppers – where not subject to the *Imposta di Ricchezza Mobile* and were therefore excluded from the lists. Still, for the primary sector, they

[162] See Appendix 3.

included the non-negligible group of renters of land,[163] as well as breeders, and few 'skilled' peasants. Overall, the B and C schedules included 29 categories, grouping all sorts of trades, industries, professions, even some employees (Appendix 4). The occupations and activities within these categories are in fact reported in great detail. In this case, the categorisation of occupation data requires considerable effort, given that, contrary to the 1870s lists, group and species numbers were not reported. Still, occupation information could be coded into standard classifications, such as the HISCO/HISCLASS. These lists were promoted again by the fascist government, as we have seen in Chapter 4: De Stefani promoted the issue of new lists in 1924 (when provinces had become 75), an initiative replicated in 1929 and 1933. As noted by the statistician Orlandi (1934, pp. 46-47), the incomes published in 1924 'referred to the year 1922' – and this is why, for convenience, we referred and will refer to them as the 1922 lists; but for all lists, one should consider that incomes were assessed over three or four-year periods (so, the 1924 lists covered the 1919-1922 period, and so on). Compared to previous ones, these lists had wider circulation: while they stimulated empirical work on income distribution (Gabbuti, 2019), copies were sent to public offices to 'post' them in public, as testified by a 1933 internal communication to local branches by the Governor of the Bank of Italy.[164]

After WWII, new lists of top taxpayers – this time, earning at least 5 million of lire - were issued three times in the 1950s and early 1960s, for both the *Imposta di Ricchezza Mobile*, and the personal *Imposta Complementare*, whose tabulations have been adopted in chapter 4 to estimate top income shares. Interestingly, these lists were issued after tax agencies had 'checked' the incomes, and report both their 'declared' and

[163] Using the 1901 census as a reference, tenants were c.700,000, while owners and sharecroppers amounted to 2,5 and 2 million, respectively.
[164] Banca d'Italia, Numero Unico n.27810, 17 aprile 1933.

‘assessed’ level, and for this reason, they include people who had declared less than the threshold, but that according to the agencies had earned more than that, as in the example reported in Appendix 3. In fact, the Finance Ministry Chief Statistician used the 1955 list to estimate an index of ‘attempted evasion’ (Maresca, 1965). His elaborations reveal this first list reported c. 28,000 taxpayers, slightly more than the top 0.1% of Italian active population. Since then, while top taxpayers have been sporadically brought to the attention of the media, the publication of these lists stopped.[165] However, a list of c.24,000 taxpayers (those declaring more than 40 million lire in 1977) is available in the Ferrara School of Economics library. The document, most likely intended for internal circulation within the Ministry, reported in compact way information on names, incomes, main activity, but this time also education and age.

While, as mentioned, the *Imposta di Ricchezza Mobile* did not work as a ‘personal’ tax, in practice, the great majority of the declarations for private taxpayers in categories B and C referred to a single individual. In few cases, brothers or relatives running together the family business are recorded together; much rarer is the possibility of firms composed by more, non-relative associates. For the scope of this chapter, working on a small sample, I was able to exclude this latter case, while keeping family business – that is, those cases in which the surname can be uniquely identified. In any case, it should be considered that most of these incomes reflect some form of family businesses, in which more family members were involved, even when not officially listed for fiscal purposes. In cases, such as those of professionals, in which the income is instead referring to a single family member, it is still plausible that the one (more or

[165] See, for instance, ‘Paperoni d'Italia: sempre più calciatori e stilisti’, *Corriere della Sera*, 17 gennaio 2003, commenting the top 500 taxpayers for 2001, revealed on the Ministry of Finance blog, *Fisco Oggi*. Interested citizens should be able to access lists of taxpayers at the municipal level through local statistical offices – this is how Barone and Mocetti (2021) obtained the distribution of incomes by surname for Florence, 2005; in practice, this is not always the case.

less accurately) reported was the major, if not only, source of work income for the household. It seems therefore appropriate to interpret the results from an analysis of these records, as reflecting the intergenerational transmission of status between not simply individuals, but sometimes to a broader subset of the family, consistently with an economy in which self-employment was so important, and the family was largely a productive unit.

While wives are the most obvious case of non-reported, working family members, the lists still report a non-negligible number of female taxpayers – as we will see in Chapter 8, some 15% of the sample, hiding high variation across provinces, ranging from 7.5 to 27%. Notably, Italian naming conventions imply that the great majority of married women would be registered by their maiden name, possibly with the (signalled) addition of the husband's – as in the case of Luigia Abati, *married* (in) Ferraris, first taxpayers in Bergamo 1922 list, or Bianca Arcellazzi, *widow* (ved.) Daina. This would make possible, at least, to link fathers and daughters, and in general, to keep women in the analysis. We cannot be absolutely sure that all the women listed under these schedules were real 'entrepreneurs': the very strict Italian regulation on personal bankruptcy, discussed by Di Martino (2005), could have created the incentive for husbands to shield themselves from the consequences of failure; but for sure, these women were legally responsible for the businesses. In any case, these aspects of the sources can hardly be checked, nor corrected for, and the best we can do is to raise them, to allow the reader to take into account whether they could bias the quantitative analysis.

Tax Evasion and the Accuracy of Taxpayers' Incomes

The very origin of these sources, conceived as an instrument to fight tax evasion, makes inevitable to raise the issue of whether evasion affects their accuracy. As surveyed by Manestra (2010, pp. 8-10), the allegedly enormous evasion inaccuracy of registers periodically ignited parliamentary debates. MPs expressed three types of concerns, often hard to be objectively addressed. First, they considered the absolute number of taxpayers too low. The number of firms and professionals included in the lists raised from 380,000 in 1872, to 450,000 in 1889; by 1922 it had exceeded 1 million. This does not reach even half of the number of 'self-employed' listed by the population censuses: 'owners' in industry and services, artisans, professionals, summed up to some 2.4 million in 1921 and 2.65 in 1931 (Chapter 5). However, as already noted by Amì (1885), censuses greatly overestimated the number of registered businesses: in family businesses, they counted all relatives involved. Total evasion was arguably more substantial for professionals (lawyers, notaries, doctors, and engineers, were the preferred targets of accusations), who should have always filed their incomes individually. Moreover, incomes that did not reach the (rather low) minimum thresholds (400 lire in 1889; 2,000 in 1929) were reported only 'for accumulation' (*per coacervo*) (Orlandi, 1934, p. 48) – that is, when declared by taxpayers who cumulated them with other earnings. It is therefore reasonable to assume that the smallest, poorest and more uncertain business (such as street-vendors, 70,000 according to the 1901 census, and home-workers) account for some of the 'missing' self-employed.[166]

More serious was, according to Amì (1885), the second concern – that is, the modest amount of income reported in tax declarations. Fiscal authorities were often the first responsible of these opinions. In the first edition of what later became Italy's official statistical yearbook, the chief of the Directorate for Statistics showed a tabulation of incomes from the *Imposta di Ricchezza Mobile*, but expressed his doubts

[166] As discussed by Fenoaltea (2015), home-workers contribute to explain the large discrepancies in the industrial labour force reported in the 1911 population and industrial censuses (4.3 million vs. 2.3, respectively).

on the ‘truthfulness of richest capital owners’ returns’ (Maestri, 1868, p. 257); three decades later, in introducing the lists for top taxpayers in 1889, the incumbent Minister Grimaldi considered an evident proof of evasion the fact that only 31 professionals reported taxable incomes for 10,000 lire (MEF-ID, 1889c, p. 3). Real evidence, however, is scarce and hardly decisive. To emphasize the low levels of assessed incomes, two types of comparison were common: first, within the industrial incomes, critics denounced the great difference between *contribuenti privati* (private taxpayers) and *enti collettivi* (legal entities). Firms’ assessments had an objective ‘anchor’, represented by the (mandatory) financial statements; the fact that their incomes were on average much higher than those of private taxpayers was to prove the dishonest behaviour of the latter. However, the two were, clearly, rather different kinds of taxpayers, and sizeable differences in the incomes of a legally formed, anonymous firm, and an artisan working in the same industrial sector or the same tax category, are entirely reasonable for an economic standpoint – as argued by MEF-ID (1895), in one of the few cases in which officials responsible for publishing these voluminous statistics defended their quality: group differences ‘reflect with decent accuracy the effective economic condition of the industries and trades considered here’; rather than resulting from evasion at the top, the limited amount of income ‘produced by associate capital’ reflected, ‘sadly’, the real conditions of the country. A more stringent comparison was made with public employees, whose remuneration was 2-3 times the average B or C type income (Manestra, 2010, pp. 8-9). Even this comparison, however, overlooks the very different nature of incomes reported under the B schedule, that, as discussed in Chapter 5, clearly included some rich entrepreneurs and professionals, but was arguably, for the vast majority, made by self-employed, family businesses, and similar categories, whose incomes should have not been far, on average, from those obtained by workers employed by larger firms. A more meaningful comparison should be made (as we did in Chapter 4) with the wages and salaries earned by workers in the same sectors of the economy. In line with Atkinson's (1979) point, contemporary observers, from Livi to Michels, shared the opinion that the incomes of this 'traditional' middle class had lost ground in relative terms with the industrial working class.

For similar comparisons, it is also useful to consider the aforementioned works by Orlandi, who makes it possible to go over the mean, on which most comments focused. Averages, indeed, include, as we have seen, only some of the incomes below the threshold, that contributed to bring down the mean: in 1929, the 9.23% of entrepreneurs and 18.8% of professionals who declared less than 2,000, accounted for just 1.66 and 2.64% of *incomes*, respectively. Scholars such as Gini and D'Addario (1931, p. 324) and Orlandi (1933) themselves excluded these incomes when estimating income distribution, since, as discussed also in Chapter 4, their inclusion imply a potentially biased truncation of the distribution; still, it should be noted that similar values are not implausible. In 1922, the threshold is slightly above the annual poverty line estimated by Amendola et al. (2017) for 1921 (c. 950 lire per individual). According to the same authors, at the times more than 27% of Italian population (and c.40% of Southerners) fell below this level. Once these incomes below the threshold are taken out, the bottom 90% of self-employed working in secondary sector (that, in first approximation, could be considered a proxy for 'artisans') earned an average of 3,294 in 1922, and 4,516 in 1929. In the first year, at the peak of the red biennium and before the strong wage compression, this amount is below the average male wage across industry, slightly less than 4,000 lire; in nominal terms, the workers wage had remained very similar in 1929, with the result that now ‘artisans’ earned more on average.[167] In both years, male salaried workers could earn substantially higher incomes. This should not be surprising, when considering that fiscal sources averaged incomes, not only for both sexes – and thus including a non-negligible share of women who, as will be clear in Chapter 8, enjoyed lower incomes; but also, from all around Italy. Especially in inner, peripheral areas of Southern Italy, incomes must have been substantially low when compared with those of ‘privileged’ wage-earners, working for large firms or in public employment. On the other hand, the top decile earned substantially more (33,500 and 42,350 respectively). By replicating this exercise on the tabulations available for services only, we obtain figures that are consistent with the only, very detailed direct estimate of the incomes in this sector, provided by Zamagni (1981) for 1938: according to her data, if the average retailer earned 10,000, some 25% of them were street vendors, earning less than 2,500; only the wholesalers (less than 5% of owners) earned c. 35,000 per year.

Figures are much less reassuring, however, in the case of professionals. In fact, not only the top decile, but the category as a whole belonged to a privileged social group. It interesting that, as documented by Barbagli (1974), Italy has a long tradition of intellectual unemployment – an issue that had also attracted Michels’ interest (Ventura, 2021); moreover, many of them enjoyed non-professional incomes – according to Banti (1996, pp. 143-155), in liberal Italy professions were often pursued by the sons of landowners and even aristocrats. Still, it does not seem plausible that some 20% of them declared incomes below the minimum threshold in 1929. In fact, most of the available anecdotal evidence on tax evasion referred to this privileged group. Notably, Favilli

[167] Comparisons are made with the series discussed in Chapter 5; Figure A 19 reports the average declarations (increased by 30%) and average industry and commerce wages.

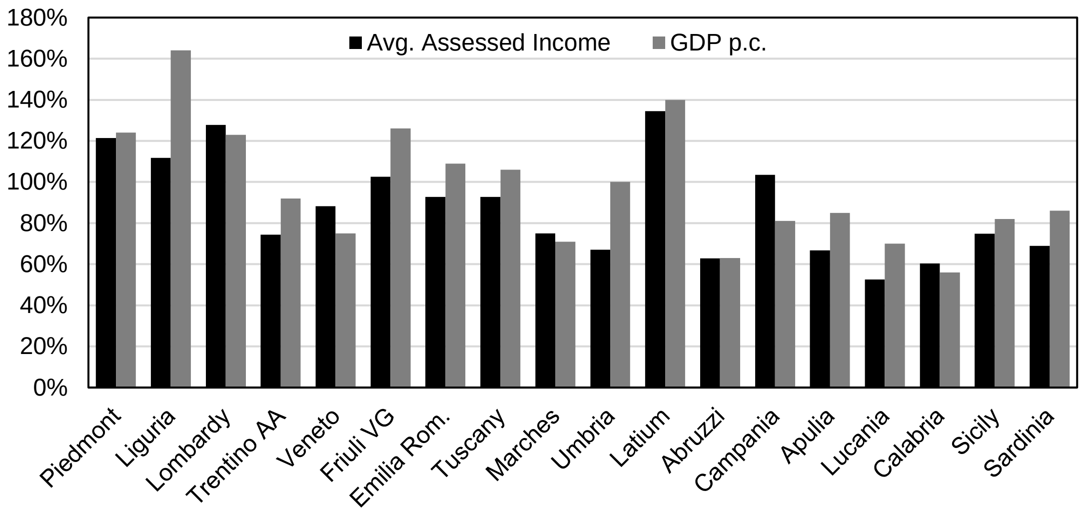
(2009, p. 43) surveyed several cases raised by contemporary observers, such as the average private doctor in Naples declaring less than medical officers working in peripheral towns; or the striking anecdote of a Southern lawyer, MP, 'insulted' by an imprudent tax officer who had raised his professional taxable income from 1,200 to 4,000 lire. Clearly, a man of his fame earned 'at least five times' the revised amount; but his taxes were enough, 'proportioned', as they were, with what his colleagues paid. Still, Orlandi's tabulations show how the very low average of 3,171 lire reported by Manestra (2010) for the C type incomes for 1924, rises to 4,692 and 6,104 when considering remunerative professions such as, respectively, medical and legal professionals. The figures are again very different when considering Northern and Central Italy, were a lawyer earned 8,008 and 7,147 respectively, and Southern and Insular Italy, where the average fell to 3,979 and 3,744. Even within the South, a lawyer from Campania – that, as we have seen in chapter 2, comprised also very poor rural provinces - got 4,555 on average, as opposed to the 2,949 of Lucania.

Finally, those estimates that, comparing assessed incomes with very tentative national income figures, indicated that no less than 50% of income was 'evaded', were not reliable: for instance, a legal scholar compared taxed incomes to an 'official figure' for national income in 1925 (Bompani, 1937). While even these pioneering estimates of national income, as modern GDP, had probably inconsistent definitions with personal incomes, the *Imposta di Ricchezza Mobile* clearly covered only a subset of the economy, excluding wages and the great majority of all incomes from agriculture. Surely fiscal compliance was an issue (already) in 19th-century Italy - at the very least because taxation 'technologies' were still primitive; however, most contemporaries' complaints were based on 'ideal', rather unrealistic terms of comparisons, and did not take into account the real structure of the fiscal system, as well as the stage of development of the Italian economy. Lacking modern economic statistics, observers were bound to an impressionistic, largely unfounded opinion on the underlying economic reality of the country. A confirm to fundamental lack of knowledge, and absence of reliable terms of comparisons, is provided by the project of the so-called *contingenti di studio* (literally ‘quota’, or ‘allotment’, studies), pursued by Paolo Thaon De Revel, Finance Minister from 1935 to 1943. An economist and statistician, Thaon urged in 1938 fiscal authorities to ‘collect data to give quantitative figures on the distribution of income by space (nation, region, province, municipality, …), or by professional category or production sector’. These data, he clarified, were to be used ‘*exclusively* to study and check’ the level of evasion and/or fiscal pressure (Manestra, 2010, pp. 30-33).

In this sense, it is of some interest to read the evaluation by Ezio Vanoni – Griziotti’s pupil, mentioned at the end of Chapter 3, who was among Thaon De Revel’s advisors. Writing after the war, but using 1938 as a reference, Vanoni calculated that 48.3% of private incomes were not ascertained by tax authorities; however, only 7.7% was due to ‘evasion’. A 40.6% difference was in fact due to what Italian scholars defined as ‘erosion’ – those incomes that were legally excluded from the tax base (Manestra, 2010). In the context of pre-WWII Italian fiscal system, this came from the fact that, as discussed, the tax was never meant to assess a large part of citizens and their incomes. If one compares, as in Chapter 4, total incomes declared for the *Imposta di Ricchezza Mobile* to the GDP, one still observes an interesting increase, from some 5% in 1913, to a peak of some 18.5% in 1934, arguably reinforced by the economic crisis (but it was already 13.4 in 1929, showing a constant growth); considering categories B and C, and expressing them as a share of industrial and private tertiary value added, the increase is even faster, from 6 in 1913, to 19 in 1929, and 26% in 1934.

Actually, a comparison between per capita regional VA estimated for 1931 by Felice (2011), and the average declaration in the 1933 lists show, if not perfect correlation, a very similar ranking (Figure 49).

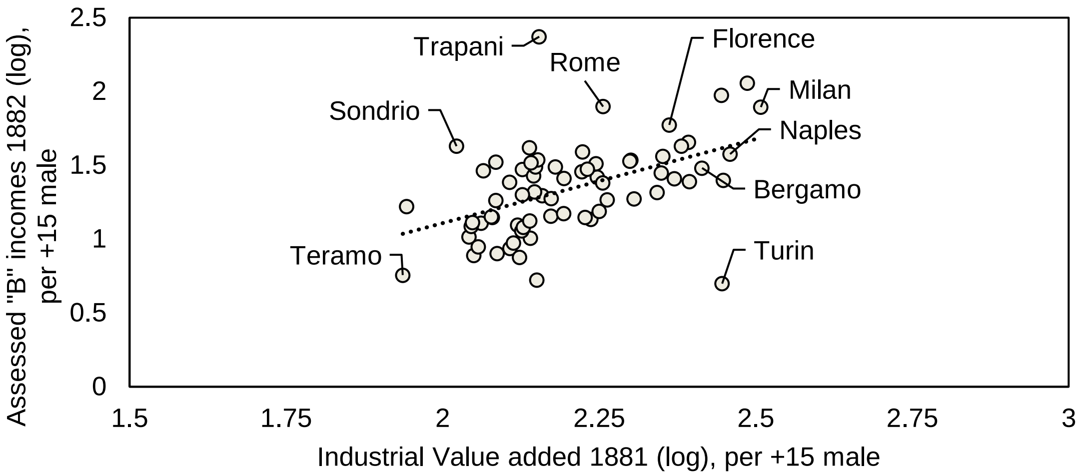
Figure 49 - Regional Value Added and Average Declaration in Early 1930s



Source: elaborations on Felice (2011) and MEF-ID (1933-1934).

In Figure 50, I try a more precise comparison between the average B-type income (including firms) and industrial value added, estimated at the provincial level for 1881 by Ciccarelli and Fenoaltea (2013). While the B-type include many non-industrial incomes, the definition of taxable income - ‘net’ of the ‘expenditures necessary to the generation of income’ and ‘passive annuities’ (amortisations, instalments, …) (Gini and D’Addario, 1931, p. 324) – is conceptually similar. The correlation is even surprising, given the discredit for fiscal sources; this is reassuring on the ability of income declarations to reflect the underlying economic activity of the different Italian provinces. Part of the discrepancies seem justified by the aforementioned inconsistencies – for instance, larger cities like Florence and Rome probably had richer than average service sectors, including activities such as restaurants or shops of any kind, compared to the relative size of their industrial sector as recorded in value added figures by Ciccarelli and Fenoaltea (2013). The most striking outlier, Turin, could be explained by advantageous fiscal treatment guaranteed to businesses to compensate for the loss of the status of capital city. With some exception, therefore, the figure supports the idea that fiscal data could be considered a decent proxy of the economic condition of the self-employed across Italy.

Figure 50 - Taxed Incomes and Industrial Value Added by Province (1881-82)



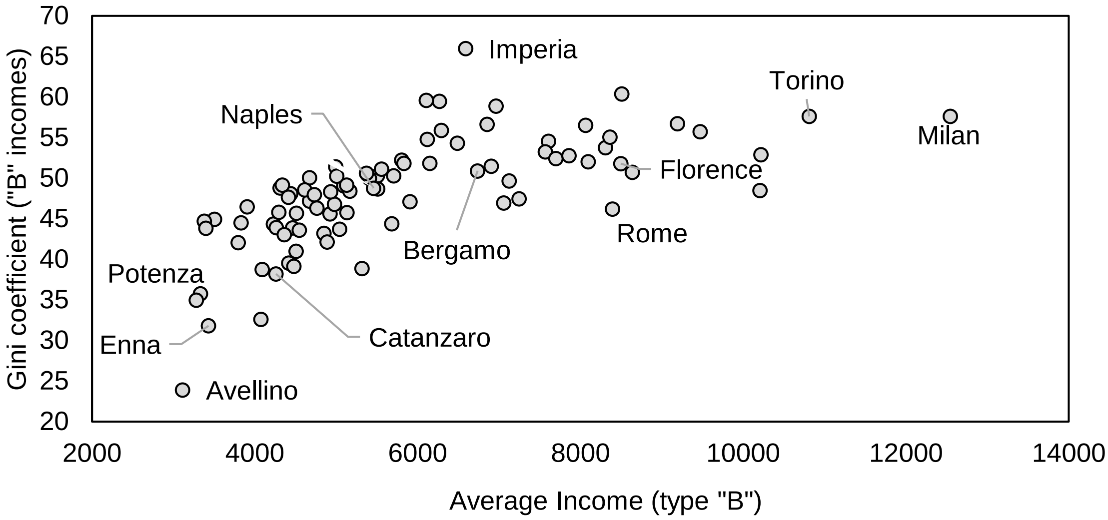
Source: author’s elaboration. Industrial VA and +15 male figures from Ciccarelli and Fenoaltea (2013).

Taxpayers’ Lists and Inequality

The comparisons just discussed, while reassuring, do not necessarily imply that these incomes can be taken at the face value. Later ‘advocates’ for the use of fiscal data were adamant in stressing that their value was not in assessing mean incomes (and absolute living standards), but rather in exploring relative differences. The economist Vittorio Amato (1965) advanced a comparison with conscripts’ anthropometric data: truncation, evasion and selection biases affected the reliability of the absolute, mean value, but ‘comparative’, ‘static’ or ‘spatial’ analysis of the difference by means of fiscal data was still informative. In a similar vein, the economic and social historian Frascani (1978) stressed the value of the lists to investigate income distribution, especially when limiting the geographical scope of the analysis. Another important acknowledgment came from Banti (1996): despite stressing the ‘clearly uncertain’ nature of the lists, the distinguished historian relied extensively on them to check for income dispersion within those same professionals whose incomes, as discussed, were on average unrealistically low. Despite the aforementioned anecdotal evidence, by means of the taxpayers’ lists Banti showed sizeable differentials in income of lawyers and notaries (pp. 115-117), doctors (pp. 125-126) and similar professionals working in different cities, or in urban versus rural areas; to trace influential entrepreneurs (pp. 175-176); even to follow notable individuals over time. This is the case of the internationally acclaimed opera composer Giuseppe Verdi, whose income, reported in the lists, rose between 1871 and 1889, in line with his fame (pp. 72-73).

Again, Orlandi’s work provides these ‘endorsers’ with valid support. Indeed, he exploited the aforementioned tabulations, to estimate Gini indices for all taxpayers’ categories and Italian provinces (whose number had increased to 92, due to administrative changes and annexations). As shown in Figure 27, his results show interesting heterogeneity across Italian provinces: considering the B-incomes in 1929, they ranged from 66 in the industrial Imperia (Liguria), to 24 in the rural Avellino (Campania). The same holds true within sectors and professions: the most equal were the white collars (c.35.5), the most unequal the banking sectors (73). While, on average, professional incomes seem to show lower Gini coefficients (in line with the lower average income, and the larger number of incomes below threshold), inequality is far from null, consistently with Banti’s findings. In fact, inequality within taxpayers is positively correlated with economic (and industrial) development (Figure 51). Indeed, inequality in B-type income was on the rise during the so-called first industrial take-off: according to Gini and D’Addario (1931), the Gini index among this group increased from 43.62 in 1894, to 46.53 in 1902, and then to 57.04 in 1922. As discussed in Chapter 4, however, Orlandi detected a decrease between 1922 and 1929, that he read as a proof of improved tax assessment (Gabbuti, 2019).

Figure 51 - Taxed Incomes across Italian Provinces, 1929 – Mean and Distribution



Source: author's elaboration on B-type Orlandi (1935).

Overall, these figures provide further support to the ability of taxpayers' lists to reflect, if not the absolute levels, the degree of variation of incomes within covered sectors and activities. Still, the literature briefly discussed in this section, as well as a number of statistical sources on fiscal data, provides us with useful guidance for addressing the most evident flaws of the data, especially once a complete classification will be available, in order to exclude or correct specific occupations showing the most unrealistic values.

A more complicated issue (in fact, as discussed in Chapter 4, rarely addressed in works based on fiscal sources) is to determine whether the incidence of evasion greatly changed over time. As we have seen, clear increase in both the number and the level of incomes assessed for the purpose of the *Imposta di Ricchezza Mobile* (both in absolute terms, and in terms of per capita GDP) is evident from the mid-1920. This is consistent with the idea that the quality of fiscal data increased after the Great War, at least until mid-1930s, and provide us with a strong argument to adopt the 1933 list, arguably the most reliable, especially compared with the 1922 ones, in the light of the troubled state of Italian fiscal administration in the troubled period discussed in Chapter 3, and for the post-war monetary instability (Orlandi, 1934, p. 47).[168] As discussed in Chapter 8 and Appendix 3, the 1933 lists are also the easiest to digitise, due to both the higher quality of the volumes, and the capital letter typing of surnames, that allow for more precise text recognition.

All in all, there seems to be a case for a cautious adoption of these lists, in order to investigate social mobility in Italy form unification to WWII. The few social historians who effectively approached them had to admit their historical importance. Indeed, these sources had been already used by authoritative experts, like Gini; while acknowledging its flaws (and leaving us useful guidance in tackling them), they showed to consider it an acceptable second best to investigate distributive issues. By providing individual information on name, surname, occupation and income, the lists make possible to apply a number of the methods discussed in section 2. While this dissertation is primarily focused on the national level, the digitisation of the sources will clearly make possible to combine them with further, locally available records (from the micro-census data for Prato, or the archival records on estates, to information on other interesting personal characteristics, such as party affiliation) to investigate in greater details the issue of social mobility, as well as other issues in Italian economic and social history. As discussed, the focus on income, allows me to avoid the complications imposed by the rather idiosyncratic structure of Italian workforce, historically

[168] As discussed in Chapter 8 (footnote 174), the same would apply to the 1929 list, but I could not find all its volumes in public libraries.

characterised by high shares of self-employment. In the future, the complete coding of occupation information will make possible to extend the analysis to occupational mobility, to test for the 'dynasties' in elite professions – a crucial component of status transmission in contemporary Italy, that seems to have secular origins according to Barone and Mocetti (2021, pp. 21-23), or, as mentioned, to try to correct for some of the bias in the data. In the next section, I will use the province of Bergamo to test whether the sources just discussed can be fruitfully combined with the methods developed by Güell et al. and Barone and Mocetti, to estimate IGE and ICS indicators.

4. Estimating Social Mobility with the Taxpayers' Lists

Bergamo is in many ways a convenient case study for testing the suitability of the taxpayers lists for estimating indicators of social mobility. In a region at the forefront of Italian industrialisation, the province hosted some of the most representative sectors of Italian economic development, from textile (and especially silk) in late 19th century, to cement in the post-WWII boom (Zamagni, 1997b). According to Buttarelli (1997), the international and internal migration flows that interested the province (and especially the mountainous pars) before the Economic Miracle was in most cases temporary. It was only from the 1950s that Bergamo became destination of massive flows from the rest of Italy; this means that our estimates should not be affected by this issue. As shown in Figure 50 and Figure 51, Bergamo – today is among the richest and most mobile Italian provinces (Acciari et al., forthcoming) - was relatively median, in terms of average incomes, industrial value added and income dispersion.[169] We could therefore expect a 'success' story in terms of social of mobility. Notably, Bergamo makes also possible to test the application of the methodologies

[169] According to the estimates carried on in the next chapter, it was also median (40th lowest out of 92 provinces) in terms of social mobility in 1933, according to the ICS.

discussed in section 2, also on a large sample of estate records, digitised by Stefania Licini (1997) for the period 1861-1951.

Before moving to the analysis, it is worth to make some general remarks. First, Italian surnames are extremely informative, even by European standards, given that their distribution is way more skewed than most other European ones[170]. While Güell et al. (2014) devised the ICS to work in any country following 'western naming conventions' (the methodology was first applied to Catalonia), the extreme heterogeneity of Italian surnames – coming from their 'thousand-year long history', summarised by Bizzocchi (2014) - makes sources, such as those introduced in section 3, particularly suitable to the application of both the ICS and the surname-based TSTSLS. In fact, Barone and Mocetti (2021, pp. 9-10) stress that it is the marked 'localism' of Italian surnames that makes them so informative, when the analysis is restricted to the town or province level.[171] This makes it possible to use all surnames, avoiding the issues raised by the use of 'rare' surnames, or selecting particular groups of them. Some comments are also necessary, in order to interpret IGE and ICS coefficients estimated from our sources. First, as noted by Santavirta and Stuhler (2021, p. 1) – who advanced a general framework of 'name-based methods', categorised 'in a simple two-by-two diagram' according to whether they adopt first names or surnames, and two broader classes of estimators (the 'grouping estimators', and the 'R2' ones) – all these estimates should not be compared directly to 'the conventional estimates in individual-level data', as those discussed in Section 2. This does not depend only on the methodology – by

[170] As shown in the Appendix of Barone and Mocetti (2016), the share of population accrued by the top 10 Italian surnames is barely 1.2%, compared to 1.6% in France, 4.1% in Germany, 6% in England and 16.6% in Sweden.
[171] As discussed in their paper, both the variability and the 'localism' are consequence of the early economic development of Renaissance Italy, that led to early adoption and differentiation of surnames, at a time in which the many Italian polities spoke different dialects; the aforementioned Bizzocchi (2014) is an excellent introduction to these issues and the literature on Italian surnames.

adopting surnames, we inevitably include in the estimates not only fathers and sons, but the broader family networks, as discussed by Güell et al. (2018) - but on the very nature of the historical data adopted, such as the lists discussed in section 3. The properties of the estimates based on surnames, in fact, ‘depend critically on the sampling properties of the underlying data’, that might vary considerably across different studies (Santavirta and Stuhler, 2021, p. 4), and should therefore be documented in full. In the case of the top taxpayers’ lists, such as the 1871 and 1959 ones, for instance, the application of the ICS is hardly meaningful, since they cover only a very small part of the distribution – the richest percentiles, or even less, in the case of 1959: therefore, are not even close to the large cross-section on which the idea of the ICS is based, as will be discussed below. As for the estate data adopted in chapter 2, these sources are most obviously relevant for the estimation of top income shares, as well as for more detailed analysis of the top strata of the distribution. On the other hand, an estimation of the IGE, in line with Barone and Mocetti (2021), should be interpreted as the elasticity of income within the top of the distribution – a topic that has attracted growing attention, given the role of top earners in the recent evolution of inequality (Bjorklund and Roine, 2021).

With regard to the lists of the self-employed available in 1889 and in the interwar, that, apart for the truncation of most, but not all, incomes below the minimum thresholds, cover the whole population of broad, interesting subset of the working population, it seems possible to meaningfully carry on both approaches, with the important caveat of interpreting it consistently with the nature of the data. In fact, these lists not only include way more observation than the top one just listed (the database, built in the next chapter, of all the taxpayers reported in the 1933 lists, count some 1.225 million observations): the professions that were comprised under the B and C category covered arguably most of the income distribution of Italy before WWII. To make this more evident, Table 4 reproduces the class schema developed by Freschi (2019) to adapt the original one by Goldthorpe to the Italian occupational structure: in the Table, groups included in the self-employed lists are highlighted in yellow and orange, depending on whether they were totally or partially included, respectively. As discussed extensively throughout this dissertation, and especially in Chapter 5, these groups were extremely important in Italian occupational structure and social history: moreover, they were (and still are) crucial determinants of the overall fluidity of Italian society.

Indeed, in historical terms, the occupations and professions highlighted in Table 4 cover all the ‘typical’ trajectories of upward mobility experienced by the foremost Italian entrepreneurs, as described by historians such as Banti (1996, pp. 143-155): from the ‘rags to riches’, to the progressive social ascendance of small and petty traders, whose sons and daughters were to become industrial entrepreneurs. On the other hand, the persistence of a large sector of ‘inheritable’ professions – such as shopkeepers, artisans, professionals, small entrepreneurs –explains, according to sociologists, the rigidity of present-day Italy, and its lack of social mobility (Barone and Guetto, 2020, pp. 220-221).[172] Interestingly, it seems that the nature of Italian occupational structure - as well as a firm structure characterised by both limited dimension and a persisting role of family firms (Colli and Vasta, 2010) - limited the extent to which the hereditability of occupations was going to decline with structural change and economic development, contrary to what Chessa and other authors surveyed in chapter 6 had predicted, and to the experience of other European economies. In fact, this element of social ‘stickiness’ characterised already many of the successful entrepreneurs of the previous decades. In their ‘quantitative proposopographical approach’ of the 608 entrepreneurs and top managers covered in the *Biographical Dictionary of Italian Entrepreneurs*, Nuvolari et

[172] The issue is extensively discussed, and empirically tested, by Ballarino et al. (2016).

al. (2018) found that one third had ‘inherited’ the firm from previous generations. If, on one hand, it will be difficult to compare estimates based on these lists with the others available in the literature, on the other hand the sources make possible to obtain figures for multiple years (conveniently placed before the first industrial take-off of the late-19th century, the beginning of the Fascist period and the 1930s), as well as for all Italian provinces. The persistent share of self-employment – around 30% even today (Gabbuti, 2021a, p. 29), with a post-WWII reduction almost entirely limited to the primary sector (Barone and Guetto, 2020), suggest that intertemporal comparisons should be quite consistent.

Of course, a major absence in these lists is public employment, as well as the broader possibilities of social mobility offered by politics, in the broader ‘para-State’ that developed in Fascist times (Melis, 2018). As we have seen in Chapter 6, this clearly contributed to increase absolute social mobility, highlighted (especially in politics) by authors such as Michels (1936), even though, as noted by van Leeuwen (2009, p. 407), there could be sensible differences in the way ‘political regimes with large public service sectors can choose to have a positive effect on openness’. In any case, estimates based on the self-employed lists will inevitably miss the increase in social mobility, due to the expansion of public employment, and more broadly, structural change; they should rather be interpreted as capturing fluidity in the aforementioned section of private labour market.

Table 4 - Occupational Structure and the Taxpayers' Lists (1889-1933)

occupation	sector
worker	agriculture
self-employed	agriculture
entrepreneur	agriculture
worker	service and public administration
self-employed	service
self-employed	industry
worker	industry
entrepreneur	service
salaried employee (non-manual)	all sectors
teacher	
entrepreneur	industry
manager	service and public administration
professional	
manager	Industry and service
judges, academic, top-managers	public administration
top-managers	industry

Source: author's elaboration on Freschi (2019).

A general issue with fiscal sources is that they normally represent the income earned in a given year, that could be markedly different from the 'life-cycle', 'permanent' income on which elasticity should ideally be estimated on.[173] Annual incomes from fiscal sources could be affected by temporary shocks, that would attenuate or bias the estimated IGE; on the contrary, survey data often offer the possibility of averaging several observations. To be representative of permanent income, observations should also focus on workers when they are neither too young, nor to old (Barbieri et al., 2020). For instance, the great differences, discussed in chapter 1, between the 'traditional' TSTSLS estimates of the IGE for Italy, and Acciari et al. (forthcoming), have been attributed to the fact that the latter observed 'children' at 35-40, still in the early stage of their careers, as well as to the erratic nature of fiscal incomes, and possibly evasion (Cannari and D'Alessio, 2018b, p. 12). However, the

[173] Of these issues, Güell et al (2018, pp. F362-363) seem to be concerned only by evasion.

impossibility of dealing with these issues is common to most historical income data (Feigenbaum, 2018): possibly, the aforementioned nature of the declarations - updated over two, even three-year periods – could imply they were less affected by yearly shocks, reflecting some ‘average’ income.

The IGE for Self-Employment (1889-1933) and Top Earners (1871-1959)

A first empirical strategy to infer social mobility from the taxpayers’ lists, is to apply Barone and Mocetti’s TSTSLS, exploiting surnames to combine two different lists, sufficiently distanced in time to proxy for different ‘generations’. As discussed in section 2, the TSTSLS method was designed to measure mobility from repeated surveys, such as the SHIW, that include questions on occupational and educational background of fathers. As the name suggests, a first stage regression is run on a sample that is not the one in which we want to observe the mobility, but that is representative of the labour market when the fathers were reached their permanent income. With this first regression, the correlation between income, occupation and education is empirically measured. The resulting coefficients are used to predict the incomes of fathers in the second sample. The IGE is then estimated as the β of a simple OLS regression, where the observed incomes of sons are the dependent variable, and their fathers’ predicted incomes the covariate of interest. The intuition behind Barone and Mocetti (2021) is that, lacking intergenerational links, surnames can be used in a similar vein. In practice, they first regress ‘the log of earnings on a full set of surname dummies’ in the 1427 sample; then, using data on the 2011 taxpayers, they ‘regress the log of their earnings on that of their ancestors, as predicted by the surname in the first step’. Considering the samples of self-employed taxpayers in Bergamo in 1889 and 1933, the first stage regression is:

(1) $$\ln y_{i,k}^{1889} = \delta_k^{1889} + \rho X_{i,k}^{1889} + u_{i,k}^{1889}$$

With $y_{i,k}^{1889}$ = income of individual i with surname k in year 1889, δ_k^a is a set of surname dummies, X a vector of controls (such as gender or age), and u is the error term. Then, $\hat{\delta}_k^{1899}$ is the log of ancestors' outcomes after controlling for $X_{i,k}^{1889}$, imputed using coefficients for surname fixed effects estimated in equation (1). We then regress:

(2) $$\ln y_{i,k}^{1933} = \beta(\hat{\delta}_k^{1899}) + \gamma X_{i,k}^{1933} + u_{i,k}^{1933}$$

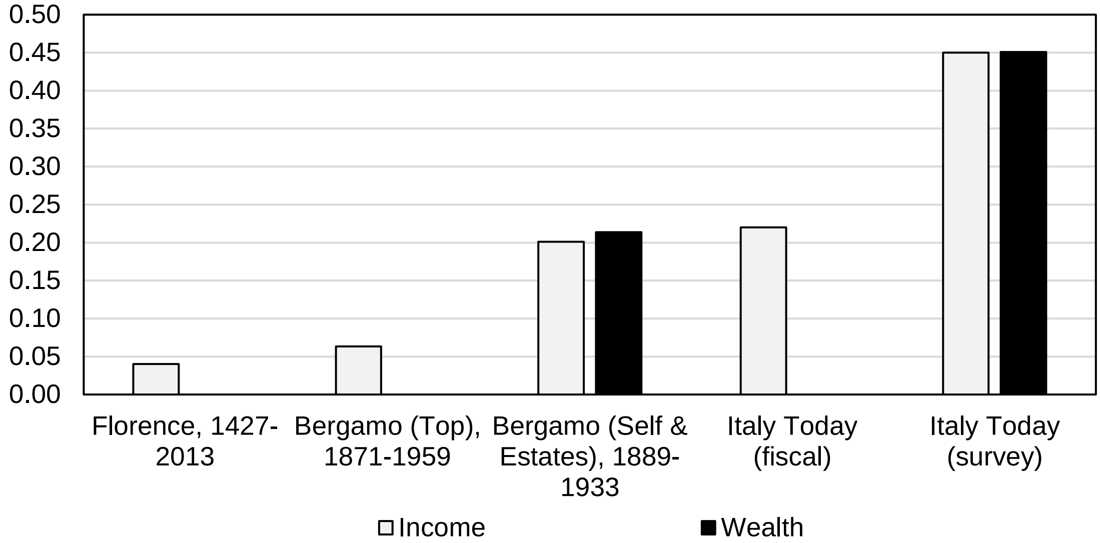
Where the parameter β is the TSTSLS estimate of the IGE.

Barone and Mocetti (2021) acknowledged that they were not the first to apply the TSTSLS to characteristics other than occupation and education; in fact, this is precisely what Olivetti et al. (2018) did, adopting first names as dependent variable. In terms of intuition, the surname based TSTSLS has clear similarities with Clark et al. (2015), but also important differences. First, surname is exploited for linking individual observations, and does not imply, per se, whether they belong to elite or underclass groups. Second, given the distribution of Italian surnames discussed above, there is no need to impose any selection on them, other than imposing a threshold for frequency (normally 30); the results, therefore, do not depend on arbitrary exclusions or inclusions. Clearly, the method is greatly dependent on the accuracy of surnames as predictors of family networks. In this respect, it is important to note that I am not relying on any 'fuzzy matching' of surnames, as those normally applied in the literature working with census data. Each surname is used to generate an identifier and a dummy variable; when only one letter differs, the observation is classified with a different ID (and dummy): the only exception I make is for accents, since they are often difficult to detect in these sources. Such a strict selection is crucial, to ensure that the observed elasticity really captured some real transmission between relatives, and not between people with similar surnames.

That said, the TSTSLS can be applied to the taxpayers lists in several alternative ways. First, one could test the persistence of top incomes across the first century of Italian national history. From the 1871 list for Bergamo, after excluding legal entities and linking all the different incomes, I obtained 1,111 individual taxpayers, sharing 629 surnames. In 1959, the source listed just 614 individuals, sharing 432 surnames. Before running the analysis, it should be noted that the historical sources, inevitably, provided us with different top groups. Even assuming a perfect elasticity between the richest percentiles, perfectly traced by means of surnames, these samples would lead to drop a substantial part of the sample, biasing our results. In any case, most of these surnames are 'new': once the two datasets are merged, in fact, the number of surnames increase to 954 – not far from the extreme case in which all surnames differed (1,061). Running regression (2), sample size falls to just 185 observations, and the resulting coefficient is scarcely significant. As mentioned, the economic interpretation of this result would be difficult anyway. On one hand, the coefficient (reported in Figure 52) refers to almost hundred years (a truly, multi-generational effect); on the other hand, we are dealing with a very top strata, and it was possible to expect stronger elasticity.

Historically speaking, the comparison of 'significance' would also be of great interest *per se*. Regressions (1) and (2) offer, in fact, the chance to count the 'newcomers' (even though we would consider as such those who inherited, for several obvious reasons, status but not surname), and then to observe their activity, gender, and location. Moreover, other lists can be used to provide further detail, and possibly, to disentangle part of the difference between social and geographic mobility. For instance, running the same regressions using the 1933 list as the first sample leads to more than double sample size (467), suggesting the possibility that a good proportion of those who were rich during the Miracle, while not belonging to the ‘pre-unitary’ elite, were not recent immigrants; in line with what discussed above, they were arguably artisans, shopkeepers or small entrepreneurs.

Figure 52 - IGE (TSTSLS) Estimates, (1427-present)



Source: elaborations (Bergamo), Barone and Mocetti (2021) (Florence), Acciari et al. (forthcoming) (Italy, Fiscal), Mocetti (2007) (Italy, Survey - Income), Bloise (2018) (Italy, Survey – Wealth).

Another interesting exercise is the estimation of the IGE for the self-employed, combining the 1889 and 1933 lists. In this case, the resulting IGE is extremely significant, resulting from c. 7,000 observations (Figure 52). While we know we should not compare these results to more ‘standard’ estimates in the literature, an elasticity of 0.2 seems pretty remarkable, in the light of the several attenuation biases. As discussed, the nature and quality of the data could substantially bias the estimates, most notably, due to the sub-sample of occupations considered, that does not allow us to ‘follow’ intergenerational movements from, say, self-employment to a rentier position. Compared to ‘traditional’ IGE estimates, moreover, a surname-based estimation considers not only fathers and sons, but the broader family. While the estimates presented here did not include a gender dummy, they also cover a timespan of almost half a century, capturing arguably more than one generation. In this period, Italians experienced a Great War and a Great Depression, as well as a regime change, that substantially altered the political connections of our taxpayers, and their ability to transmit their status to the next generation. In fact, this coefficient is just slightly lower than the one estimated by Acciari et al. for one generation of matched father and sons. The result is robust to many checks, such as restricting the sample to Bergamo city, excluding surnames with more than 15 occurrences, and applying fuzzy-matching techniques (Figure A 27).

Interestingly, a coefficient close to 0.2 is obtained also performing the TSTSLS on two 'generations' of the estates from Licini (1997), grouping those transmitted in 1889-1922, and those in 1922-1951. Given that estates represent only a richer subset of all inhabitants (according to the data in chapter 2, not even the top 3 deciles in early 20^{th}-century), this could reinforce the idea of higher mobility (or alternatively, higher evasion) at the top of the distribution: on the other hand, the interpretation of this coefficient presents the same issues discussed for top taxpayers, further aggravated by the 'continuous' nature of the evidence, in contrast with the 'waves' available for income tax declarations, that make estates not particularly well suited for a similar analysis.

The ICS, 1889-2005

The estimation of the ICS is also based on the joint distribution of surnames and economic outcomes. As explained by Güell et al. (2014, p. 694), surnames can be used as 'markers': despite being 'intrinsically irrelevant for the determination of economic well-being', they are transmitted by fathers to the next generation, together with those 'other characteristics that do matter'. The more these inherited characteristics explain individuals' outcomes, 'the more information the surnames will contain on the values of outcomes'. For this reason, even in a cross-sample, it is possible to infer the degree of mobility by measuring the informative content of surname in terms of economic outcomes. The intuition is in many ways similar to the one underlying the current socio-economic literature that exploits siblings' outcomes as 'natural experiments', for disentangling the effect of individual characteristics and family background: surnames should not convey information on intrinsic ability, and if they account for systematic regularities in economic outcomes, they must signal some sort of intergenerational transmission mechanism in place.

In practice, the ICS is defined as 'the difference in the R^2 between two regressions'; a first stage (3) in which economic outcome of the individuals *i* on their surnames (a k-vector of dummy variables, D), is regressed on and a vector of additional characteristics:

$$\ln y_{i,k} = b'D \quad + \gamma' X_{i,\,k} + u_{i,\,k} \tag{3}$$

In Güell et al. (2018), these characteristics are only gender and age – but unfortunately, our source make possible to code only the first. Then, a second regression (4) 'mixes up the surnames so that they cannot be informative':

$$y_{i,k} = b'F \quad + \gamma' X_{i,\,k} + u_{i,\,k} \tag{4}$$

This time, in fact, F is a vector of randomly assigned surnames, 'in a manner that maintains the marginal distribution of surname'. ICS can then be defined as:

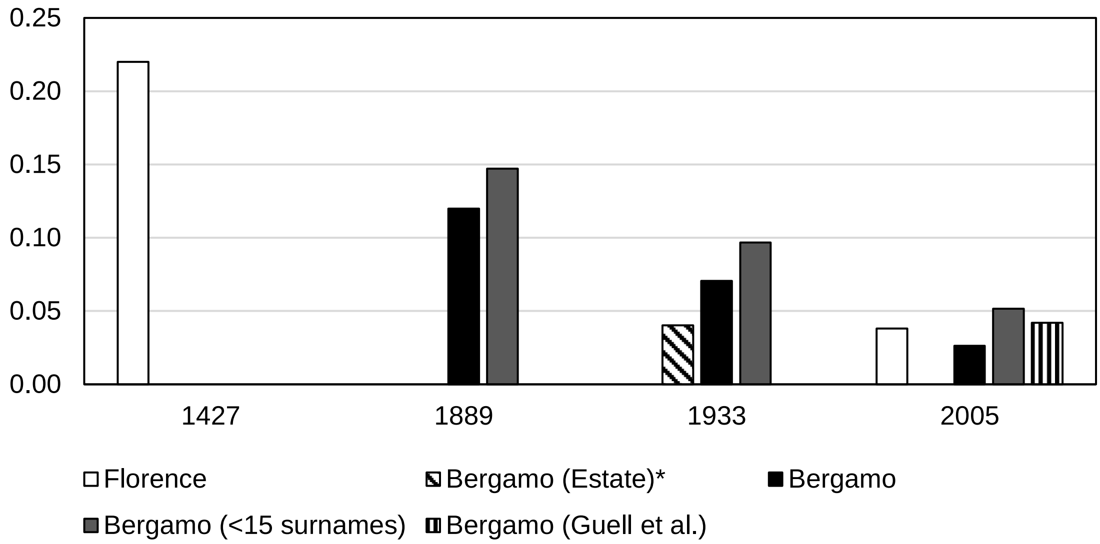
$$ICS = R_L^2 - \bar{R}_F^2 \tag{5}$$

Where R_L^2 is the r-square of regression (3), and $\bar{R}_F^2$ is the average r-square of n regressions of randomly assigned surnames on the same outcomes, as in (4). The authors theoretically model the mapping between (5) and a classic father-son IGE: as they explain, $\widehat{ICS}$ is 'a moment of the joint distribution of surnames and economic well-being that measures the incremental ICS', and 'turn out to be monotonically increasing' in the IGE.

As discussed by Santavirta and Stuhler (2021, p. 14), while showing 'similar conceptual issues' than other name-based estimators, the advantages of the ICS 'are its modest data requirements and its broad applicability. The estimator requires only cross-sectional data and does not require intergenerational panel or the observation of family links. Moreover, a single cross-section may be sufficient for the estimation of mobility trends'. Moreover, they show empirically that the ICS 'is less sensitive to sampling properties' than the existing alternatives, 'and is not sensitive to sample size'. The reliability of the ICS has been reaffirmed in the Italian context by direct comparison with province-level IGE coefficients; according to Acciari et al. (forthcoming), 'the ICS is a very strong proxy of upward mobility that can be used in many contexts where better data are not available', while Güell et al (2018) compared the ICS and IGE at national and macro-regional level. Curiously, Bergamo is an exception, median in terms of ICS and ranking 5th (out of 110) in terms of IGE. Interestingly, the strongest discrepancies are observed in Trento and Bolzano, where German surnames are common, possibly as a result of their lower informative content, compared to Italian ones.

Figure 53 reports some ICS estimates for the whole sample of the self-employed in Bergamo in 1889 and 1933. Following Barone and Mocetti (2021) (who also estimated the ICS for 1427 and 2005), I contrasted the r-squares from equation (3) (0.315 in 1889; 0.201 in 1933; 0.107 in 2005) with the average from 1,000 random assignments of the surnames (0.195, 0.131 and 0.081 respectively). A first comparison with 2005 is obtained by dropping all wage-earners from Güell et al. (2018) data. This first exercise already offers some interesting result. First, the *level* of mobility in 1889 and 1933 lies between Barone and Mocetti's (2021) estimate for 1427 Florence, and the figures for 2005. Although 1427 estimates are not entirely comparable, this result suggest – in line with expectations, and with Barone and Mocetti (2021) – an increase in mobility in the very long run. More interestingly for this work, the result seems confirmed with the more consistent source and geographic definition for 1889-2005. The reduction in the ICS (and thus, the increase in social mobility) is robust to the exclusion of all surnames with more than 15 occurrence – a rather strict robustness check, considering that both the other papers adopt a threshold of 30.

Figure 53 - ICS Estimates (1427-2005)



Source: author's elaborations (Bergamo), Barone and Mocetti (2021), Güell et al (2018).

Finally, the estimation of the ICS on a sub-sample of estates from Licini (1997) (the c. 3,500 transmitted between 1922 and 1951) result to a substantially lower coefficient, contrary to what we observed for the TSTSLS estimates. It is hard to figure out precisely the reason of these differences, but the discussion on the nature of the ICS suggests that the 'truncated' nature estate declarations makes them not particularly suitable for estimating this indicator. The only way to fruitfully employ this rich source seems to collect the complete information on intergenerational transfers, showed in Figure 48.

5. Conclusions

This chapter argued that the taxpayers' lists, issued by the Italian Finance Ministry several times between late-19th and mid-20th century, can be fruitfully adopted to study the evolution of intergenerational mobility in income across Italy – in fact, given the discussion of section 2, these sources could represent the only available, although suboptimal, option. In section 4, I tested the application of two types of name-based estimators, the TSTSLS and ICS methods, on the different lists available, as well as on a sample of estates from Licini (1997). Clearly these methods, applied on historical sources such as the taxpayers' lists, irregularly issued by the Italian government since its early years, cannot provide researchers with 'standard' IGE estimates, to be meaningfully compared with international historical or contemporary Italian evidence. But as argued by Olivetti et al. (2018), name-based methods are 'still able to provide comparable estimates of long-run mobility'. To ensure the consistency of such comparisons, what seems crucial, as suggested by the analysis carried on by Santavirta and Stuhler (2020), is a correct understanding of the nature of the sources.

While the TSTSLS methodology developed by Barone and Mocetti (2021) makes it possible to compare rich historical databases, like the Florentine Cadastre, with present data, neither estate data nor the 'top' lists of 1871 and 1950s seem particularly appropriate for replicating this exercise. The methodology could be applied on the self-employed lists, but the data requirement would be very high – the full digitisation of more than 2 million observations covering two 'waves' would result in only one coefficient for each province. Any inference on the dynamics of social mobility would require a third wave; and then, the interpretation of the results would be limited by the different timespans of the sources (moreover, the 1922-1933 interval seems too short for inferring intergenerational, rather than 'interpersonal', mobility).

In fact, what makes the ICS particularly interesting for economic history its lower data requirement. Santavirta and Stuhler (2021, p. 6) noted that this quality makes it possible to 'characterize the geography of intergenerational processes in greater detail' by obtaining disaggregated estimates, as in Güell et al. (2018); similar estimates are 'particularly illuminating' when the observed territories share 'a large number of characteristics' (Long and Ferrie, 2013, p. 1110): as discussed by Güell et al. (2018, pp. F353-354) a non-federal state as Italy, where provinces share institutional settings, offers very interesting insights on the possible determinants of social mobility. Replicating their methodology with an historical source would greatly enrich the literature on social mobility. Moreover, the ICS methodology give historians the possibility of estimating social mobility by means of a single source. In our case, Figure 53 could include two estimates (1889 and 1933) instead of one as in Figure 52; moreover, this would make possible to exploit sources at irregular intervals (for us, 1889, 1922, and 1933), avoiding the inconsistency of computing coefficients over different time-spans. If a 'key property' of all name-based estimators is 'the conditional probability that a parent is sampled when his or her child is being included in the child sample (i.e., the "overlap" between the parent and child samples)' (Santavirta and Stuhler, 2021, p. 4), such a probability is arguably more comparable across these cross-sections, than in the samples obtained by combining couples of them covering with different intervals.

As discussed in this chapter, the resulting estimates cannot be read as 'normal' IGE coefficients: not only because 'name-based estimators weight the underlying transmission mechanisms differently than individual-level estimators' (Santavirta and Stuhler, 2021, p. 6), but because of the peculiar nature of the sample of these lists. Still, in the light of the discussion of this and previous chapters, the estimation of ICS for the self-employed in Italy, especially in the interwar, is of particular interest. In that sense, the publication of the lists was quite timely: 1889 marks the conventional 'start' of Italian industrialisation; 1922 saw Mussolini's rise to power; the 1933 issue offers us an interesting perspective of Italy around the Great Depression, just before the development of 'autarkic' policies, as discussed in chapters 4 and 5.[174] The digitisation of all these lists was well beyond the possibility of an individual scholar, but in the light of the discussion of section 3, I scanned and digitised the whole sample for 1933. This list had the advantages of being the easiest to digitise, the one with the highest number of observations, and arguably the most reliable. It will therefore make possible to estimate ICS for all Italian provinces in 1933, and to allow consistent comparisons with the 2005 data provided by Güell et al. (2018). At the same time, I could exploit the digitisation by Google books of several provinces for 1922, to cover more than a third of provinces in that year, allowing a first comparison of the trend between 1922 and 1933, as well as four provinces for 1889. This will be the object of the next, final chapter.

[174] I was not able to find more than few volumes of the 1929 in Italian public libraries – only 16 are preserved in the National Library of Rome and have been digitised by Google books. For this reason, I was not able to consider them. On the other hand, the analysis could be expanded through the modern sources adopted by Acciari et al. (forthcoming).

Chapter 8 – The Informational Content of Surnames, 1899-2005

1. Introduction

In this last Part of the dissertation, we discussed the absence of historical estimates on the evolution of social mobility in Italy before WWII, and how they would enrich the economic and social history of the country, especially with respect to the Fascist period. Chapter 6 surveyed how Italian scholars have been debating issues such as equality of starting points, the role of inheritance and the intergenerational transmission of socio-economic status and attempted to estimate them empirically; a 'debate' that possibly intensified in the interwar period, when authors such as Michels (1936) dealt with 'the social and intellectual changes of positions after the war'. As discussed also in Chapter 3, for Michels and other observers, the Great War – that as discussed in Chapter 4, arguably benefitted capital and top incomes – had also reshuffled the relative position of the middle classes. The discussion of Italy's occupational structure carried on in Chapter 5 allowed us to identify, in line with Michels, two distinct groups within this 'middle': the 'new', mostly educated middle classes, represented by white collars, especially in the public sector; and the 'old', traditional ones - small entrepreneurs, artisans, shopkeepers, and the like. While this 'old' group have been characterising Italian occupational structure since the Unification, the 'new' middle class was increasing its relative size, as a consequence of structural change and the expansion of public employment: as surveyed in Chapter 6, Gini and others highlighted the upward absolute social mobility determined by the increasing number of white-collar jobs available for the educated - reinforced, in the 1930s, by the proliferation of so-called 'para-statal' organisations controlled by the Fascist National

Party (Melis, 2018). Not surprisingly, Michels (1936, p. 75) highlighted the mobility experienced by party members - mostly coming from the educated middle class (Petersen, 1975) - as opposed to the relatively lower structural change, confirmed by Gini (1912), and the high transmission of status within professions denounced by Benini (1906, p. 332) and Michels himself.

The possibility of estimating the degree of family transmission of status through the so-called Informative Content of Surnames (ICS) index, applied on the taxpayers' lists of the self-employed and professionals, as discussed in Chapter 7, is therefore of great historical interest, despite some major limitation. The source does not allow us, in fact, to trace the crucial component of absolute mobility due to structural change (with the growing importance of non-rural occupations) and the expansion of public employment. Still, it makes possible the observation of another, less 'predictable' component, so important for contemporary observers as well as for historians – who, as discussed in Chapter 7, highlighted precisely the 'traditional' middle class as the main actors of most Italian 'rags to riches' from the end of the 19th century to the post-WWII Economic Miracle (Banti, 1996, pp. 143-155). More recently, these groups have also been pointed out as an explanation of the 'stickiness' of Italian occupational structure, for the inherent hereditability of family businesses, shops, or professional activities (Ballarino et al., 2016; Barone and Guetto, 2020).

In this chapter, I use the 1933 list - the one reporting the largest number of taxpayers, and arguably most reliable - to estimate the ICS for all the 92 provinces in which Italy was divided at the time; although admittedly peculiar, these are the first historical estimate of social mobility for pre-WWII Italy. The estimates allow me to replicate Güell et al. (2018) and explore the correlation between social mobility and economic and social indicators available at the provincial level. I then exploit the digitalisation of the 1889 and 1922 lists for a subset of provinces to investigate the evolution of the ICS from the late 19th century to 2005, when I am able to obtain more comparable estimates from Güell et al. (2018) data. The resulting estimates make possible a preliminary discussion of the long-run evolution of intergenerational income mobility in post-unification Italy, and its shorter-term dynamics during the interwar period. The rest of the chapter is structured as followed: section 2 describes the database resulting from the digitisation of the taxpayers' lists presented in Chapter 7; section 3 presents the ICS and its correlation with socio-economic outcomes in 1933; section 4 extends the analysis to 1889, 1922 and 2005, before the conclusion in section 5.

2. The Italian Historical Taxpayers' Database, 1889-1933

Chapter 7 documented the existence of several lists of taxpayers, of different coverage and quality, published, precisely as the one adopted by Güell et al. (2018), to raise public scrutiny and compliance. As discussed in that chapter, the lists reporting the universe of income declarations filed by individuals for the categories B and C of the *Imposta di ricchezza mobile* in 1889, 1922, 1929 and 1933 are the most suited for carrying out an analysis of social mobility in Liberal and interwar Italy. In this paragraph I will describe the Italian Historical Taxpayers' Database, consisting of 1,593,563 micro-records of income declarations filed by Italian autonomous workers between 1889 and 1933, resulting from the digitisation of these lists (Table 5). The digitisation effort is still in process: while the 1889, 1922 and 1929 lists have been only partly scanned, for the 1933 one I focused on the variables needed to estimate the ICS, and cleaned only partially occupations and municipalities, that will make possible to explore other aspects of Italy's economic and social history. In Chapter 7 I also argued how the 1933 lists are not only the most convenient to scan and digitise, given the clear structure of their layout, and (for the purposes of applying of surname-based indicators) that surnames are printed in capital letters (Appendix 3), but are also the most complete and reliable. As shown already in Chapter 4, the efforts of tackling evasion had produced some results, in terms of absolute declarations and average incomes, at least until the mid of 1930s (the share of direct tax declaration over the GDP peaked in 1934). Compared to 1922, the early 1930s were also a period of monetary stability, reassuring us on the relative consistency of the values, declared by the taxpayers in different years. For this reason, I first personally scanned all the volumes for 1933. By this year, the 69 provinces in which the Kingdom of Italy was organised in 1870 had become 92, as a result of the division of several provinces between 1923 and 1927, and the annexation of new provinces after the Great War – Trento, Bozen, Trieste, but also Fiume (Rijeka), Pola (Pula), and Zara (Zadar), in today's Croatia. The resulting PDFs were digitised applying a professional OCR-software, *ABBYY*; results were personally checked - especially taxpayers' names, whose absolute precision is essential for the correct estimation of the ICS. This careful examination provided me with first-hand, extensive knowledge on the most recurrent errors performed by the automatic optical character recognition (useful, for instance, to correctly clean income figures) and the nature of the source. For instance, I realised that, in some provinces, firms and collective entities were occasionally included: parishes; municipalities paying for their employees; even some leisure club, such as the local branches of the *Organizzazione nazionale dopolavoro* (De Grazia, 1981). In cases such as the *Corriere della Sera* (among the top declarations discussed in Chapter 4) the name of the firm would hardly end up being confused with actual surnames (and would be excluded from the ICS computation, as all 'surnames' with one occurrence per province only), it is important to identify those ‘fake surnames’– such as *caseificio* (cheese factory) or *impresa* (firm) – recurring several times, to avoid including them in the analysis.

For the 1933 list, the adoption of capital letters for surnames made it possible to automatise with the greatest precision their identification within the taxpayers’ name string.[175] In previous lists, the only way was to select the first word of each string, apart for the cases in which, as for “Di” or “Del”, it clearly signalled two-word surnames (as in the case of De Stefani) – in these cases, the following word would be added to the surname. Alternatively, the second word might be an abbreviation, such as “Don”, “Doctor”, that should be discarded, in order to detect the correct personal name, hopefully the third word of the taxpayer string. This procedure, sufficiently precise in the greatest majority of cases, fails to recognise double or more composite surnames (think of De Viti De Marco, or Levi della Vida, encountered in Chapter 7), or the relatively few cases in which two individuals are listed together. With the automatic procedure made possible by capital letters, both surnames would be easily detected; on the contrary, this alternative procedure captures only part of the composite surname (De Viti, or Levi), or the first of the two;[176] as a result, the ICS could be overestimated in 1889 and 1922, due to a higher number of observation attributed the same single surname. As a check, I compared the ICS coefficients calculated on the same 1933 lists, when using the ‘real’ surnames recognised from capital letters, and the ‘alternative surnames’ obtained by the alternative procedure just described (Figure A 28): reassuringly, the results are almost indistinguishable. To try to deal with the minority of

[175] In the manual check, I also corrected the cases in which the source incorrectly reported the surname in lower letters, or whenever I recognised the absence of an actual surname, as in the aforementioned *Corriere della Sera* case.

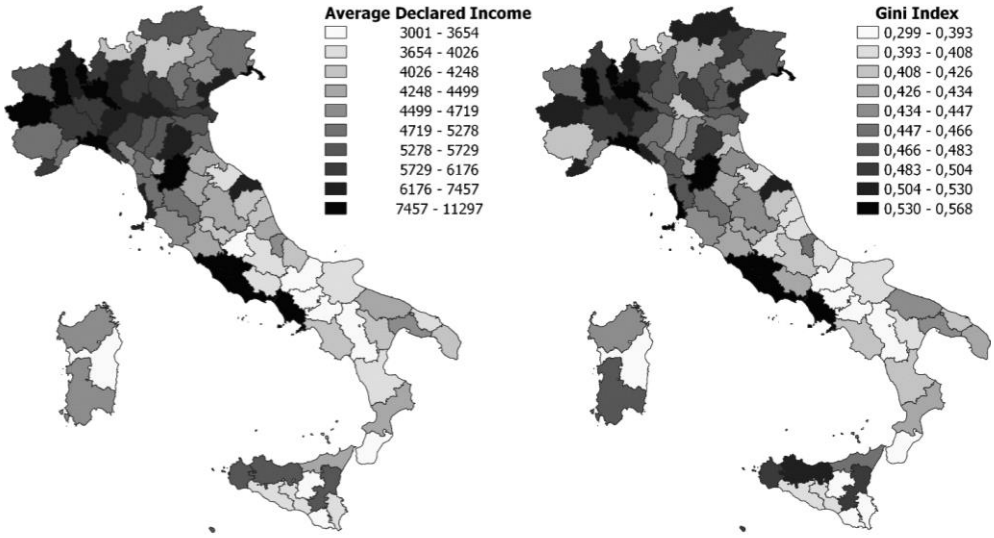
[176] For instance, the two associates “Rossi Mario e Bianchi Carlo” would be recorded under the surname “Rossi” under the alternative procedure, and under “Rossi Bianchi” exploiting the capital letters; unless other taxpayers are really named “Rossi Bianchi”, the result of the capital letter methodology is to exclude the observation from the ICS estimation.

taxpayers referring to multiple individuals – whether ‘brothers’, family members or simply business associates – I took note of all those words that could signal this case (from ‘& C.’ to ‘and’) and recorded all these as ‘collective taxpayers’. As shown in the same Figure A 28, the estimation of the ICS excluding these observations is only partly different; given the nature of the source, when even ‘individual’ records should be considered ‘family activities’, I preferred to include these taxpayers in the analysis. The very similar results obtained using the alternative surnames are reassuring to extend the analysis to the subset of provinces already covered by the database in previous years. Combining the 1922 volumes digitised by *Google Books*, and those I was able to scan before the sudden closure of public libraries in March 2020, I was able to include in the database 33 provinces for 1922 (Genoa and Rome only for the capital district) and 4 for 1889.[177]

Figure 54 reports the mean value of the declarations, and the Gini index, obtained from the taxpayers’ lists of 1933. The overall picture is not substantially different to the one obtained by Orlandi (1935) for 1929, reported in Chapter 4, together with the change between these two years and 1922: average declarations increase moving from South to North, and especially North-West, and with some exception, the level of concentration follows.

[177] Unfortunately, I was unable to find all the 1929 volumes in any library: this list was an ideal candidate for digitisation, due to the greater information on taxpayers tax groups, and the possibility to link individual taxpayers to different declarations; in the absence of the full lists, and to the proximity with the 1933 ones, I preferred to postpone the digitisation of its surviving volumes, some of which are also available on *Google Books*.

Figure 54 - Mean and Gini of Declared Income across Italian Provinces, 1933



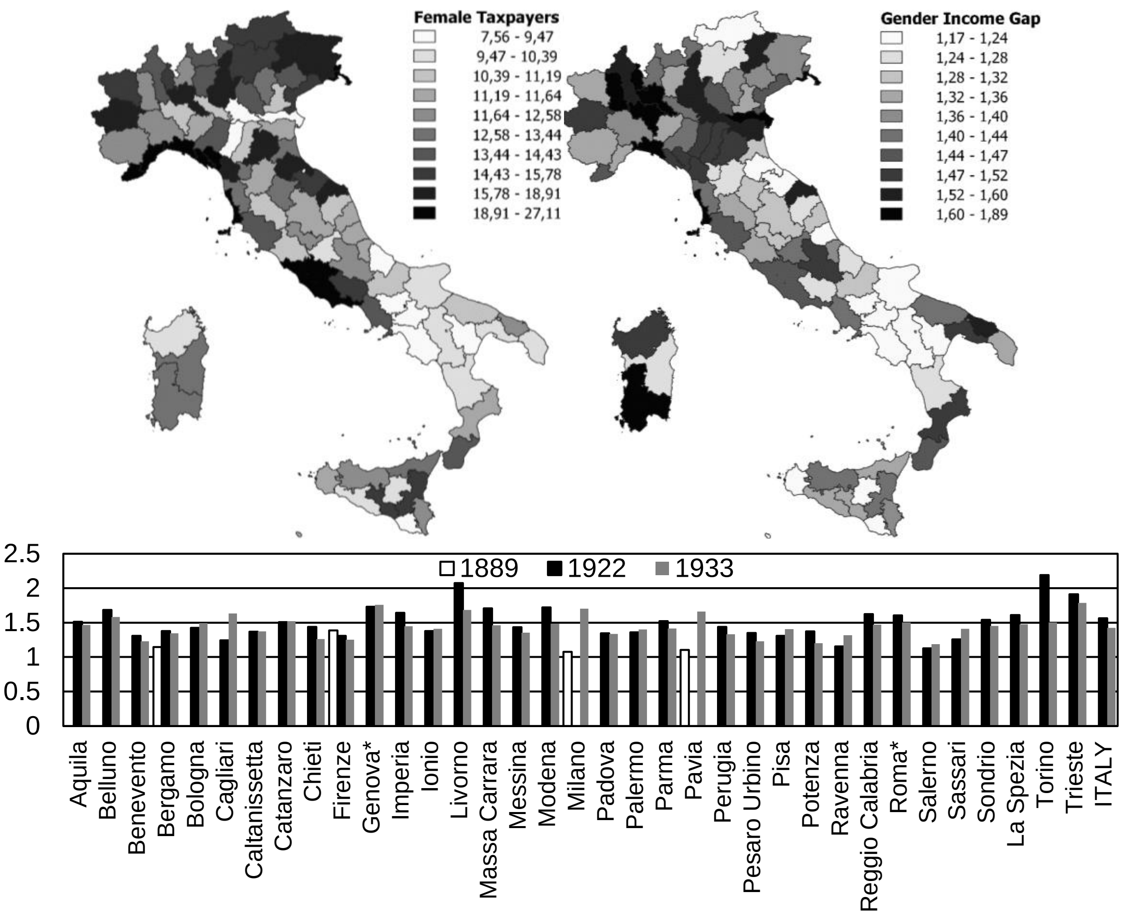
Source: author's elaborations on the Italian Historical Taxpayers' Database. Gini index is estimated only on incomes above the threshold of 2,000 lire.

The digitisation of the lists reveals the presence of women among the taxpayers, normally hided by Italian fiscal sources: the identification of first names, in fact, made it possible to assign a gender to 89% of the observations for 1922, 90% for 1889, and more than 93% for 1933 – almost all, considering the collective entities, and more importantly, taxpayers for which only initials or abbreviations were reported for the first name. For few of these latter cases, it was still possible to assign gender, based either on abbreviations signalling a profession precluded to women (such as notary), or on particles introducing married names. While most Italian wives maintained their maiden names, in some cases the source records also the married name, after particles such as 'in' (see the examples reported in Appendix 3).[178] Finally, I considered as women the very few 'collective' taxpayers in which it was possible to identify at least one woman (for instance, when the source reported 'and wife', or 'sisters'). As reported in Table 5, the lists included a non-negligible share of women – some 15%: while the census data reported in Chapter 5 show substantially higher female participation in the workforce, it

[178] In these cases, I recorded both the marital status (including widowhood) and the married name.

should be noted that those included in the lists are autonomous workers. As shown by Figure 55, female presence greatly varied across the country, as well as the average income gap with male declarations, calculated without considering the very different composition of female and male occupations: while the coding of these variables is still in progress, Figure 56 reports the classification by economic activity for some three quarters of the 1933 sample, and Figure A 29 the one by HISCLASS category.

Figure 55 - Female Taxpayers and Gender Income Gaps, 1933

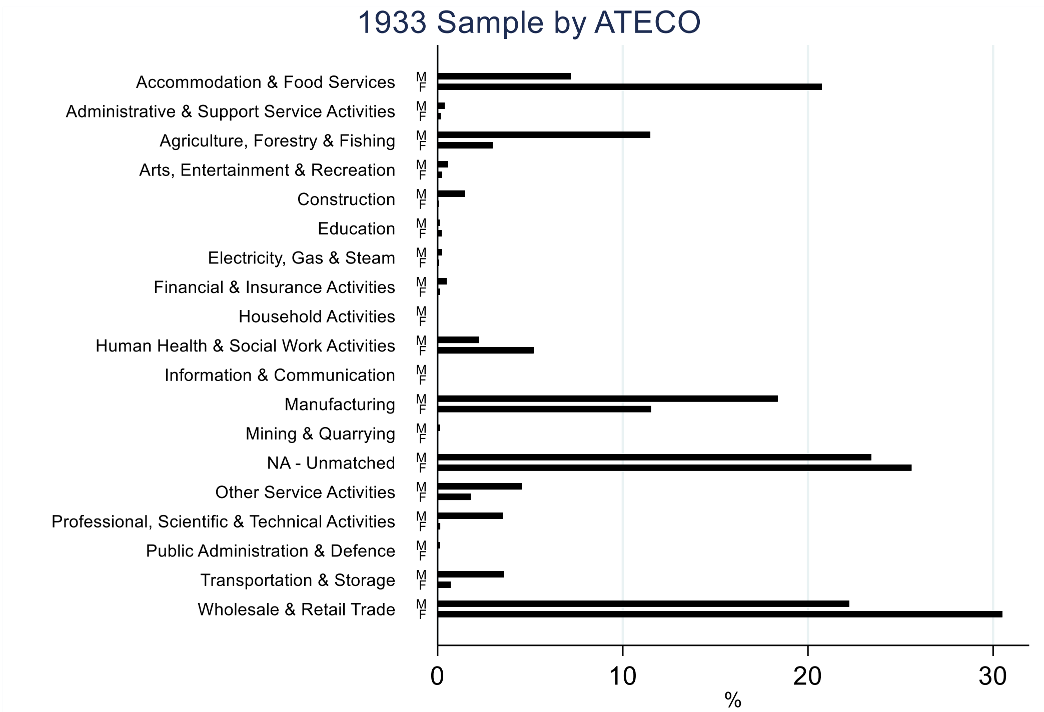


Source: author's elaborations on the Italian Historical Taxpayers' Database. Gaps are expressed as the ratio between the average male income declaration over the average female declaration, excluding the minority of declarations for which it was not possible to match a gender.

While confirming the suitability of the taxpayers lists to depict very different occupations and classes, Figure 56 reveals that women were more present in accommodation and food services, trade, and social work; on the other hand, they were less represented in professions, but also in manufacturing and agriculture, where most of active women found employment. In terms of HISCLASS, women had much lower chances of appearing among the higher professional, even though the same holds true for unskilled and lower-skill jobs.[179] Even before controlling for this compositional effect, it is interesting to notice the correlation between female presence and income differentials, and of both with overall income inequality – another aspect of gender gaps that, after expanding the database, would enrich the discussion carried on in Chapter 5. Very small income differences in provinces where female taxpayers were less than a tenth of the total, could signal both the ‘exceptional’ nature of women carrying on independent activities in similar environments (including the case in which widows and daughters inherited family businesses), or them being ‘front women’ of male family members for legal reasons (see footnote 101). In the subset of provinces covered in 1922, income gaps within self-employed taxpayers declined, confirming the trend observed in Chapter 3 in industry and services; of the four provinces for which we have 1889 data, only Florence shows a small, constant decline in gaps, with the share of women remaining below the average, while the other three (unfortunately, all concentrated in the same region, Lombardy) saw an increase in both gaps and female presence.

[179] Both graphs are very similar for the Southern provinces only.

Figure 56 - The 1933 Taxpayers by Economic Activity



Source: author's elaborations on the Italian Historical Taxpayers' Database.

The complete cleaning of the data will make possible to further check the quality of the data, observing the relative ranking in average declarations by profession and activity, and possibly carrying on specific corrections for underreporting, after comparing them with external sources. In fact, the very nature of the source makes clear that it should not be taken at the face value; still, as argued in Chapter 7, average incomes declared by taxpayers show a reasonable mark-up with the wages paid in the correspondent sectors, especially when considering that these were 'net' of some deductions. All in all, the evidence presented here, together with the discussion in Chapter 7, suggest that the taxpayers' lists should track sufficiently well the relative ranking of professions, individuals and territories. In the rest of the paper, I will adopt them to estimate the ICS for Italian provinces in the interwar.

Table 5 - The Italian Historical Taxpayers' Database, 1889-1933

Province	Region	Area	Taxpayers	Share of Women	Average Income	Gini
			1933			
Agrigento	Sicily	I	5,807	10%	3,952	0.400
Alessandria	Piedmont	NW	34,095	13%	5,968	0.495
Ancona	Marches	C	8,119	18%	6,391	0.505
Aquila	Abruzzi	S	5,776	12%	3,754	0.423
Arezzo	Tuscany	C	7,394	13%	4,392	0.430
Ascoli Piceno	Marches	C	6,507	11%	4,242	0.407
Avellino	Campania	S	10,920	10%	3,140	0.316
Bari	Apulia	S	25,598	10%	4,422	0.445
Belluno	Venetia	NE	5,447	19%	4,600	0.488
Benevento	Campania	S	7,265	8%	3,121	0.328
Bergamo	Lombardy	NW	17,697	14%	6,218	0.488
Bologna	Emilia-Romagna	NE	24,171	16%	7,255	0.494
Bolzano-Bozen	Trentino-Sud Tirol	NE	9,957	17%	5,458	0.528
Brescia	Lombardy	NW	24,686	17%	6,156	0.477
Brindisi	Apulia	S	5,520	12%	4,030	0.412
Cagliari	Sardinia	I	9,525	12%	4,716	0.476
Caltanissetta	Sicily	I	4,157	14%	3,912	0.395
Campobasso	Abruzzi	S	8,880	10%	3,499	0.386
Catania	Sicily	I	15,124	13%	5,608	0.492
Catanzaro	Calabria	S	9,437	11%	4,314	0.430
Chieti	Abruzzi	S	6,585	10%	3,698	0.400
Como	Lombardy	NW	21,037	13%	5,982	0.517
Cosenza	Calabria	S	10,474	9%	3,701	0.409
Cremona	Lombardy	NW	15,794	10%	6,982	0.474
Cuneo	Piedmont	NW	23,854	13%	4,948	0.422
Enna	Sicily	I	3,711	9%	3,159	0.312
Ferrara	Emilia-Romagna	NE	11,908	12%	5,653	0.462
Firenze	Tuscany	C	31,449	12%	7,715	0.534
Fiume		AT	2,993	21%	5,858	0.468
Foggia	Apulia	S	12,823	10%	4,009	0.403
Forlì	Emilia-Romagna	NE	11,801	16%	4,425	0.434
Frosinone	Latium	C	7,521	15%	3,925	0.433
Genova	Liguria	NW	36,268	26%	8,103	0.542
Gorizia	Friuli Ven. Giulia	NE	4,965	23%	4,660	0.450
Grosseto	Tuscany	C	5,163	14%	4,697	0.447
Imperia	Liguria	NW	6,889	24%	5,899	0.525
Ionio (Taranto)	Apulia	S	5,827	10%	4,620	0.447
La Spezia	Liguria	NW	5,758	28%	6,021	0.524
Lecce	Apulia	S	10,679	10%	4,102	0.428
Livorno	Tuscany	C	8,703	20%	7,412	0.542
Lucca	Tuscany	C	12,510	19%	4,960	0.475
Macerata	Marches	C	6,293	11%	4,172	0.423
Mantova	Lombardy	NW	15,427	8%	6,535	0.424
Massa-Carrara	Tuscany	C	5,233	21%	4,557	0.465
Matera	Lucania	S	4,243	8%	4,041	0.404
Messina	Sicily	I	14,968	13%	4,505	0.449
Milano	Lombardy	NW	74,192	17%	11,298	0.563
Modena	Emilia-Romagna	NE	15,094	11%	5,723	0.440
Napoli	Campania	S	64,373	14%	8,233	0.566
Novara	Piedmont	NW	16,710	15%	7,396	0.504
Nuoro	Sardinia	I	2,987	13%	3,185	0.375
Padova	Venetia	NE	18,099	11%	5,594	0.477
Palermo	Sicily	I	19,807	12%	5,726	0.512
Parma	Emilia-Romagna	NE	17,495	14%	6,159	0.464
Pavia	Lombardy	NW	23,226	11%	5,964	0.520

Tab. 5 (Continued) - The Italian Taxpayers' Database, 1889-1933

Perugia	Umbria	C	10,540	12%	4,281	0.440
Pesaro Urbino	Marches	C	5,835	16%	3,893	0.397
Pescara	Abruzzi	S	3,898	13%	4,693	0.466
Piacenza	Emilia-Romagna	NE	13,937	12%	6,197	0.492
Pisa	Tuscany	C	11,670	14%	5,094	0.466
Pistoia	Tuscany	C	8,104	13%	4,261	0.428
Pola		AT	5,416	22%	3,966	0.398
Potenza	Lucania	S	9,387	9%	3,033	0.309
Pr. Friuli (Udine)	Friuli Ven. Giulia	NE	16,482	18%	5,201	0.473
Ragusa	Sicily	I	5,419	8%	2,999	0.299
Ravenna	Emilia-Romagna	NE	9,961	13%	5,029	0.423
Reggio di Calabria	Calabria	S	7,826	14%	3,557	0.375
Reggio nell'Emilia	Emilia-Romagna	NE	15,749	10%	5,298	0.426
Rieti	Latium	C	3,023	11%	3,603	0.408
Roma	Latium	C	43,508	21%	10,387	0.554
Rovigo	Venetia	NE	7,961	9%	5,981	0.467
Salerno	Campania	S	16,983	8%	4,208	0.416
Sassari	Sardinia	I	4,193	10%	4,504	0.446
Savona	Liguria	NW	9,467	25%	4,937	0.439
Siena	Tuscany	C	8,395	12%	4,954	0.452
Siracusa	Sicily	I	4,554	12%	3,977	0.385
Sondrio	Lombardy	NW	3,135	14%	4,113	0.426
Teramo	Abruzzi	S	2,848	12%	4,172	0.400
Terni	Umbria	C	4,423	14%	4,238	0.432
Torino	Piedmont	NW	53,536	19%	10,091	0.529
Trapani	Sicily	I	6,160	10%	5,483	0.495
Trento	Trentino-Sud Tirol	NE	10,636	15%	4,059	0.427
Treviso	Venetia	NE	12,933	15%	4,643	0.436
Trieste	Friuli Ven. Giulia	NE	9,660	22%	9,836	0.544
Valle d'Aosta	Piedmont	NW	8,079	16%	5,369	0.460
Varese	Lombardy	NW	14,129	16%	8,379	0.568
Venezia	Venetia	NE	16,532	15%	7,329	0.525
Vercelli	Piedmont	NW	18,482	12%	8,197	0.540
Verona	Venetia	NE	16,866	14%	5,752	0.487
Vicenza	Venetia	NE	17,591	14%	5,005	0.473
Viterbo	Latium	C	6,510	12%	4,295	0.432
Zara		AT	674	17%	4,096	0.422
	Total (Italy)		*1,225,443*	*14%*	*6,388*	*0.518*
			1922			
Aquila	Abruzzi	S	5,940	10%	2,502	0.540
Belluno	Venetia	NE	3,661	21%	5,421	0.607
Benevento	Campania	S	4,780	7%	1,544	0.439
Bergamo	Lombardy	NW	16,150	13%	3,395	0.568
Bologna	Emilia-Romagna	NE	14,522	15%	4,879	0.536
Cagliari	Sardinia	I	13,926	12%	1,801	0.435
Caltanissetta	Sicily	I	4,540	12%	2,339	0.491
Catanzaro	Calabria	S	6,400	9%	2,246	0.508
Chieti	Abruzzi	S	5,191	11%	2,524	0.534
Firenze	Tuscany	C	27,361	12%	5,171	0.570
Genova (I)	Liguria	NW	13,683	21%	10,922	0.590
Imperia	Liguria	NW	4,193	22%	4,297	0.649
Ionio (Taranto)	Apulia	S	5,137	11%	2,297	0.470
La Spezia	Liguria	NW	4,423	32%	3,738	0.576
Livorno	Tuscany	C	3,851	21%	5,913	0.602
Massa-Carrara	Tuscany	C	3,279	20%	3,164	0.556
Messina	Sicily	I	7,156	11%	2,492	0.517
Modena	Emilia-Romagna	NE	9,947	10%	3,579	0.515
Padova	Venetia	NE	13,928	9%	3,392	0.559

Tab. 5 (Continued) - The Italian Taxpayers' Database, 1889-1933

Palermo	Sicily	I	12,829	13%	3,740	0.527
Parma	Emilia-Romagna	NE	11,441	13%	4,344	0.498
Perugia	Umbria	C	10,655	10%	2,577	0.529
Pesaro Urbino	Marches	C	4,866	14%	2,294	0.511
Pisa	Tuscany	C	7,206	15%	2,934	0.465
Potenza	Lucania	S	9,818	9%	2,094	0.488
Ravenna	Emilia-Romagna	NE	5,475	11%	3,304	0.458
Reggio di Calabria	Calabria	S	5,348	10%	2,420	0.539
Roma (I)	Latium	C	20,828	27%	6,677	0.497
Salerno	Campania	S	12,586	8%	2,092	0.572
Sassari	Sardinia	I	7,123	13%	1,771	0.417
Sondrio	Lombardy	NW	2,372	15%	2,044	0.475
Torino	Piedmont	NW	25,244	21%	9,798	0.673
Trieste	Friuli Ven. Giulia	NE	10,114	21%	4,311	0.616
Total (33 Provinces – Genoa and Roma only Capital)			*313,949*	*15%*	*4,424*	*0.612*
		1889				
Bergamo	Lombardy	NW	7,081	8%	1,030	0.431
Firenze	Tuscany	C	16,174	9%	1,619	0.610
Milano	Lombardy	NW	22,922	12%	1,783	0.579
Pavia	Lombardy	NW	7,994	8%	1,085	0.401
Total (4 Provinces)			*54,171*	*10%*	*1,533*	*0.561*

Source: author's elaborations on MEF-ID (1889b, 1924, 1933-34).

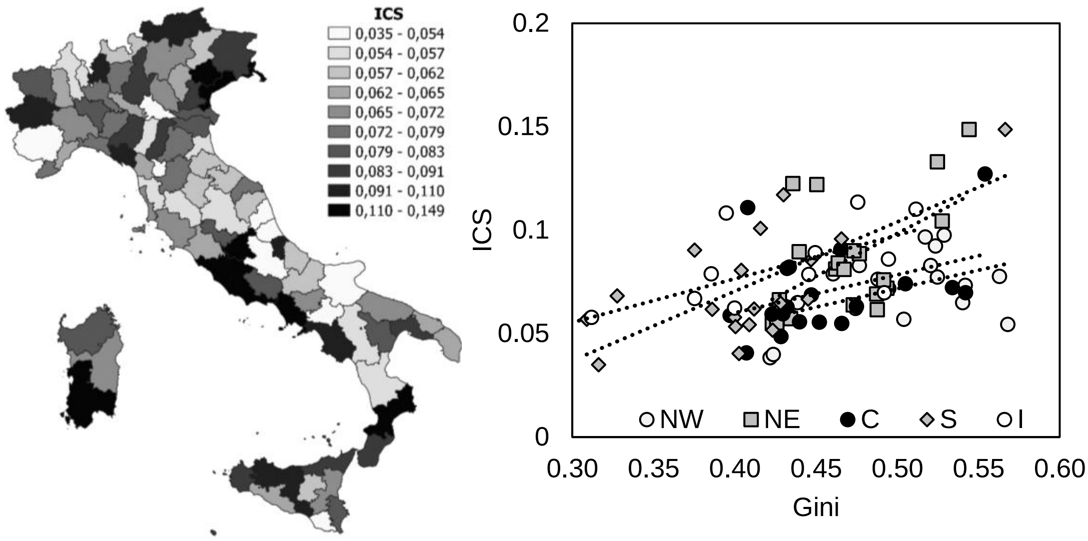
3. Social Mobility across Italian Provinces in 1933

The ICS, introduced by Güell et al. (2014) and presented in Chapter 7, is one of several 'name-based estimators', recently developed to 'overcome data limitations' in intergenerational mobility research (Santavirta and Stuhler, 2021). While not specifically developed for historical applications, these indicators clearly appeal to economic historians, who can very rarely rely on linked, multi-generational data; especially in a context like the Italian one, where surnames have a long history and variability (Bizzocchi, 2014; Barone and Mocetti, 2021), they can be used as 'markers' of relativeness, 'intrinsically irrelevant for the determination of economic well-being' (Güell et al., 2014, p. 694). Even within name-based estimators, Santavirta and Stuhler (2021, p. 11) pointed out that the 'key advantages' of the ICS are 'its modest data requirements and its broad applicability': the ICS makes it possible to infer the degree of intergenerational mobility even adopting a sufficiently large cross-sample and, in the presence of different comparable ‘waves’, to estimate different coefficients, allowing historians to discuss their evolution over time.

In this section, I exploit these properties to contribute to the historical literature on social mobility – and in particular, its geographical distribution, in line with the influential work by Chetty et al. (2014) – by presenting province-level estimates of intergenerational mobility at the provincial level for 1933 Italy (Figure 57). Consistently with Barone and Mocetti (2021) and Güell et al. (2018), all the estimates presented in this chapter are obtained excluding surnames with more than 30 occurrences per province. Moreover, I excluded all declarations reported by taxpayers with an identical name string listed in the same municipality: this possibly sacrifices a good deal of genuine information, since there is no way to distinguish between homonymy (often very frequent within the family) and multiple declarations by the same taxpayer. However, it seems necessary, given that, as shown in Figure A 28, the inclusion of these taxpayers could substantially change the picture. On the other hand, contrary to most of the economic literature, I preferred not to exclude women from the estimations, in the light of the possibility of including them due to the aforementioned Italian naming conventions, and their non-negligible, varying presence across the country.[180] Male-only figures, more comparable to those discussed in in the literature - starting from Barone and Mocetti (2021) and Güell et al. (2018) - will be adopted in the next section, to discuss the evolution of the ICS over time; in this section, ICS coefficients estimated on both men and women, after excluding identical taxpayers within the same municipality and surnames with more than thirty occurrences within the same province, will be adopted as baseline figures, to discuss the picture of intergenerational mobility in interwar Italy, and its correlation with socio-economic determinants.

[180] Figure A 28 shows that excluding women the ICS coefficients are sufficiently similar.

Figure 57 - Social Mobility (ICS) in Italy, 1933, and the Gatsby Curve



Source: author's elaborations on the Italian Historical Taxpayers' Database (figures are reported in Table A 2). ICS is computed excluding surnames with more than 30 frequencies per province, and observations reporting the same taxpayer in the same municipality. The right panel reports correlation by macro-areas, defined as North-West, North-East, Centre, South, Island.

As noted by Santavirta and Stuhler (2021), more than to the numerosity of the sample, ICS estimates are very sensitive to its underlying nature. As discussed in the introduction, the focus of the source on self-employed and professionals is a limitation, but this does not make it irrelevant in historical terms; still, this should be kept in mind to properly read the evidence presented in Figure 57, together with the unit of observation (closer to a 'family firm' than an individual). The map reveals a high degree of variation in the rate of intergenerational mobility experienced by self-employed and professionals across Italian provinces in 1933. The scatterplot confirms the existence of a positive correlation between average inequality and social mobility - the aforementioned 'Gatsby curve', observed by Chetty et al. (2014) and Güell et al. (2018) within contemporary US and Italy: also in interwar Italy, inequality in declarations goes hand in hand with lower social mobility, at least within our sample (a correlation that

Figure 55 allows us to extend also with the average declaration).[181] This granular level of observation reveals within-area differences in the ICS, that would go unnoticed when looking at 'South' versus 'North', or even at regions. In fact, the Gatsby curve can be observed within all of the five macro-areas, suggesting that it was not driven by some systematic differences between them: within both South and North, more unequal provinces show a relatively higher level of ICS.

This heterogeneity makes even more interesting to replicate Güell et al. (2018), analysing the correlation of the ICS estimates with a broader set of socio-economic characteristics, including educational attainment, social capital, and employment structure, at the provincial level. Before the creation of Regions in 1970, Italian provinces already had limited powers and autonomy (even compared to the Municipalities); while they had some role in education, and could raise autonomous levies, it is fair to say that they shared most of the institutional framework and economic policies, from fiscal measures such as the inheritance and income taxes discussed in Chapters 3 and 4, to the organisation of the labour market. Moreover, the Fascist regime determined the suppression of democracy in most provincial bodies, that were appointed by the government and were subject to greater control from the centre (Ministero per la Costituente, 1946, p. 9). Following Güell et al. (2018), Tables 7 to 12 present the coefficients obtained from the regressions of the baseline ICS coefficients over a number of socio-economic indicators:[182] the first column of all tables reports the coefficients obtained from simple univariate regressions, and then each column includes a different control. For the interwar period, unfortunately, we cannot rely on the abundancy of official indicators available to Güell et al. (2018) for 2005; in particular,

[181] Figure A 30 shows such correlation is robust to the exclusion of women, the inclusion of multiple taxpayers, and the adoption of alternative surnames.
[182] The descriptive statistics and the sources for these indicators are reported in Table A 3.

their first control, value-added figures at the provincial level, is not available. Still, I assembled a set of indicators trying to cover the same aspects of socio-economic development, drawing from the same Italian Historical Taxpayers' Database, censuses and the historical literature. In the tables, therefore, average taxable income declared in the lists is adopted as the first control, followed by the Gini, net rate of internal migration in 1930 (also adopted by Güell and co-authors, possibly to control for its potentially confounding effect), and the share of women taxpayers in the lists.[183]

First, Table 6 reports the correlations for the variable obtained by the taxpayers' lists – including three of the controls, the gender ratios showed in Figure 55, and the number of taxpayers over the adult population. Given the interpretation of the ICS, a positive correlation implies that the level of inequality in 1933 is strongly associated with lower social mobility: it is the only result sufficiently robust to all controls, confirming existence of a 'Gatsby' curve; inequality 'prevails' over average income, that loses significance and shows even a negative coefficient, and a similar dynamic applies to both gender variables. A positive correlation is shown also by the percentage change in the Gini from 1929; in this case, the coefficient becomes strongly significant only after controlling for the Gini and average income. The only variables showing always negative coefficients are the number of taxpayers as a share of the population and the change in the average declared income between 1929 and 1933. This latter result, not very robust, would suggest that also in interwar Italy, recessions had a negative effect on social mobility, as recently found by Nybok and Stuhler (2021) – a result that the 1929 lists would allow to explore in greater detail.

[183] In the light of Figure 57, and the broader discussion of historical regional divides in Italy started in Chapter 2, I did not include a North/South dummy as in Güell et al. (2018).

Table 6 - Relationship between the ICS-30 and Ricchezza Mobile Main Variables

Relationship between the ICS-30 and Ricchezza Mobile Main Variables					
	(1)	(2)	(3)	(4)	(5)
Gini (1933)	0.174***	0.181**		0.149***	0.146***
	(0.0385)	(0.0716)		(0.0410)	(0.0444)
Gini diff. (1929-33)	0.0310	0.0713***	0.0753***	0.0270	0.0428*
	(0.0240)	(0.0233)	(0.0221)	(0.0231)	(0.0229)
Women Share of Taxp.	0.173***	0.112*	0.0739	0.125**	-
	(0.0547)	(0.0582)	(0.0599)	(0.0598)	
Gender Ratio	0.0396**	0.00549	-0.00559	0.0291*	0.0253
	(0.0164)	(0.0207)	(0.0196)	(0.0165)	(0.0169)
Average Income	5.01e-06***	-	-3.05e-07	3.86e-06**	3.82e-06**
	(1.39e-06)		(2.50e-06)	(1.55e-06)	(1.51e-06)
Avg. Income diff. (1929-33)	-2.36e-06***	-9.89e-07	-8.86e-07	-1.69e-06*	-1.70e-06*
	(8.26e-07)	(9.95e-07)	(8.80e-07)	(8.69e-07)	(8.67e-07)
Taxpayer (% of adult pop.)	-0.0732	-0.442***	-0.450***	-0.129	-0.137
	(0.139)	(0.146)	(0.136)	(0.134)	(0.133)
Observations	91*	91*	91*	91*	91*
Controls					
Average Taxable Income	No	Yes	No	No	No
Gini	No	No	Yes	No	No
Internal Migration	No	No	No	Yes	No
Women Taxpayers	No	No	No	No	Yes

Standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

* y_diff has only 89 observations since the Adriatic provinces of Fiume, Pola and Zara were not yet included in 1929.
Each coefficient is obtained from a separate regression of the ICS on each variable. ICS as in Figure 57. The Province of Zara was excluded due to the very limited sample size.

Table 7 - Relationship between the ICS-30 and Demographics

Relationship between the ICS-30 and Demographics					
	(1)	(2)	(3)	(4)	(5)
Population	2.38e-08***	1.36e-08	1.28e-08*	1.94e-08***	2.26e-08***
	(7.05e-09)	(8.67e-09)	(7.46e-09)	(7.15e-09)	(6.74e-09)
Pop. Density	6.17e-05***	1.90e-05	1.76e-05	5.03e-05**	4.84e-05**
	(2.22e-05)	(2.86e-05)	(2.45e-05)	(2.19e-05)	(2.20e-05)
Pop. Diff. (1929-33)	0.113**	0.0973**	0.115***	0.0669	0.132***
	(0.0441)	(0.0419)	(0.0396)	(0.0486)	(0.0416)
Women Share of Pop.	-0.269	-0.256	-0.261	-0.221	-0.181
	(0.196)	(0.184)	(0.177)	(0.188)	(0.190)
Wedding Rate	-0.0134***	-0.0124***	-0.0108***	-0.0109***	-0.0111***
	(0.00395)	(0.00373)	(0.00368)	(0.00402)	(0.00393)
Birth Rate	3.61e-05	0.00126***	0.00154***	0.000419	0.00110**
	(0.000435)	(0.000476)	(0.000451)	(0.000432)	(0.000484)
Observations	91	91	91	91	91
Controls					
Average Taxable Income	No	Yes	No	No	No
Gini	No	No	Yes	No	No
Internal Migration	No	No	No	Yes	No
Women Taxpayers	No	No	No	No	Yes

Standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 8 - Relationship between the ICS-30 and Employment Structure

Relationship between the ICS-30 and Employment Structure					
	(1)	(2)	(3)	(4)	(5)
Active Population	-0.000474	-0.00112***	-0.00114***	-0.000622	-0.000926**
	(0.000439)	(0.000426)	(0.000403)	(0.000420)	(0.000428)
Artisans	0.000201	0.000632	0.000773	0.000233	0.00170
	(0.00100)	(0.000948)	(0.000915)	(0.000961)	(0.00103)
Public Employees	0.00726***	0.00612***	0.00562***	0.00697***	0.00662***
	(0.00137)	(0.00149)	(0.00143)	(0.00168)	(0.00162)
Trade	0.00334***	0.00268**	0.00160	0.00281***	0.00274***
	(0.000793)	(0.00125)	(0.00116)	(0.000939)	(0.000948)
Professionals	0.0138***	0.00584	0.00429	0.00840	0.00934*
	(0.00497)	(0.00585)	(0.00541)	(0.00567)	(0.00521)
Observations	91	91	91	91	91
Controls					
Average Taxable Income	No	Yes	No	No	No
Gini	No	No	Yes	No	No
Internal Migration	No	No	No	Yes	No
Women Taxpayers	No	No	No	No	Yes

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 9 - Relationship between the ICS-30 and Other Economic Variables

Relationship between the ICS-30 and Other Economic Variables					
	(1)	(2)	(3)	(4)	(5)
Bank Deposits	-1.14e-06	-2.05e-05***	-1.89e-05***	-3.88e-06	-4.85e-06
	(4.40e-06)	(5.16e-06)	(4.59e-06)	(4.28e-06)	(4.31e-06)
Wage (1937)	0.0181***	0.00711	0.00414	0.0114	0.00961
	(0.00636)	(0.00786)	(0.00730)	(0.00726)	(0.00787)
Family Tax p.c.	1.400*	-1.178	-1.332	0.793	0.587
	(0.829)	(1.107)	(0.983)	(0.835)	(0.855)
Business Tax p.c.	1.051	-5.502***	-2.173**	0.386	0.268
	(0.652)	(1.360)	(0.872)	(0.683)	(0.694)
Land Tax p.c.	-0.175	-0.570*	-0.373	-0.0338	0.0466
	(0.324)	(0.315)	(0.295)	(0.314)	(0.317)
Cons. Tax p.c.	0.000296***	3.51e-05	3.16e-07	0.000187	0.000164
	(9.77e-05)	(0.000170)	(0.000132)	(0.000119)	(0.000129)
Wine Consumption	0.000178	-0.000409**	-0.000396**	5.21e-05	-5.51e-05
	(0.000113)	(0.000181)	(0.000152)	(0.000120)	(0.000139)
Meat Consumption	0.000424*	-0.000311	-0.000376	0.000209	5.27e-05
	(0.000222)	(0.000315)	(0.000277)	(0.000233)	(0.000263)
Observations	92	92	92	92	92
Controls					
Average Taxable Income	No	Yes	No	No	No
Gini	No	No	Yes	No	No
Internal Migration	No	No	No	Yes	No
Women Taxpayers	No	No	No	No	Yes

Standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

The coefficients in Table 7 refer to a set of demographic variables: they are positive for the level of population, its density, and its increase between 1929 and 1933;

however, only the latter coefficient remains significant after controlling for average income and inequality – when, on the opposite, coefficients for the birth rate become significant. A negative correlation emerges for the wedding rate and the share of women taxpayers, but in the latter case is always insignificant. Moving to the occupational structure (Table 8), a negative correlation emerges for the share of active population, robust to the major controls; the presence of artisans, traders, professionals, and even public employees, are all positively correlated with the ICS, but again, only the latter remains significant including all controls. Table 9 then reports the correlation coefficients for a number of other economic indicators, among which the level of bank deposits is the only consistently negative; when controlling for the Gini and average income, mildly significant, negative coefficient emerge also for the per capita amount of local taxes on business activities and wine consumption per capita. Insignificant results emerge also for most of the social indicators presented in Table 10, such as literacy and its gender differentials, the rate of internal migration, available for 1930, and the cumulated rate of external migration from 1927 to 1933 (respectively, positive and negative). Interestingly, the ICS is very significantly, negatively correlated with the turnout in the 1946 elections, in which Italian voted for ending the Monarchy, and elected their representatives in the Constitutional Assembly.[184] Finally, Table 11 reduce the sample to provinces at the pre-WWI borders, to test the correlation with the wealth variables constructed in Chapter 2, three indices of social capital built by Cappelli (2017), and the cumulated external emigration rate from 1876 to 1914 (Gray et al., 2019).[185] Interestingly, the only significant, negative coefficients are those for the third

[184] A variable of ‘non-support’ in the 1929 elections (the first of the ‘Plebiscites’ in which Italian were called to say only ‘Yes’ or ‘No’ to the Fascist list of candidates) is built summing up contraries and abstaining voters, but its correlation is not significant.
[185] Observations are 68, and not 69, due to the abolition of the province of Caserta in 1927.

definition of social capital, built starting from the crime rates to proxy for the level of mutual trust (the other two being based on mutual aid societies and charity presence, to capture the strength of cooperative norms) – a result that could depend also on the specific segment of the workforce captured by the taxpayers' lists.

Table 10 - Relationship between the ICS-30 and Social Indicators

Relationship between the ICS-30 and Social Indicators

	(1)	(2)	(3)	(4)	(5)
Literacy	-1.41e-05	3.15e-05	5.18e-05***	-9.41e-06	1.83e-05
	(1.65e-05)	(1.93e-05)	(1.90e-05)	(1.59e-05)	(1.87e-05)
Literacy Gender Gap	-4.83e-05	3.41e-05	4.89e-05	-3.39e-05	-3.19e-06
	(4.21e-05)	(4.63e-05)	(4.39e-05)	(4.07e-05)	(4.33e-05)
Internal Migr. Rate (1930)	0.00118***	0.000696	0.000656*	-	0.000794*
	(0.000390)	(0.000425)	(0.000393)		(0.000425)
External Migr. (1927-32)	-5.12e-05	-3.89e-05	-8.56e-05	-4.72e-05	-0.000125
	(8.71e-05)	(8.19e-05)	(7.90e-05)	(8.34e-05)	(8.49e-05)
Electoral Turnout (1946)	-0.00223***	-0.00254***	-0.00240***	-0.00189**	-0.00207***
	(0.000691)	(0.000648)	(0.000619)	(0.000742)	(0.000695)
'No Support' (1929)	0.000576	0.000320	9.78e-05	0.000448	3.87e-06
	(0.000380)	(0.000368)	(0.000367)	(0.000368)	(0.000423)
Observations	91*	91*	91*	91*	91*
		Controls			
Average Taxable Income	No	Yes	No	No	No
Gini	No	No	Yes	No	No
Internal Migration	No	No	No	Yes	No
Women Taxpayers	No	No	No	No	Yes

Standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

* Turnout_1946 has only 86 observations because Bolzano, Trieste, Gorizia and the Adriatic provinces were not included.

Overall, the analysis conducted in this section reinforced the existence of a Gatsby-like relationship between inequality and social mobility within the segments of Italian society captured by the taxpayers' list of 1933 curve: across provinces that did share most institutional features and economic policies, the ICS correlates with the Gini, more robustly than the average declaration or gender gaps. Indicators that could be interpreted as proxy of further affluence and economic development (bank deposits; wine consumption; active population, reflecting a later stage in the demographic transition), as well as social indicators (wedding rate; participation in elections; trust) are also positively correlated with social mobility, even after controlling for inequality. Apart for the absence of correlation with educational outcomes, the results confirm

Güell et al.'s (2018) findings (and thus, those of Chetty et al., 2014); their conclusion that 'something beyond institutions and policies helps to shape intergenerational mobility and its relationship with aggregate outcomes', can be extended to the very different context of interwar Italy, for a peculiar but crucial group such as the self-employed and professional included in the taxpayers' lists. In the next section, we will move a step further, discussing how intergenerational mobility evolved in the period and in the longer run.

Table 11 - Relationship between the ICS-30 and Indicators Only Available at 1914 Borders

Relationship between the ICS-30 and Indicators Only Available at 1914 Borders

	(1)	(2)	(3)	(4)	(5)
Cum. Ext. Migr. rate (1876-1914)	-2.92e-06	2.16e-06	5.25e-07	2.54e-07	-4.95e-06
	(6.84e-06)	(6.60e-06)	(6.18e-06)	(6.59e-06)	(6.78e-06)
Social Capital 1	0.0114	0.00801	0.00294	0.0111	0.00699
	(0.0119)	(0.0113)	(0.0110)	(0.0112)	(0.0117)
Social Capital 2	0.0115	0.00744	0.00506	0.0151	0.00724
	(0.0137)	(0.0130)	(0.0125)	(0.0129)	(0.0134)
Social Capital 3	-0.00710**	-0.0100***	-0.00997***	-0.00526	-0.00888***
	(0.00332)	(0.00310)	(0.00291)	(0.00326)	(0.00319)
Top 10% Wealth	0.000708	0.000156	0.000115	0.000847*	0.000673
	(0.000476)	(0.000505)	(0.000465)	(0.000448)	(0.000461)
Per Capita Wealth	0.000119	-0.000642**	-0.000457**	-4.42e-05	-8.08e-05
	(0.000187)	(0.000257)	(0.000205)	(0.000186)	(0.000201)
Share of Financial Ass.	-0.0437	0.00846	0.0152	-0.0145	-0.0270
	(0.0283)	(0.0341)	(0.0305)	(0.0295)	(0.0289)
Industrial Value Added	7.77e-05**	-2.45e-05	-7.44e-06	3.59e-05	5.48e-05
	(3.83e-05)	(5.99e-05)	(4.37e-05)	(4.14e-05)	(3.96e-05)
Observations	68	68	68	68	68
		Controls			
Average Taxable Income	No	Yes	No	No	No
Gini	No	No	Yes	No	No
Internal Migration	No	No	No	Yes	No
Women Taxpayers	No	No	No	No	Yes

Standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

4. The Evolution of Social Mobility in Italy, 1889-2005

In Figure 58, the ICS coefficients for 1922 and 1933 are reproduced for 33 provinces. As discussed above, in this section I reproduce coefficients for male only, to ensure more comparability with the international literature: however, as shown in Figure A 31, the picture is substantially the same including women (that 'change' the result only in Padua, Pisa and Sondrio), and most of the times, also when keeping duplicate taxpayers (but in this case, changes might be sizeable), reassuring us on the robustness of the findings.

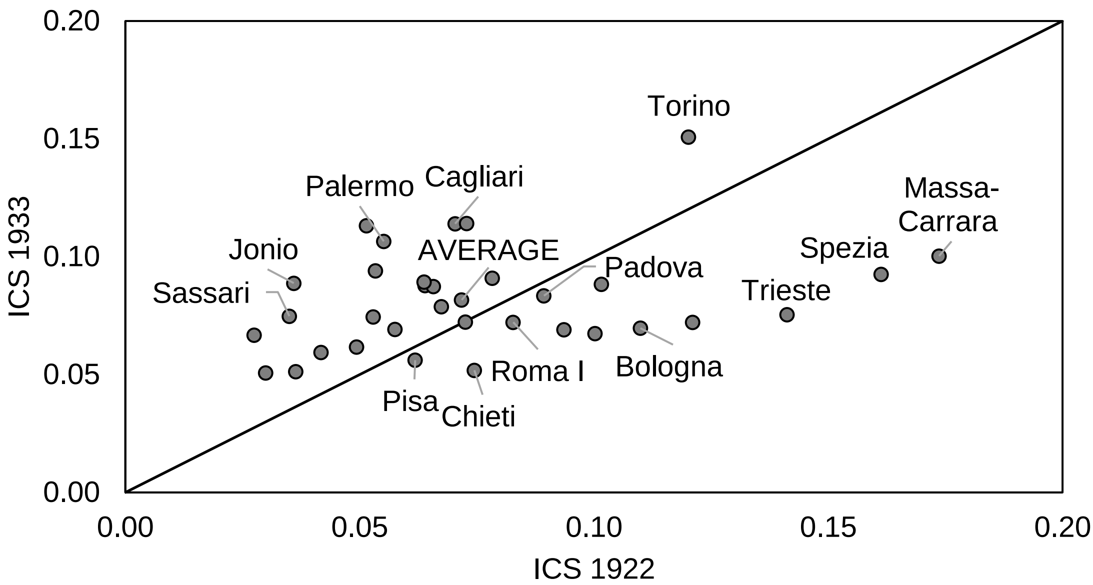
Of the 33 provinces covered by the database, 12 show a decrease in the ICS during the first decade of the Fascist regime: such a reduction is minimal in Padua, Pisa, or Rome, but very substantial in Trieste[186] and La Spezia – together with Rome, among the provinces where inequality had increased between 1929 and 1933; but also, those with the highest levels of ICS in 1922, together with Massa-Carrara, also experiencing a substantial fall. In fact, the province in which ICS declined in this period (that is, those in which social mobility improved) were characterised in 1922 by a level of ICS that was almost double than the provinces where it increased; the only 'immobile' province experiencing a further increase is Turin. In the other 21 provinces, we can observe an increase in the ICS – that is, a decrease in the level of intergenerational mobility within the taxpayers. In absolute terms, the increases are often smaller in magnitude: also in this case, the exception are places, such as Palermo, Sassari and Taranto (Jonio), where inequality among taxpayers had increased between 1929 and 1933 (Figure 28).

While the current coverage of the Italian Historical Taxpayers' Database leaves out of the picture large parts of the country (starting from Milan and Naples, the two cities extensively discussed in Chapter 2), Figure 59 makes clear how the results just illustrated cover all macro-areas (from a minimum of 5 provinces in the Island, to 8 in the South). If the simple average shows an increase, this result is particularly pronounced in the Islands and the South, while a small decline results from the Centre

[186] A very cautious interpretation of the 1933 ICS coefficient for Trieste is suggested by the fact that this city, as the Adriatic provinces annexed to Italy the Great War, experienced a regime change, determining outmigration of Germans and Slavs, as well as the discrimination of those who stayed. Among the discriminatory measures put in place by the new Fascist government, the forced Italianisation of surnames (Bizzocchi, 2014, pp. 206-210) represents a major source of bias for the ICS.

and North-East averages (where all the major falls in ICS are grouped), and the net-effect of the North-West is close to zero. Overall, therefore, the evidence points towards an increase in the intergenerational transmission of status among the taxpayers in the first decade of Fascist rule: a decline that saw substantial exceptions in those provinces where the ICS was already very high in 1922.

Figure 58 - Social Mobility in Fascist Italy, 1922-1933

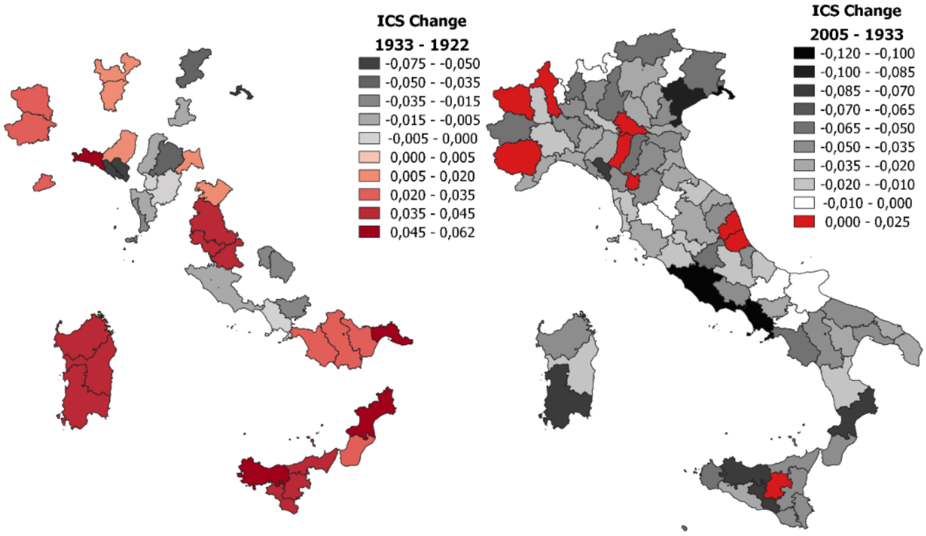


Source: author's elaborations on the Italian Historical Taxpayers' Database.

In the light of the discussion of Chapter 5, it is interesting to note that mobility was higher in the early 1920s, when the self-employed and professional covered by the taxpayers' lists experienced intense distress, and the ratio of their incomes over workers' wages reached its minimum (Figure 42); on the other hand, while in 1933 Italy was still in the midst of the Great Depression, by that time these groups had improved their relative position. The ICS estimates just presented could suggest, therefore, that the restrictions to competition introduced from the late 1920s (Giordano and Giugliano, 2015), as well as the protection granted to categories such as the shopkeepers (Morris, 1996), contributed to increase the ability of these groups to maintain and transmit their economic status – apparently, more effectively in the Southern parts of the country.

The correlation between inequality and social mobility, discussed in section 3, and the complex picture of income and wealth inequality in interwar Italy emerged from Parts I and II of this dissertation, also contribute to explain the results. The role of wealth and inheritance (a major driver of intergenerational transmission of privilege) was on decline from the late 19th-century; still, their distribution remained relatively unequal in international comparison, and at historical peaks considering a secular perspective. The abolition of inheritance tax, and the broader pro-rich attitude of Fascist government, could have reinforced the transmission of economic status, at least at the very upper echelons. In terms of income inequality, within the long-run 'levelling' common to most European and North American countries, the first half of the 20th-century was marked by several shocks and reversal. In particular, during the Great War, a sharp increase in capital shares went hand in hand with a strong reduction in within-labour inequality; then, in the 1920s, overall inequality steadily rose back to the pre-War levels. Despite the Italian Historical Taxpayers' Database cannot trace capital incomes, these factors would suggest some increase in the ICS during the interwar decades, within a longer-run decline.

Figure 59 - ICS Change from 1922 to 2005



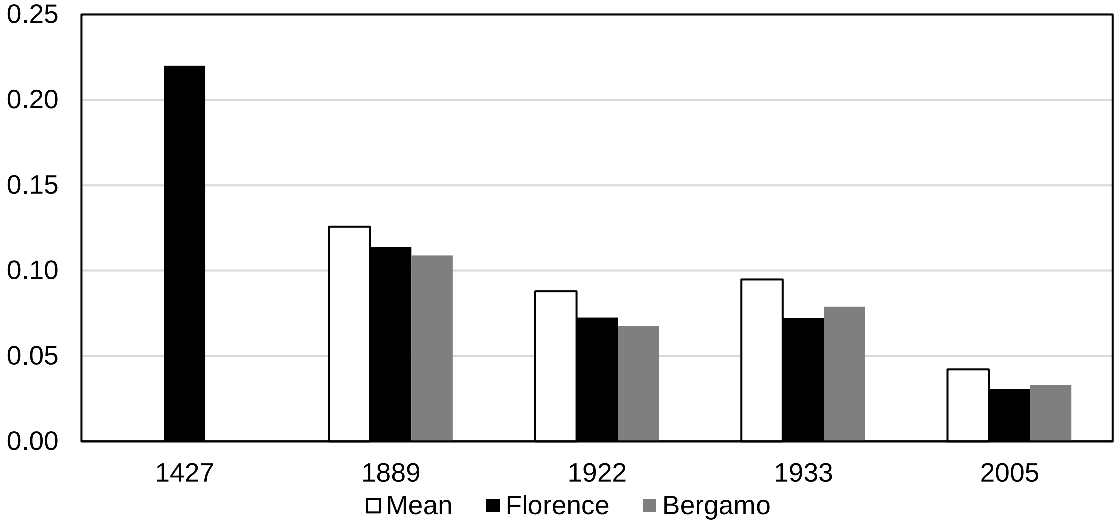
Source: author's elaborations on the Italian Historical Taxpayers' Database and Güell et al. (2018).

In line with this 'prediction', Figure 60 shows that both Bergamo and Florence – the two provinces for which we can estimate ICS in 1889, 1922 and 1933 – show a marked decrease between the two extremes of the period, and further reductions in the longer run. I was able to replicate the analysis on Güell et al.'s 2005 data, keeping only the self-employed in the sample, and not controlling for age (absent in historical sources), to obtain more comparable figures for this year.[187] The strong reduction between 1889 and 1922 resonates with the perception of a reshuffling, occurred during and immediately after the Great War, recalled in the introduction of this chapter. Therefore, at least at the current stage of the evidence, the interwar, Fascist decades marked a period of reversal within a long-run increase in intergenerational mobility among the *Ricchezza Mobile* taxpayers – somehow in line with the short-term increases in both top income shares, capital shares and the Gini indices discussed in Chapters 4 and 5, and thus, reinforcing over time the correlation between income inequality and mobility observed at the provincial level for 1933. Considering the other significant

[187] As shown in Figure A 33, controlling for age does not greatly changes the results. Unfortunately, it was impossible to apply these 'correction' to the Florentine 1427 data, underlying Barone and Mocetti's (2021) estimate.

coefficients of the regression analysis, one could also note that the Fascist period was characterised by a reversal in both material living standards and civic liberties (Vecchi, 2017), and that the same level of reciprocal trust proxied by Cappelli (2017) could have substantially varied after ten years of dictatorship.

Figure 60 - ICS: The Long-Run, 1427-2005



Source: author's elaborations on the Italian Historical Taxpayers' Database; 1427 from Barone and Mocetti (2021).

The long-run trend observed in Florence and Bergamo is confirmed by the average values – also considering only the four provinces available in 1889, their average ICS declined from 0.125 to 0.080 – but it is of course possible that some provinces experienced different trajectories: as shown in Figure A 32, the ICS slightly increased in the province of Pavia between 1889 and 1933. Moreover, the right map of Figure 59 makes clear that the ICS for this subgroup of workers could not behave as we would expect the overall ICS to do: for a bunch of provinces, from South to North (Aosta, Ascoli Piceno, Cuneo, Enna, Mantua, Novara, Pistoia, Reggio Emilia, Teramo), the exclusion of dependent workers lead to an increase in the ICS even between 1933 and 2005 (and these are not necessarily the provinces showing the smallest ICS levels in the interwar). Indeed, the 2005 map resulting from the exclusion of dependent workers is very different from the one depicted by the whole population, as shown in Figure A 33: this reminds us that the map of overall social mobility, resulting from the inclusion of the whole labour force, might look different to the ones just discussed. It is also possible that the increase in absolute mobility determined by structural change, discussed in the introduction, overcame the increase detected among the taxpayers; nonetheless, the lists revealed an interesting increase in the association between family names and economic outcomes within taxpayers, possibly signalling the effect of both macroeconomic dynamics, and the result of economic policies that not only favoured the intergenerational transmission of economic status, but restricted competition, in line with the discussion of Chapter 4.

5. Conclusions

This chapter contributed to the literature on inequality in Italy, by providing the first historical estimates on intergenerational mobility before WWII, its correlation with socio-economic indicators at the provincial level, and its evolution between 1889 and 2005. These results are based on a new micro database – the Italian Historical Taxpayers' Database – including more than 1.5 million individual observations on self-employed and autonomous workers. The complete digitisation of the 1933 list allowed me to detect a positive relationship between the ICS and inequality in tax declarations among Italian provinces in 1933; that is, to confirm the negative association between income inequality and intergenerational mobility, known as the 'Gatsby curve', first shown by Corak (2013) at the country level, and more recently confirmed within the US and Italy by Chetty et al. (2014) and Güell et al. (2018) respectively. Drawing on a subset of provinces, I also showed an increase of the ICS between 1922 and 1933, within a longer-run reduction, from the high level estimated by Barone and Mocetti

(2021) for Renaissance Florence, to the much lower ones obtained using the 2005 declarations made available by Güell et al. (2018). In the light of the evidence on income inequality discussed in Chapters 4 and 5, this trend confirms the relationship between the ICS and inequality, and the characterisation of Fascist Italy as a period of distributive ‘reversal’. This result is interesting in the light of the ‘debate’ summarised in Chapter 6: while confirming the ‘optimistic’ account of those, such as Einaudi, already during the Great War emphasised the rise of ‘new people’ among Italian businessmen, a ‘new élite in the world of economic expertise’ (Castronovo, 1977, p. 96), the results support less optimistic accounts of the interwar period. In the light of the discussion of Chapter 5, it would seem that the Fascist ‘restoration’ of the traditional middle class relative position went hand in hand with an increase in the stickiness within this group, that could have counterbalanced the slow increase in mobility determined by the expansion of public employment and white-collar jobs in the private sector (Gini, 1912; Michels, 1936). Moreover, the estimates presented in this section contribute to the historical literature on the impact of wars and political revolutions on social mobility (van Leeuwen et al., 2016). The issue, as discussed in Chapter 6, had attracted the interest of both Sorokin and Pareto. The two scholars seemed to have opposite ideas in terms of causality but agreed on the fact that political revolutions should be followed by some increase in mobility. While limited to a very specific segment of the population (and in particular, excluding the political elite and public employees), the estimates presented in this chapter would lead to reject this view for the case of Fascist Italy – or, alternatively, that the ‘revolutionary’ increase in mobility determined by the Great War, was then reverted by a ‘counter-revolution’.

Chapter 9 – Economic Inequality in Liberal and Fascist Italy

The research presented in this dissertation has shed new light on the distributive history of Italy between the unification of the country in 1861 and World War II. Chapter 2 presented the first historical evidence on the evolution of wealth inequality in modern Italy. Top wealth shares depict Liberal Italy as a country with stable levels of concentration. This indicator shows no evidence of the 'benevolent' trend seen in income inequality and living standards over the same period (Toniolo, 2003). The contrasting picture offered by income and wealth distributions, and the fact that the latter stopped its increase precisely at the start of Italy's modern economic growth (Figure 18), enrich the discussion of long run trends in economic inequality..

For the following period, the new indicators of income inequality presented in Part II confirm that the Great War represented a substantial distributive shock, as previously suggested by the sizeable contraction of the labour share (Gabbuti, 2021a) and private consumption (Baffigi, 2015). The abrupt downward compression of within-labour inequality, together with a sharp increase in capital incomes, arguably contributed to the dramatic events of the years 1918-1922, when labour unrest was soon followed by the Fascist violence. The same progressive fiscal reforms of the late 1910s, as discussed in Chapter 3, were abolished by Mussolini's government: inheritance tax is an extreme example, but the same applies to social protection, where the 'universalist tendencies' of the 1917-1919 years were cancelled by a true 'counter-reform' (Pavan, 2019, pp. 864-865).

Dynamic social tables, presented in Chapter 5, made possible a more consistent cross-national comparison of income inequality levels: at the beginning of 20th century, Italy emerges as a relatively unequal country, with a Gini higher than Britain and Germany, despite its earlier stage of development.[188] The *composition* of estates, presented in Chapter 2, gives us the image of a country still dominated by agriculture, fifty years after its political unification, even in its North-Western regions. The absence of a Kuznetsian dynamic of inequality in this period might be not that surprising after all, considering that industry reached agriculture's share of total value only in 1929.

A sustained growth in industrial production occurred in the interwar decades (Felice and Carreras, 2012): despite the troubled international macro-economic context, this period was characterised by growing investment, an increase of the wealth-to-income ratio, and relatively high profits among the increasingly concentrated industrial firms. Chapter 3 discussed the 'productivist' ideology professed by Minister Alberto De Stefani (1923), whose explicitly regressive economic and fiscal policies were aimed at fostering capital accumulation in a country that desperately needed it (Marcoaldi, 1986). De Stefani's resignation in 1925 interrupted this 'authoritarian-neoliberal' experience, and Fascist economic policies shifted towards protectionism and dirigisme; still, their pro-rich attitude apparently persisted, as discussed in Chapter 4 with respect to fiscal policy.

Economic historians such as Fano-Damascelli (1971) and Toniolo (1980) have stressed the marked continuities between Liberal Italy and Fascism, which can no longer be seen as an isolated 'parenthesis'.[189] Within this interpretation, the dynamics of income distribution, and of crucial indicators of material living standards already revealed by Vecchi (2017), represent the major exceptions. According to both top

[188] As summarised in Gabbuti (2020b, p. 256), both Maddison Project Database most recent releases place 1922 Italy in the European periphery, lagging behind Sweden.
[189] Infamously, the philosopher Benedetto Croce described it as the 'Hyksos invasion' of Egypt, to intend an abrupt event, whose causes, and even details, remain uncertain.

income shares (Chapter 4) and dynamic social tables (Chapter 5), the interwar decades saw marked reversals in the long-run decline of income inequality. The share accrued by the richest Italian increased, reaching a global maximum after the Great Depression; within labour inequality, driven by growing skill and class divides, increased until 1931, when it reached the highest level of the whole 1901-1950 period; overall inequality increased in the early 1920s, and then again from the late-1930s. In the 1920s, gender gaps also increased, and also in this case, this represented an exception to a secular decline (Bettio, 1988). Regional inequalities, already on the rise, skyrocketed between 1911 and 1951 (Felice, 2011). While wealth inequality dynamics in the period cannot be observed, the abolition of inheritance tax (a tax older than Italy, and progressive since 1902), more than simply 'suggesting' an increase in concentration, represented another reversal, not only with respect to the aforementioned post-war reforms, but even to Liberal Italy. Alongside immediate political concerns, the abolition of inheritance tax – a unique event in international comparison – can be explained by the strikingly anti-egalitarian ideas of Italian economists such as Maffeo Pantaleoni, discussed in Chapter 6 within the broader intellectual debate about social mobility. Possibly for the first time in Italian history, early Fascism entrusted 'orthodox' economists such as De Stefani and Pantaleoni with the lead of Italian economic policy. The result was an early case of 'austerity' and privatisations (Bel, 2011; Mattei, 2017).

A similar reversal occurred in social mobility, according to the new estimates presented in Part III. The adoption of a new source – the lists of taxpayers' incomes, presented in Chapter 7 – allowed me to explore for the first time the evolution of this 'dynamic' dimension of inequality. The estimation of ICS coefficients for the self-employed, carried out in Chapter 8, confirms a long run increase in social mobility, in line with the 'real time' empirical estimates surveyed in Chapter 6: the ICS shows a sizeable decline between 1889 and 1933, and again between 1933 and 2005. On the other hand, ICS estimates for a subset of provinces in 1922 showed an increase to 1933, that is, a reduction of social mobility. The Fascist period, therefore, stands out in the history of post-unification Italy in terms of both income inequality and its intergenerational transmission. The persistence and impact of higher economic inequality (a true 'legacy' of the Fascist regime) on Republican Italy might deserve further historical scrutiny.

The fiscal sources adopted in this dissertation also made it possible to investigate the interplay between the personal economic inequality and regional divides, the 'Holy Grail' of Italian modern economic history. The figures presented throughout the dissertation are among the first and earliest evidence of this kind, and do not yet provide us with a clear, established picture. Wealth concentration, estimated in Chapter 2 at the region and province level, shows substantial heterogeneity across early 20th century Italy. This variation, however, does not clearly correlate either with absolute wealth, or with its composition. Comparison with pre-industrial figures from Alfani (2017) reveals a strong persistence in relative rankings, however, suggesting that institutional factors such as land property regimes could explain the gaps more than economic growth. While I have not been able to estimate personal income inequality at this level of disaggregation for the Liberal and Fascist periods,[190] Chapter 4 presented the evidence available for the incomes of the self-employed, from the same fiscal sources adopted in Chapters 7 and 8. The average incomes reported in these sources are strongly correlated with the Gini index; in turn, inequality strongly correlates with the ICS, confirming, also for Fascist Italy, the existence of a 'Gatsby curve' – that is, a

[190] To my knowledge, the only sources available for estimating similar indicators were issued in the 1950s (MEF, 1953; MEF-ID, 1960-1967).

negative association between inequality and social mobility – across Italian provinces. In line with previous research, but possibly for the first time extending the analysis to such an earlier historical period I also find a positive correlation between social mobility and socio-economic indicators such as trust, participation in democratic elections, and economic wellbeing.

At the end of this dissertation, the established picture of economic inequality in Liberal and Fascist Italy, rather than being revised, has been integrated, and complicated, by new estimates capturing different parts of the distribution, new social groups, and previously uncovered periods. As a result, we are now able to interpret differently a crucial period of Italy's past, such as the interwar decades. Still, another 'result' of this dissertation is a demonstration of the reliability of new historical sources and empirical methods, and their suitability for estimating historical income and wealth inequality and intergenerational transmission. Future research could replicate, in several countries where archival evidence on estates survives, the empirical strategy proposed in Chapter 2. For Italy, the existence of continuous archives of estates in Bologna for 1818-1970 (Malatesta, 2006, p. 83) and Florence between 1808 and 1962 (Lamioni, 1996), makes theoretically possible the extension of wealth concentration series to the Fascist and early Republican periods. Moreover, as discussed in Chapter 7, these sources could be used to directly observe the intergenerational transmission of wealth; such an analysis could 'test' the impact of the 1923 abolition of the inheritance tax on wealth inequality and social mobility. The analysis carried on in Part III could be fruitfully expanded, first covering the whole 1889 and 1922 lists of self-employed taxpayers, and then exploring the possibility of merging the resulting database with other micro-sources. For the moment, extending the analysis to other segments of Italian society or making consistent comparisons with figures from other countries is out of reach, in the absence of massive digitisation of archival genealogical sources. As mentioned in the introduction, the same fiscal sources could be fruitfully exploited to disaggregate existing evidence on regional divides beyond the regional level, as well as increase its frequency.

The introduction discussed the motivations for investigating the Fascist period, but the Economic Miracle, and most of the *Trente Glorieuses*, remain a *Terra Incognita* for the student of inequality. Existing figures on wealth (Figure 1) and income distribution (Figure 44) show relatively high levels of inequality in the late-1960s – in the latter case, substantially in line with those observed in the late-1940s. The dramatic structural change experienced by Italy during these two decades, but also the strong compression of regional divides and general increase in living standards, strongly motivate the extension of dynamic social tables over this period, and the digitisation of the taxpayer lists available for the 1950s.

Last but no less important, the intellectual history of inequality and its 'ideology' in Italy, to which both Chapters 3 and 6 contributed, is still largely unwritten. A first, important issue to be verified is the way in which the 'productivist' ideology expressed by De Stefani and Pantaleoni in the early 1920s permeated other, more interventionist protagonist of Fascist economic policies, and how such ideology allowed the regime to secure the support of the middle classes. The influence of these ideas outside Italy also deserves to be explored, given the international standing of some of the statisticians and economists involved; more broadly, the intellectual history of inequality needs to be studied at a global level. National idiosyncrasies still exist: contemporary Italian debates on progressive inheritance taxation suggest a strong persistence of the ideological rhetoric of the 1920s; at the same time, a history of inequality in 1950s and 1960s should include a discussion on the way in which the relatively abundant statistical knowledge available in Italy – from the literature surveyed in Chapter 6 and in Gabbuti (2020a) to the first 'official' series of labour shares (De Meo, 1973)[191] – affected the strategies of policymakers and social actors. If John Maynard Keynes infamously warned us on the power of wrong economic ideas, the student of economic inequality and its history is increasingly aware of the power of its wrong perception, due to insufficient or misleading statistical evidence, or simply, to the persistence of 'common sense' – a peril from which nobody escapes, as we have seen in Chapter 6 for Luigi Einaudi. For histories of inequality holds particularly true what Fenoaltea (2011) taught us of all economic histories: they 'are not the cumulation of objective knowledge, but the contemporary form of the stories our distant forefathers would tell when they gathered around the campfire. Our theories, our facts – our stories, like their stories – are constructs that define and project an image of ourselves; they are shaped by fears and aspirations so deep we do not admit them to our conscious minds, by prejudices so strong we do not recognize them'. This dissertation clearly cannot escape from this reality, but I hope the reader had found in the often-contradictory evidence presented and scrutinized throughout the chapters sufficient elements to separate the author's prejudices from the historical contribution, and possibly material to build her own story.

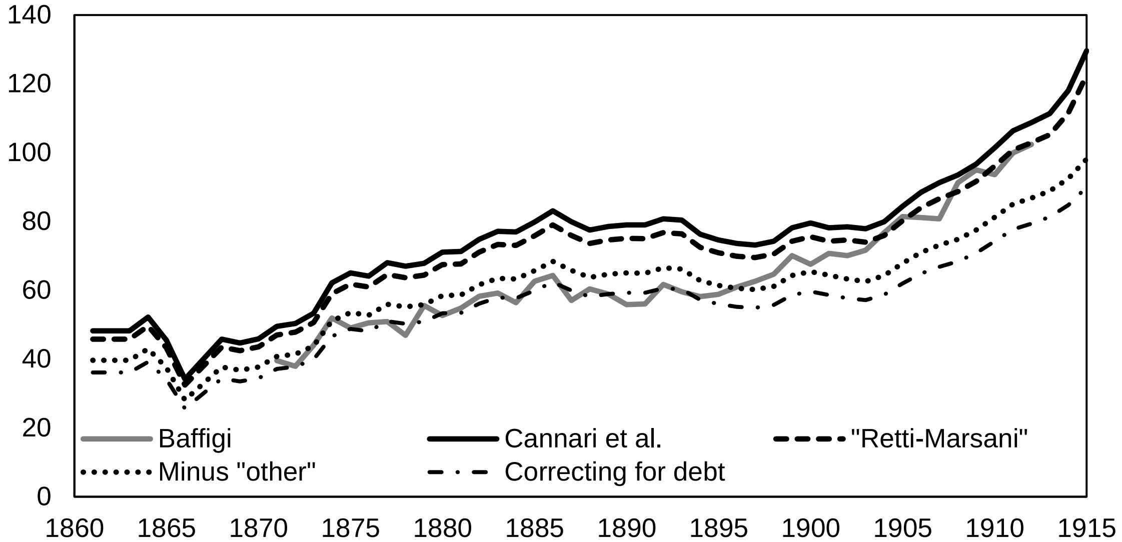
[191] As discussed in Gabbuti (2019), Giuseppe De Meo, head of Istat between 1961 and 1980, dedicated his dissertation to the evolution of 'social change' in early-modern Southern Italy, adopting some of the sources used by Alfani (2017); a summary of his research featured in CISP (1935).

Appendices

1. Additional Tables and Figures

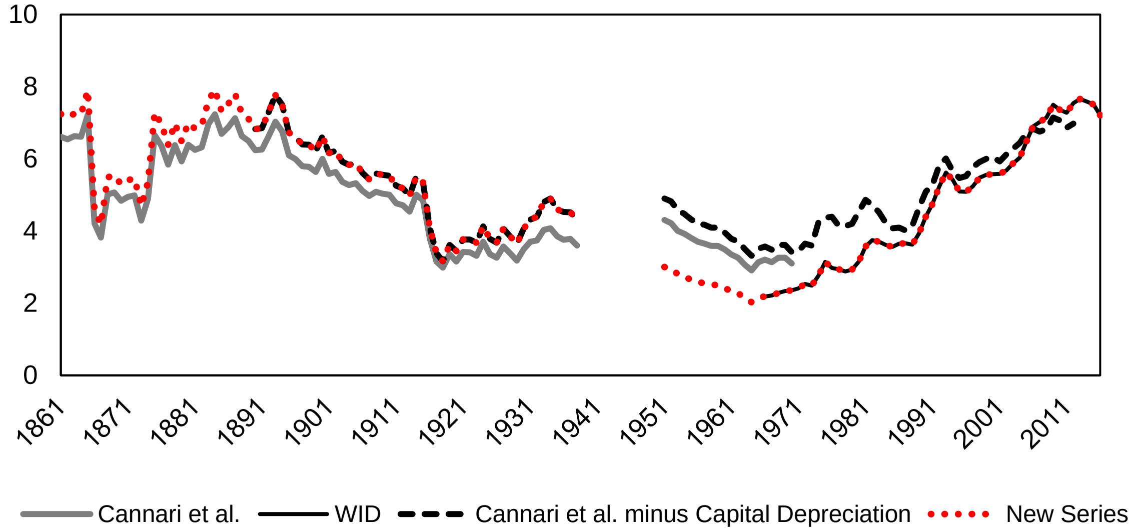
Chapter 2

Figure A 1 - Alternative Totals for Private Wealth, 1862-1915



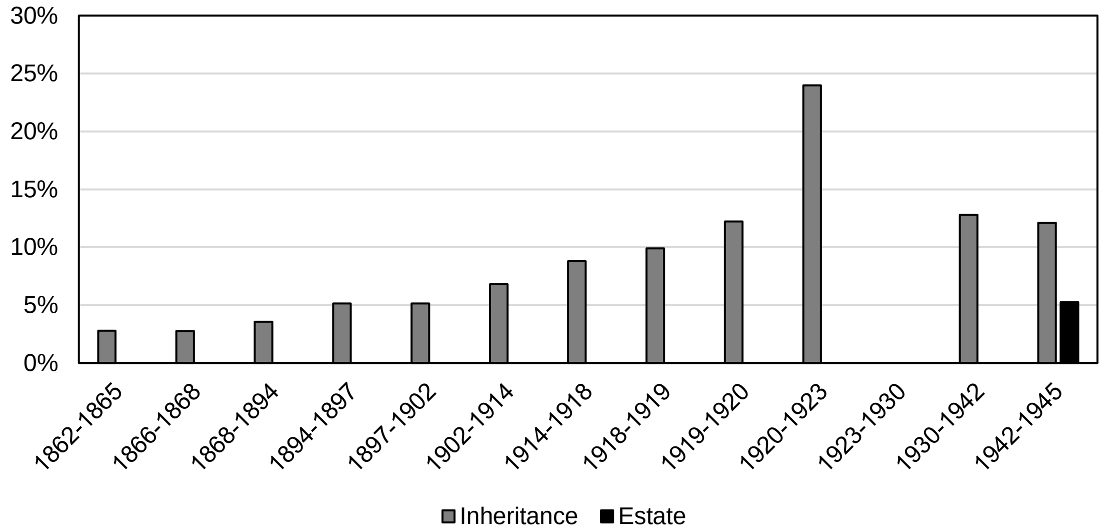
Source: authors' elaboration on Cannari et al. (2017), Baffigi (2008), Retti-Marsani (1936; 1937a; 1937b).

Figure A 2 - Private Wealth to Income Ratios in Italy, 1862-2016: Alternative Estimates



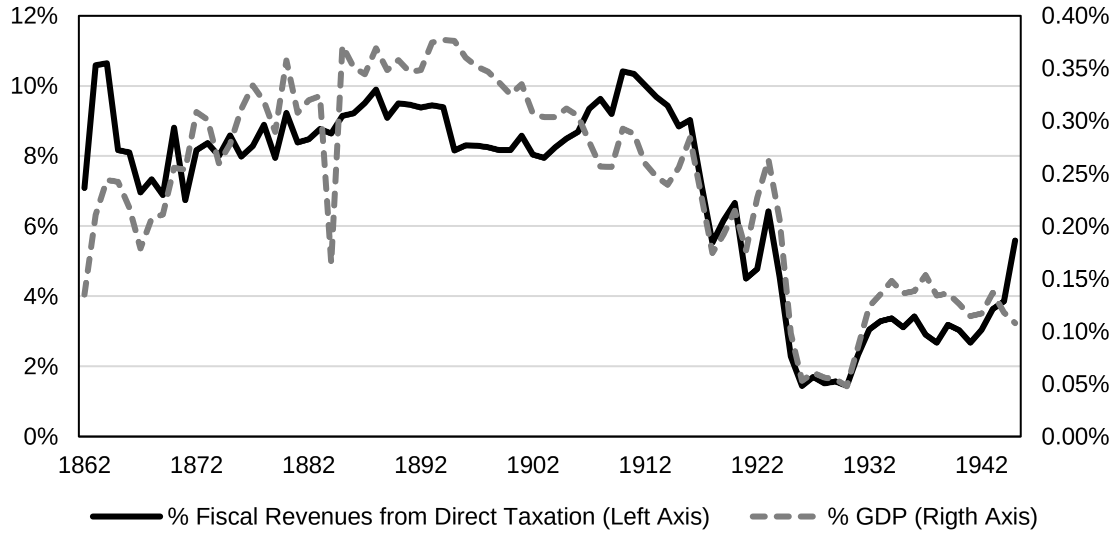
Sources: see Figure 2.

Figure A 3 - Top Marginal Rates for Direct Wealth Transfers, 1862-1945



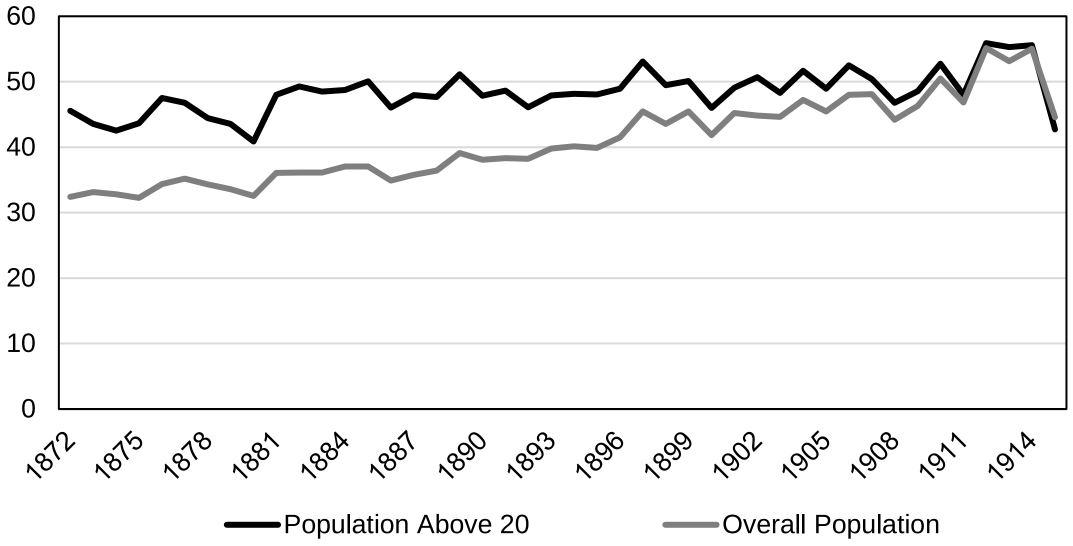
Source: elaborations on Manestra (2021).

Figure A 4 - Revenues from Inheritance Tax, 1862-1945



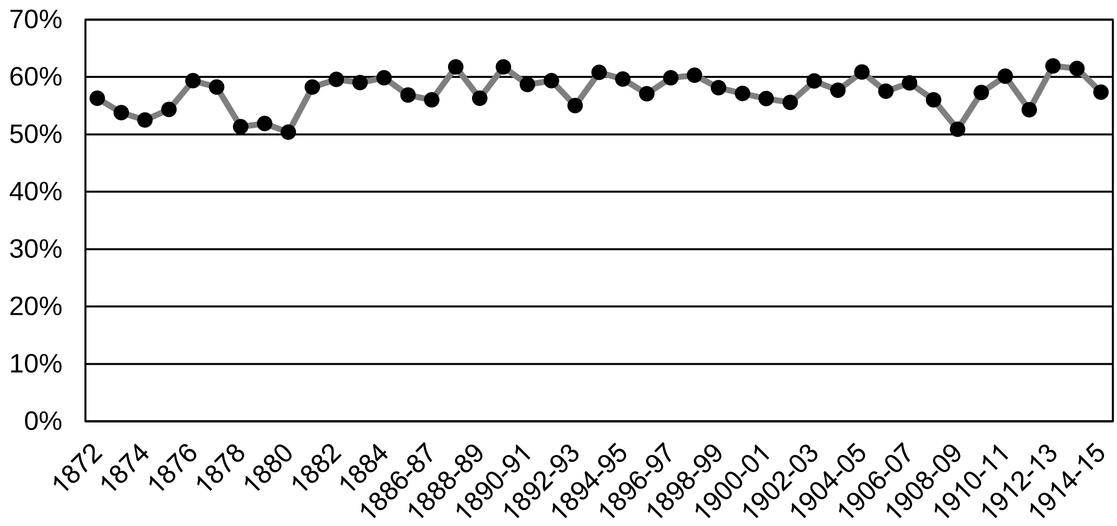
Source: elaborations on Manestra (2021) and Baffigi (2013).

Figure A 5 - Aggregate Mortality Multipliers



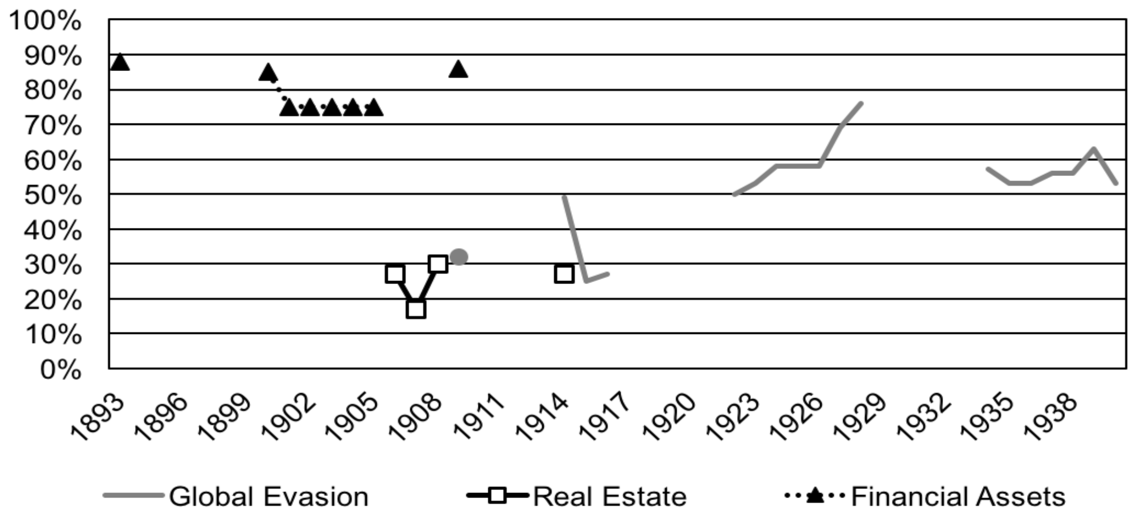
Source: elaborations on Human Mortality Database.

Figure A 6 - Identified Wealth Total, 1872-1915



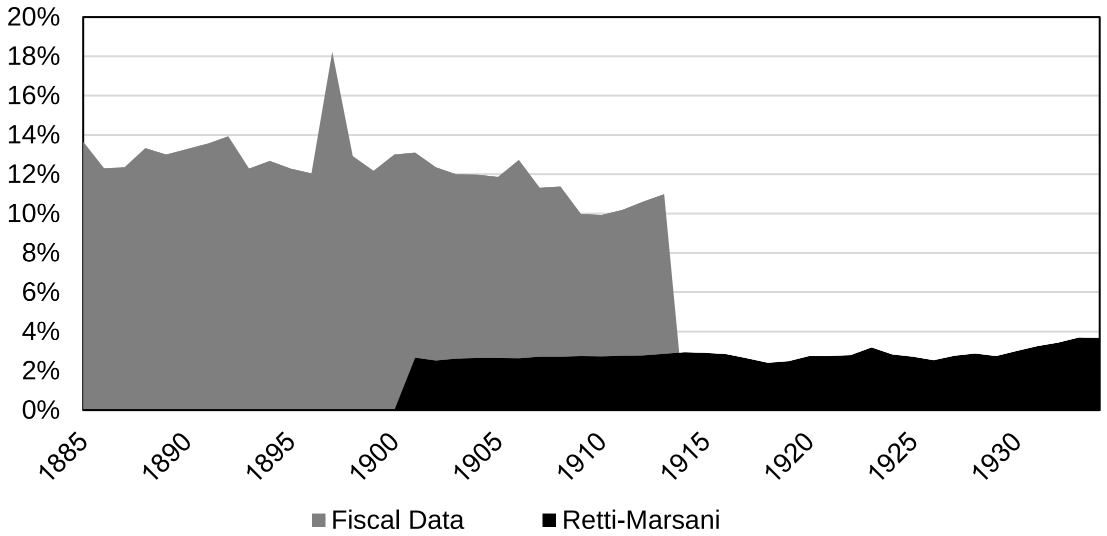
Source: elaborations on estates from MEF-TA (various years), mortality data from Human Mortality Database (2017), and total private wealth from Cannari et al. (2017).

Figure A 7 - Estimates of Inheritance Tax Evasion, 1893-1938



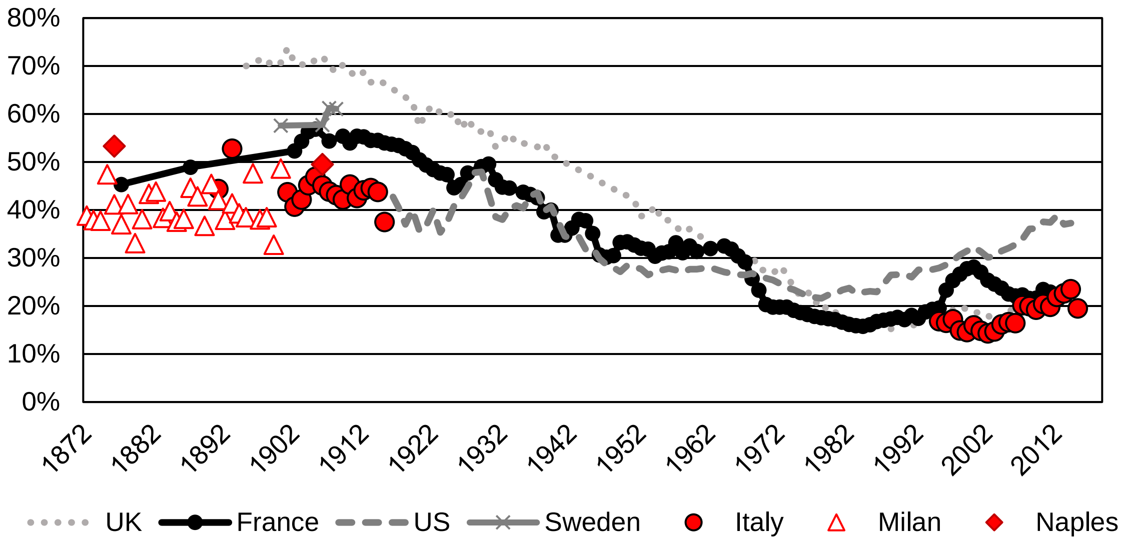
Source: authors' elaboration on Manestra (2010).

Figure A 8 - Percentage of Debt in Declared Estates and Retti-Marsani's Wealth Estimates



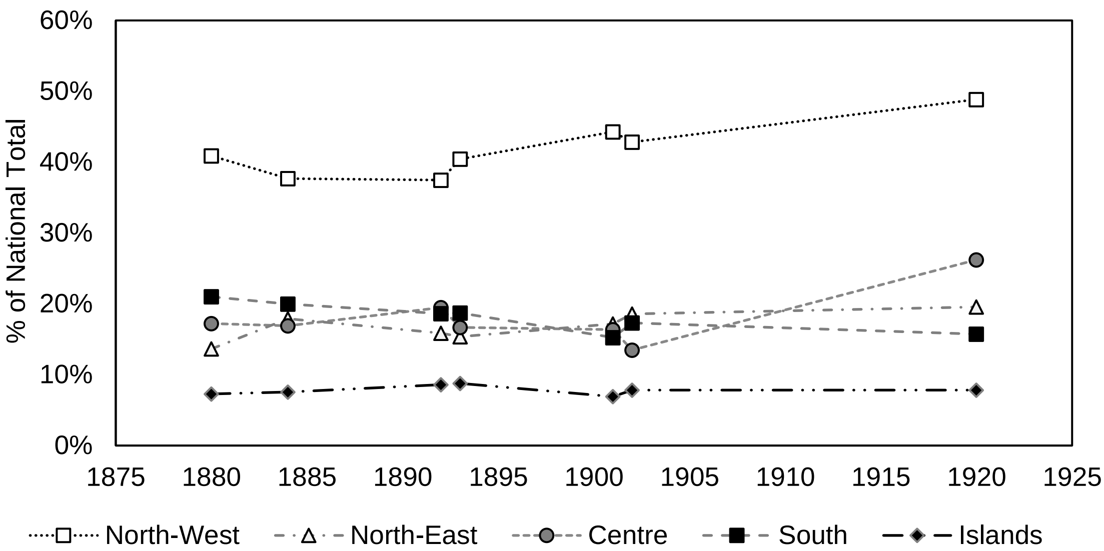
Source: authors' elaboration on Baffigi (2008) and Retti-Marsani (1936; 1937a; 1937b). Ratios are in relation to net totals.

Figure A 9 - Top 1% in Italy and Selected Countries in the Long-Run



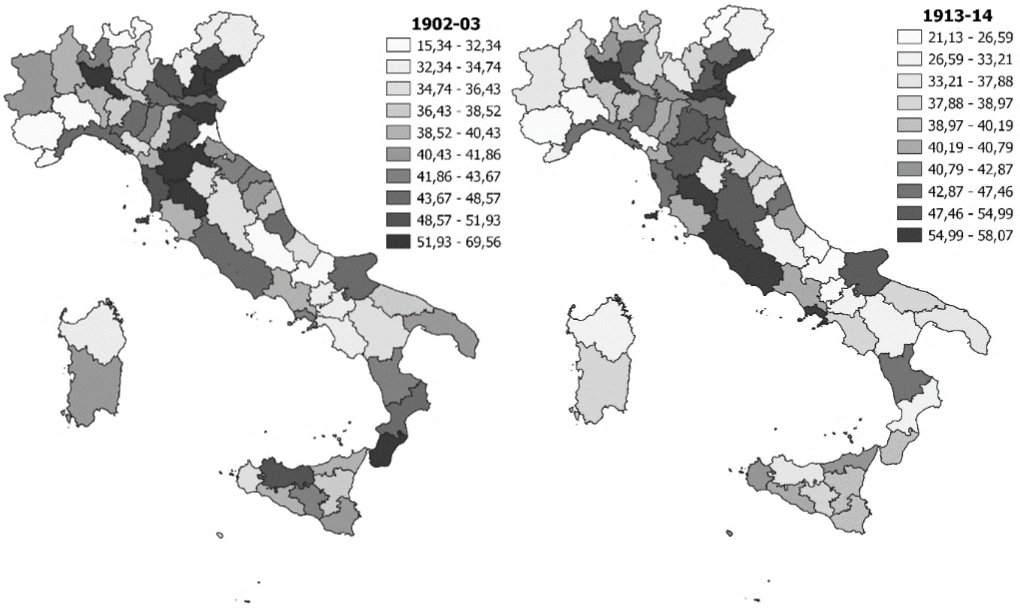
For Italy, Fiscal Years, from July 1st to June 30 (e.g., 1890=1889-1890). The upper graph shows top 1% wealth shares: the lower, top 10%. Sources: authors' elaboration for Italy; Sweden from Roine and Waldenström (2009) and Bengtsson et al. (2018); France, UK and US from Wid.world.

Figure A 10 - Regional Divides in Inheritance Tax Revenues



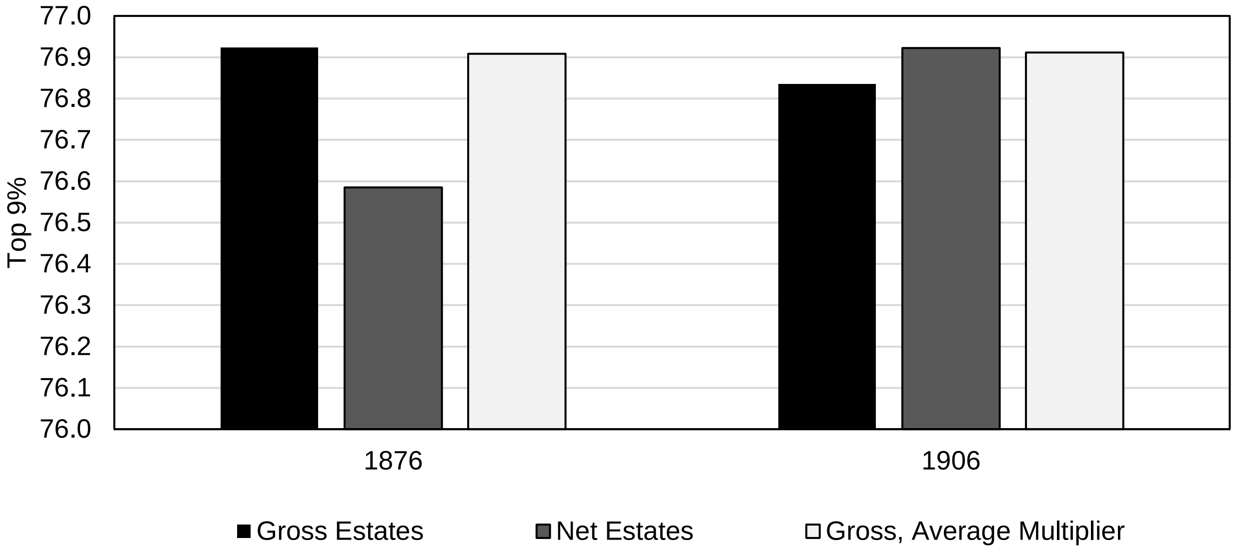
Source: elaborations based on MEF-TA (various years).

Figure A 11 – Top 1% Wealth Share across Italian Provinces in the Early 20th Century



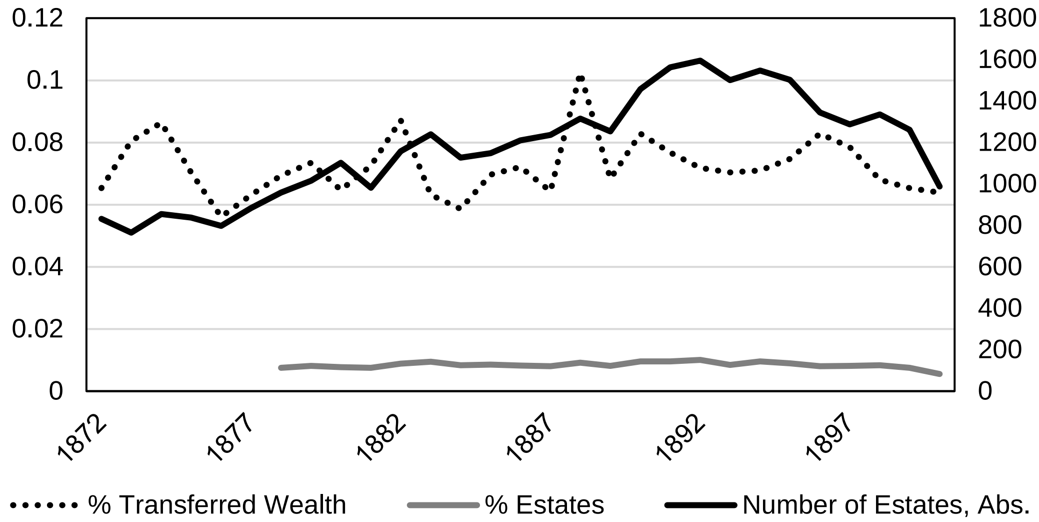
Source: see Figure 11.

Figure A 12 - The Impact of Alternative Assumptions (Naples, 1876 and 1906)



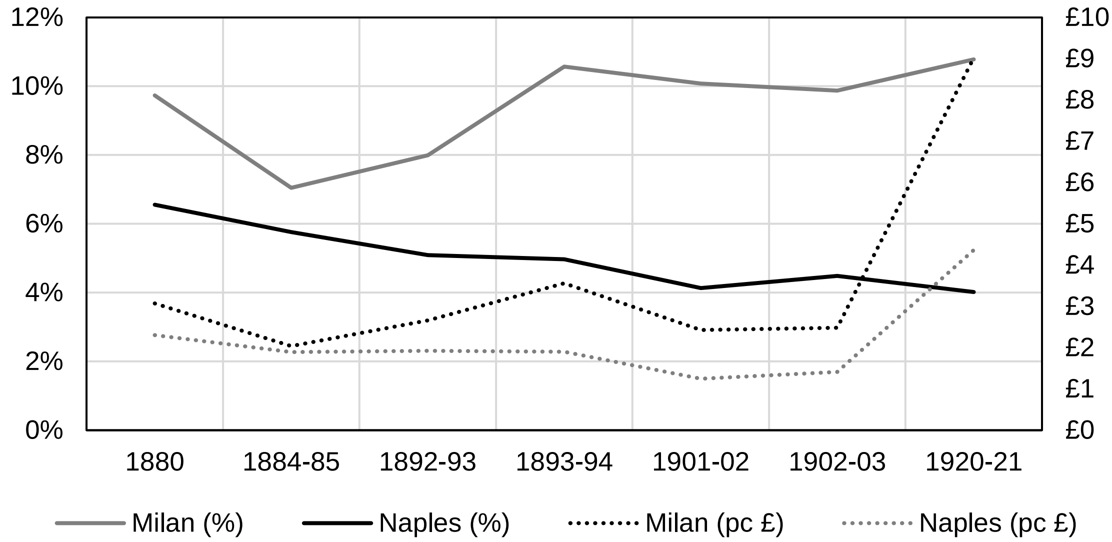
Source: elaborations on Macry (1990).

Figure A 13 - Number of Estate in the City of Milan, and Their Share of Total



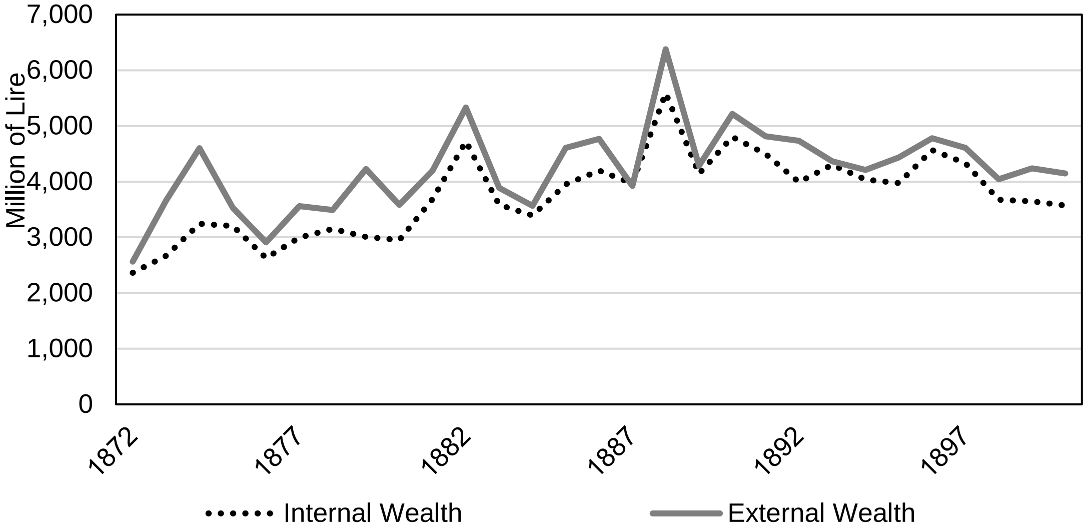
Source: elaborations on Licini (1999) and MEF-TA (various years).

Figure A 14 - Milan and Naples in Terms of Revenues from the Tax



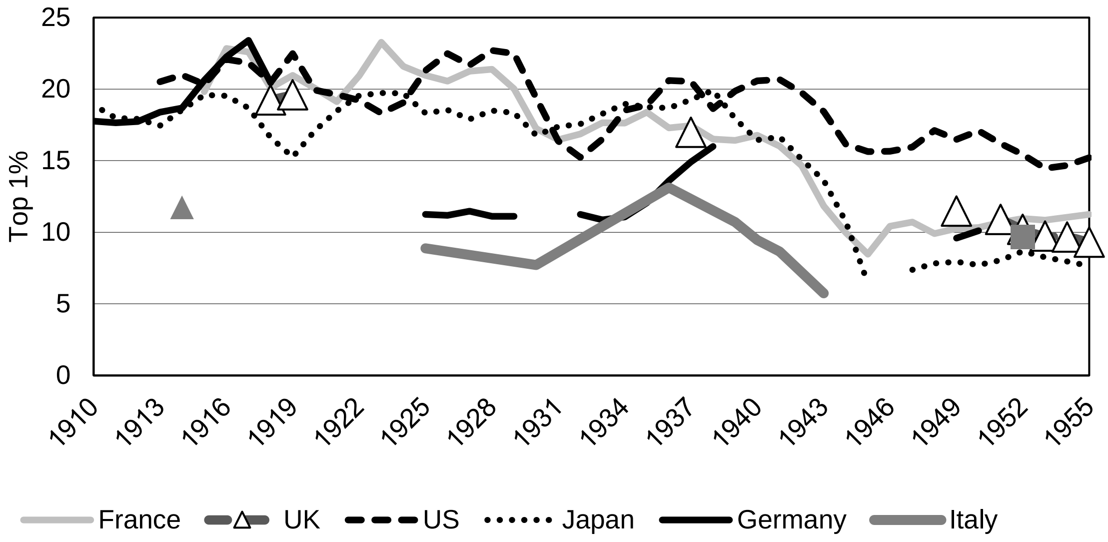
Source: elaborations on MEF-TA (various years).

Figure A 15 - Alternative Wealth Totals for Milan, 1872-1900



Source: elaborations on Licini (1999) and wealth total from Figure 13.

Figure A 16 - Top 1% Shares in International Perspectives, 1910-1945



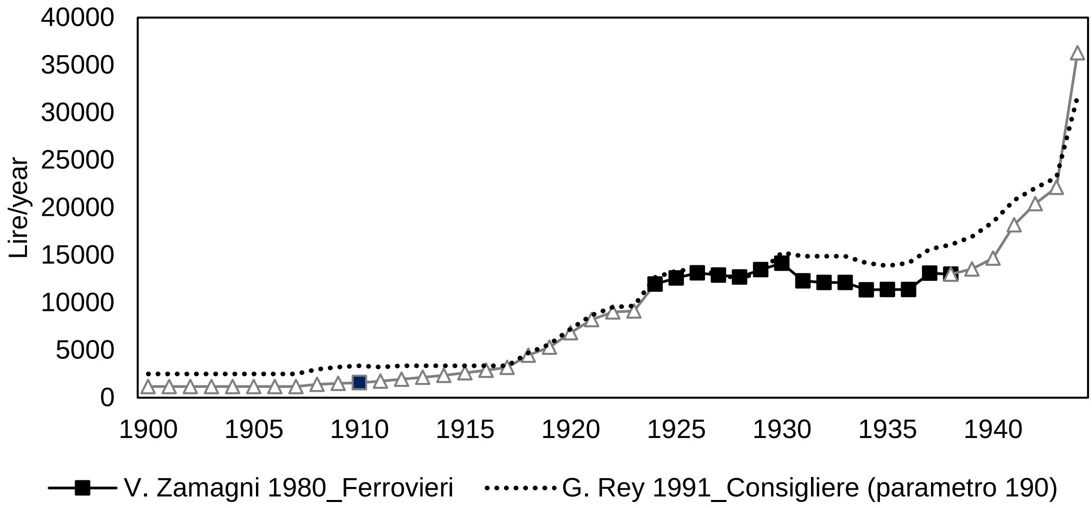
Source: see Figure 33

Table A 1 - Concentration Within Taxed Incomes, 1922-1929

Activities	1922			1929			Differences 1929 - 1922		
	Taxpayers	**Average Income**	**Gini**	**Taxpayers**	**Average Income**	**Gini**	**#**	**Average Income**	**Gini**
Textile	9,600	16,999	77.88	9,033	24,952	71.55	-567	7,953	-6.33
Drugs	16,669	5,573	50.87	18,325	10,131	47.48	1,656	4,558	-3.39
Chemicals	7,623	9,089	70.56	10,865	12,980	65.22	3,242	3,891	-5.34
Apparel	67,349	4,835	61.98	94,656	6,698	52.93	27,307	1,863	-9.05
Small Industries	14,122	3,685	54.36	23,584	5,190	44.84	9,462	1,505	-9.52
Artistic & Mechanical Ind.	15,988	5,718	57.68	15,502	9,548	55.18	-486	3,830	-2.5
Credit & Business	4,588	9,876	77.57	3,450	20,862	73.26	-1,138	10,986	-4.31
Category B	**765.134**	**4,188**	**59.78**	**899,399**	**7,004**		**134265**	**2,816**	
Health Professions	18,414	4,692	47.66	26,877	7,721	45.79	8,463	3,029	-1.87
Intermediation Professions	19,934	6,188	57.94	37,033	8,139	52.6	17,099	1,951	-5.34
Category C	**87,031**	**4,643**	**54.21**	**115,658**	**79,241**		**28,627**	**3,281**	
Total	**852,165**	**4,235**		**1,015,057**	**7,108**		**162,892**	**2,873**	

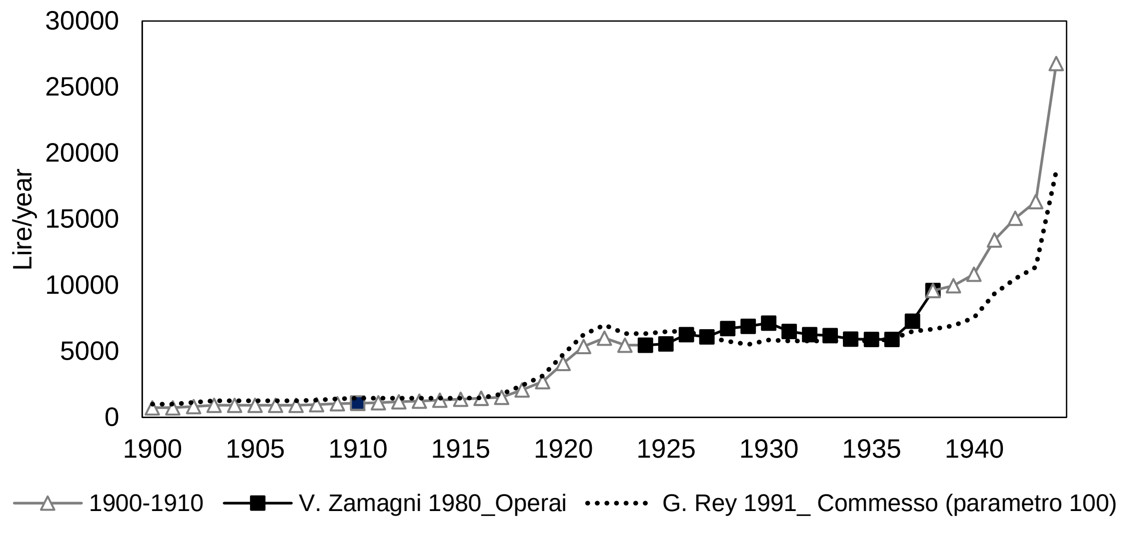
Source: author’s elaboration on Orlandi (1933, 1934).

Figure A 17 - Reconstruction of incomes of salary-earners in transport (1900-1950)



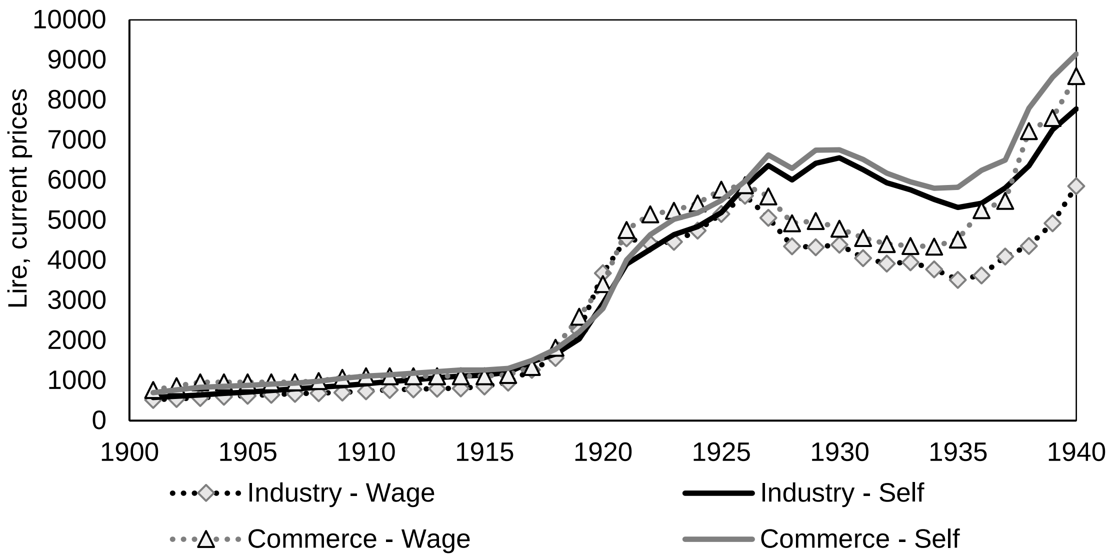
Sources: see Chapter 5, Section 3, and Table A 6 and Table A 7.

Figure A 18 - Reconstruction of incomes of wage-earners in transport (1900-1950)



Sources: see Chapter 5, Section 3, and Table A 6 and Table A 7.

Figure A 19 - Self-employed in Industry: Alternative Estimates



The graph reports the series for self-employed workers in Industry and commerce; they are obtained, as described in Chapter 5, Section 3, by taking the mean of the average wage in the corresponding sector (also reported in the graph), and the average income declared by private taxpayers for the Schedule B of *Imposta di ricchezza mobile,* scaled up by a third to account for evasion and tax exceptions. An analogous procedure has been followed for the self-employed in transport. Figures on declared tax incomes have been compiled from Manestra (2010), MEF (1901, 1903, 1906, 1915, 1953), and MEF-ID (1926, 1932b, 1950, 1951a, 1951b, 1952).

Figure A 20 - Owners' Incomes: Alternative Series

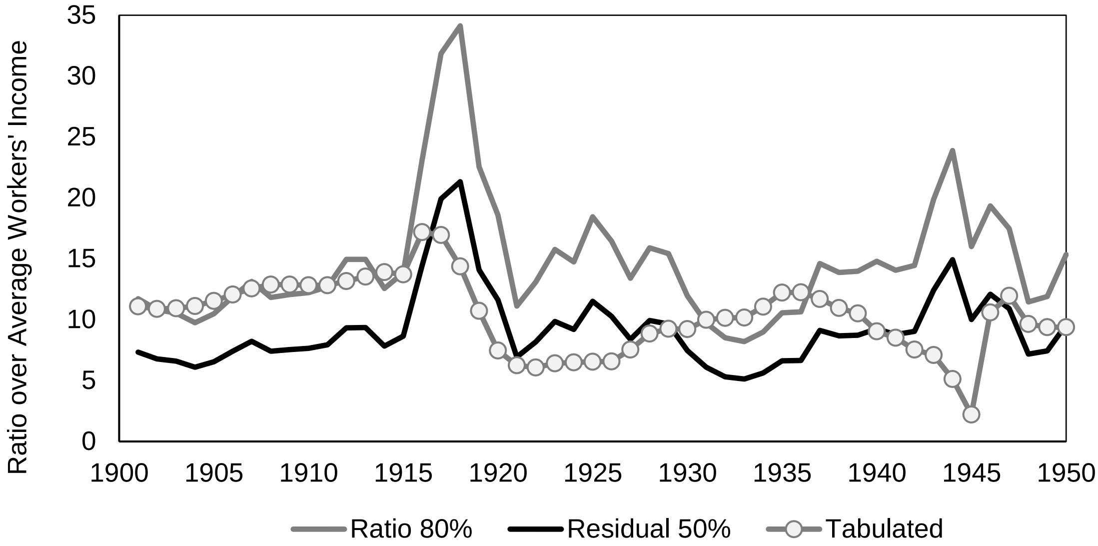
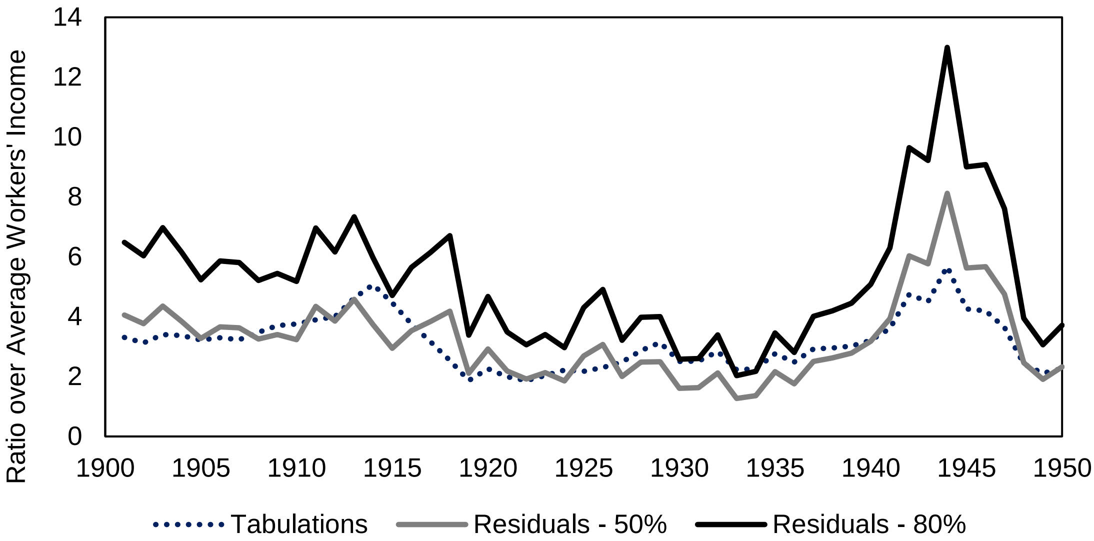
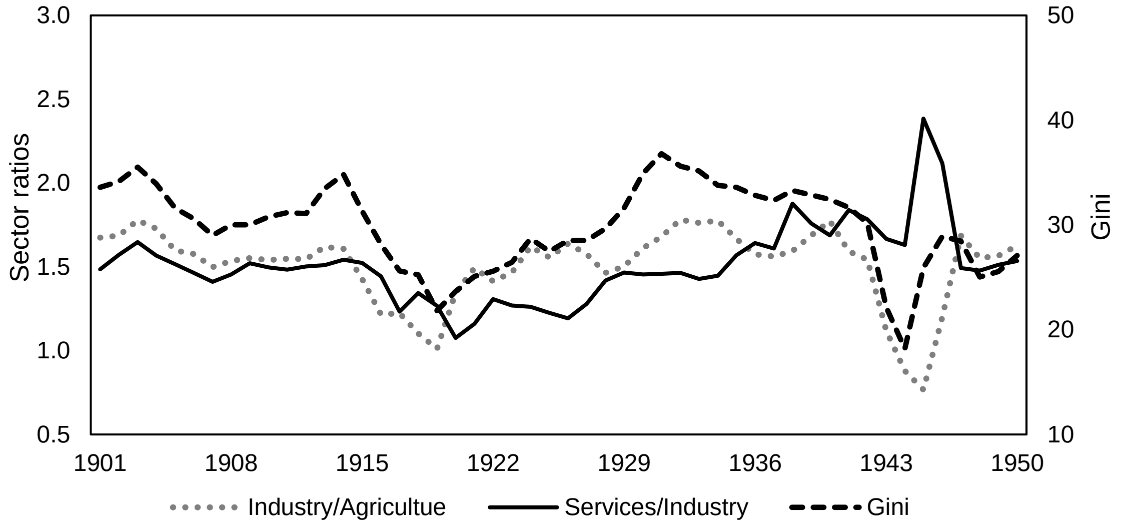


Figure A 21 - Agriculture Residuals: Alternative Series



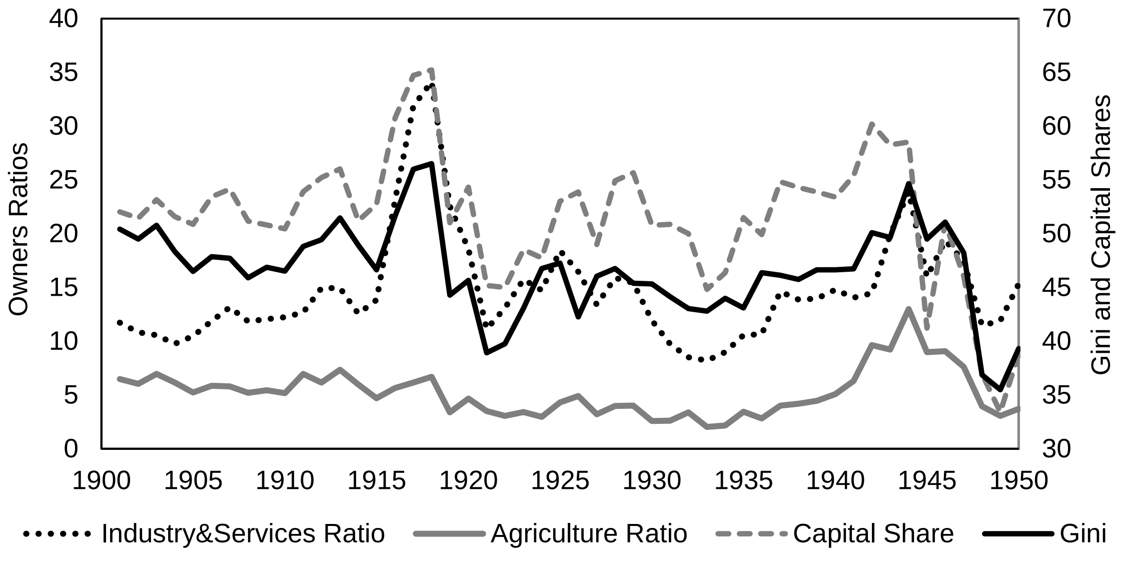
As discussed in Chapter 5, Section 4, baseline estimates of owners' incomes are obtained by computing the residual value added, separately for agriculture, industry and private services (excluding miscellaneous services and location of buildings), after subtracting the total labour of these sectors, obtained by summing up all the incomes of both self and dependent workers, with the exclusion of professionals. To avoid an overestimation of owners' incomes, we adopted 80% of this residual, for both sectors in our baseline estimates. A third series was then constructed, starting from the tabulations of Imposta di Ricchezza Mobile, disaggregated by main sector, reported in MEF-ID (1904) and Orlandi (1933, 1934) for the years 1902, 1922 and 1929, and MEF (1953). From these tabulations, and specifically for agriculture and industrial and services incomes, we computed the average income of the top 10% taxpayers. The values were then interpolated following, for agriculture, the trend of the value-added sector from Baffigi (2015); for industry, following the trend in the aggregate ROE computed from the *Imita* database (Giannetti and Vasta, 2006) (see Figure 25), and for the WWII years, when this ROE is not available, following the average B income from MEF-ID (1951a). During both World Wars, simply projecting these values is insufficient to consider the changing value of money: for this reason, in 1916-18 and in 1946 we adjusted the values by the CPI, made available by Istat. As discussed in the main text, the tabulated values for 1902, and the subsequent period, are in line with the 80% of residuals; the turbulent dynamics of the following period (for which we lack sufficient data point) bring it more in line with the 50% ratio.

Figure A 22 - Sectoral Ratios and Inequality in Italy, 1900-1950



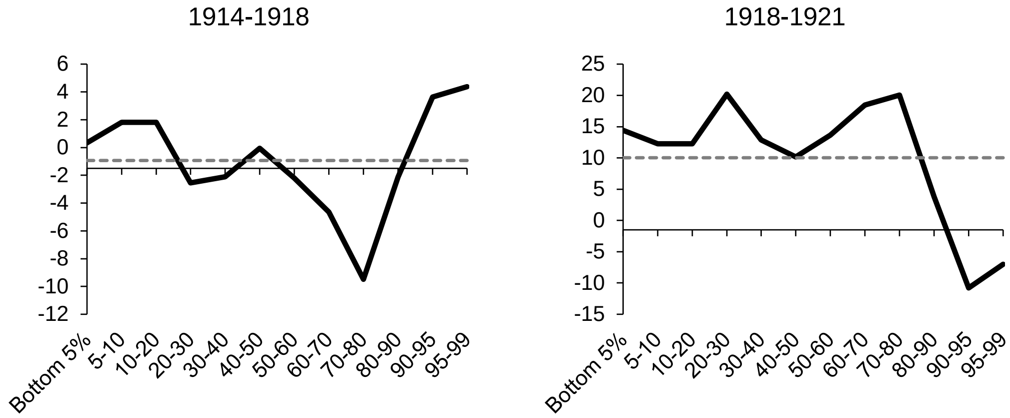
The Figure shows sectoral ratios, computed as the ratio between the average income earned by male workers in industry vs. agriculture and in services. vs. industry.

Figure A 23 - Owners Ratios, Capital Shares and Inequality in Italy, 1900-1950



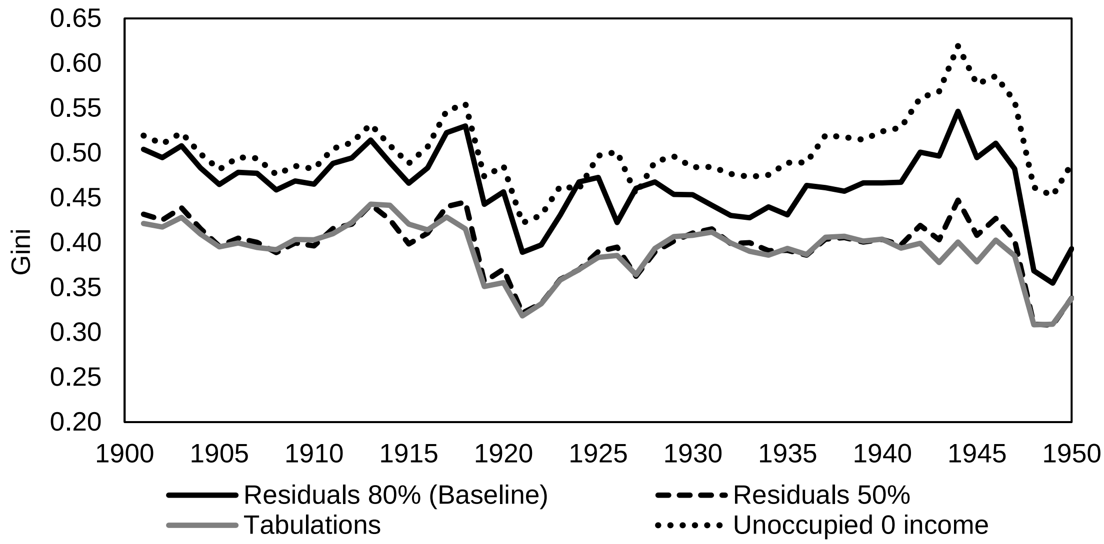
The Figure shows the owners ratios (defined as the ratio between owners and workers average incomes) that result when estimating owners' incomes from the 80% VA residual. Owners' ratios are reported, separately, for agriculture, industry and private services, alongside the overall Gini and the capital share from Gabbuti (2021a).

Figure A 24 - GICs for 1914-18 and 1918-21



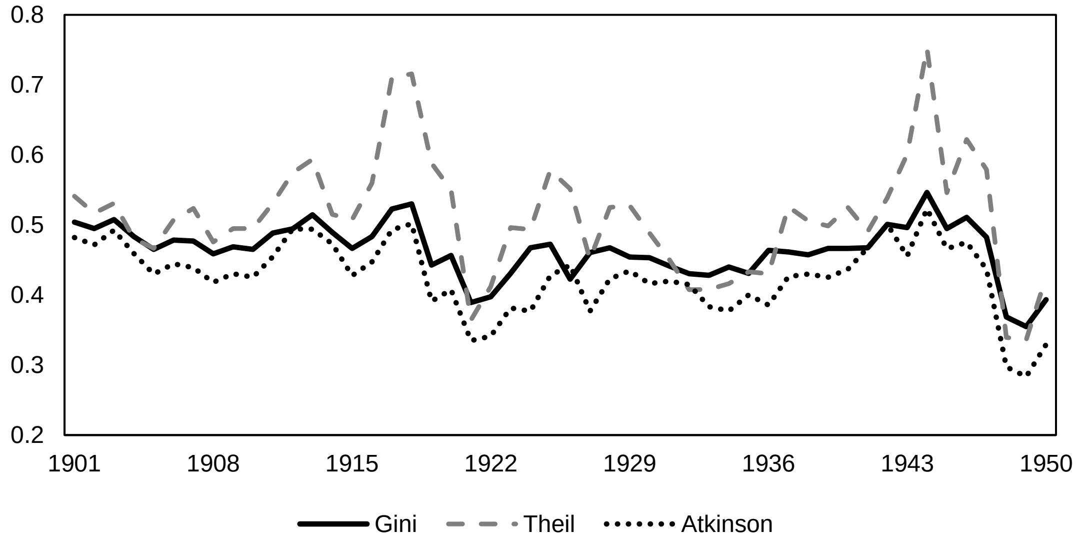
Source: see Figure 45.

Figure A 25 - Overall Gini: Alternative Series



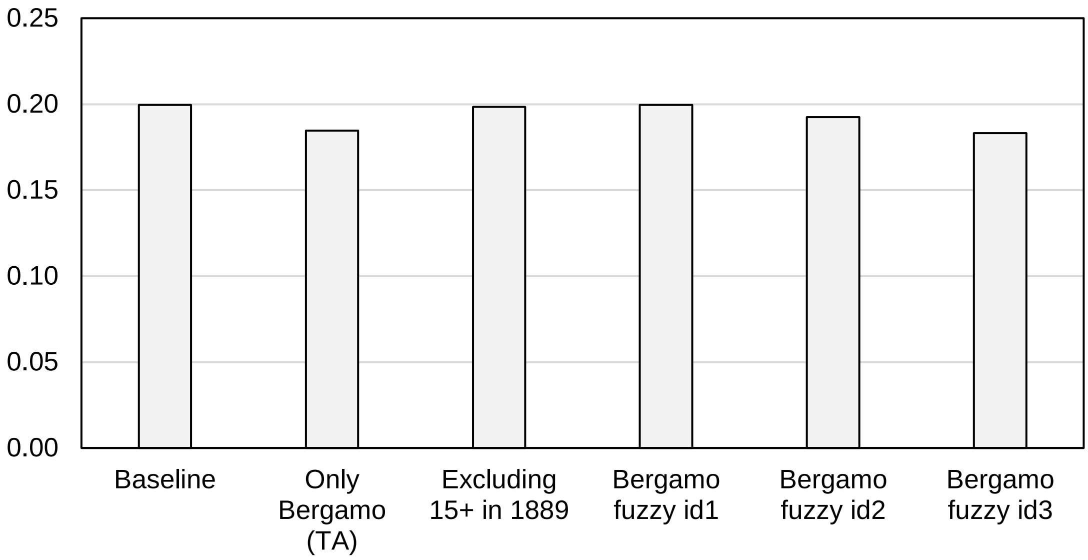
The Figure reproduces the baseline Gini for overall inequality (as reproduced in Figure 43), alongside with the two alternatives, based on the different owners' incomes shown in Figure A 20 and Figure A 21. Apart from owners' series, all Gini series are based on the same incomes and population series (Table A 4, Table A 5, Table A 6 and Table A 7), and computed with the same methodology, described in Section 3, and in Figure 40 and Figure 40. As mentioned, the baseline estimate leads to a higher level of the overall Gini – compared to the 50% version, a difference of seven Gini points on average, as well as in 1901, but with a minimum of three in 1931-1933, and a peak of 10 in 1924, and again in 1944, before declining to 5 in 1950. Notably, the levels of both the tabulations and 50% residuals are very similar; this signals that it is more the agriculture owners' ratio than the industry and service that drives the level. For the rest, the trend is very similar, also adopting the tabulations, apart for the WWI and WWII years, and a smoother increasing trend in the 1920s, with a one-year turbulence in 1927, during the revaluation of the Lira.

Figure A 26 - Overall inequality: Alternative indicators



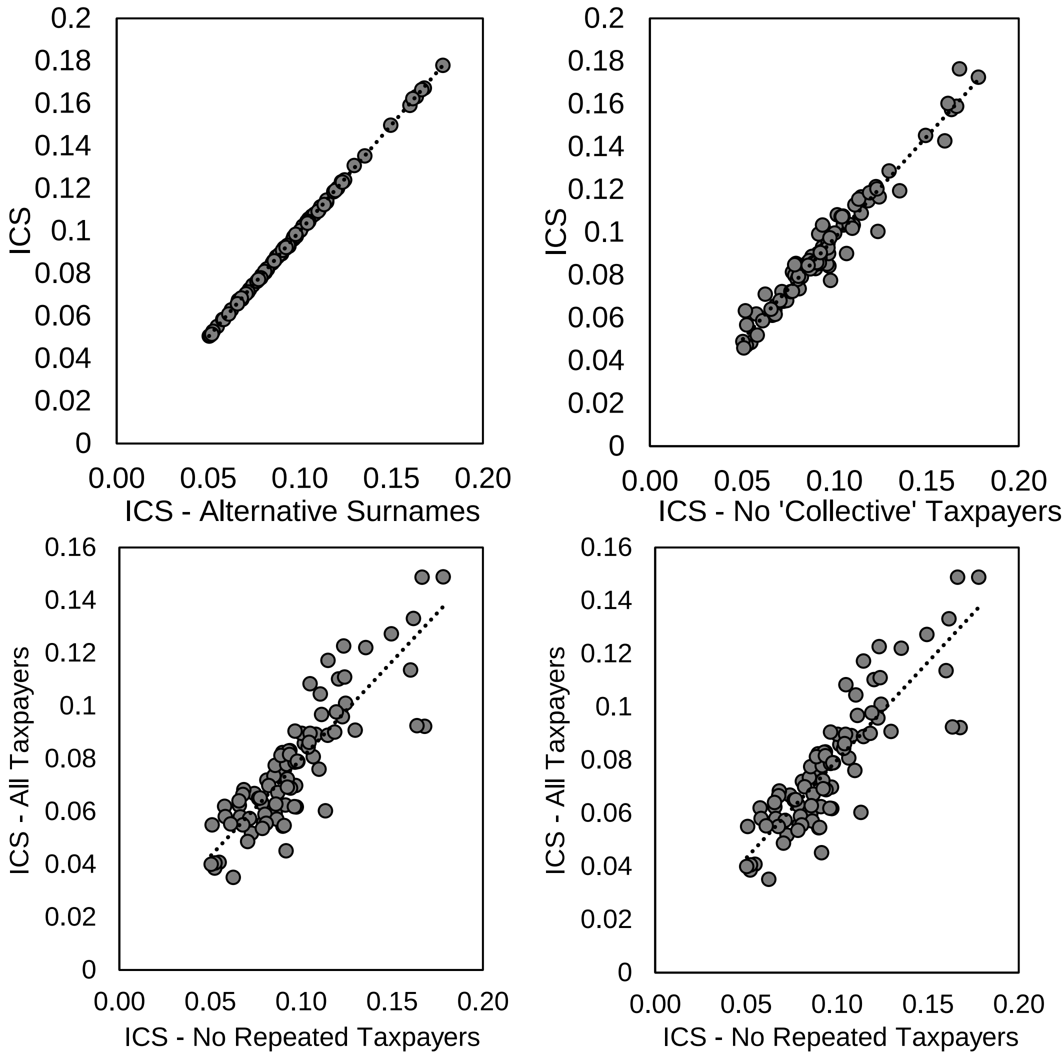
The Figure reports overall inequality when using alternative inequality measures, such as the Gini index, Theil's index and the Atkinson index. Inequality trends are robust to the use of different inequality indicators, but Theil's index -more sensitive to income transfers in the upper part of the distribution- suggest greater increases during WW1 and WW2.

Figure A 27 - IGE 1889-1933: Robustness Checks



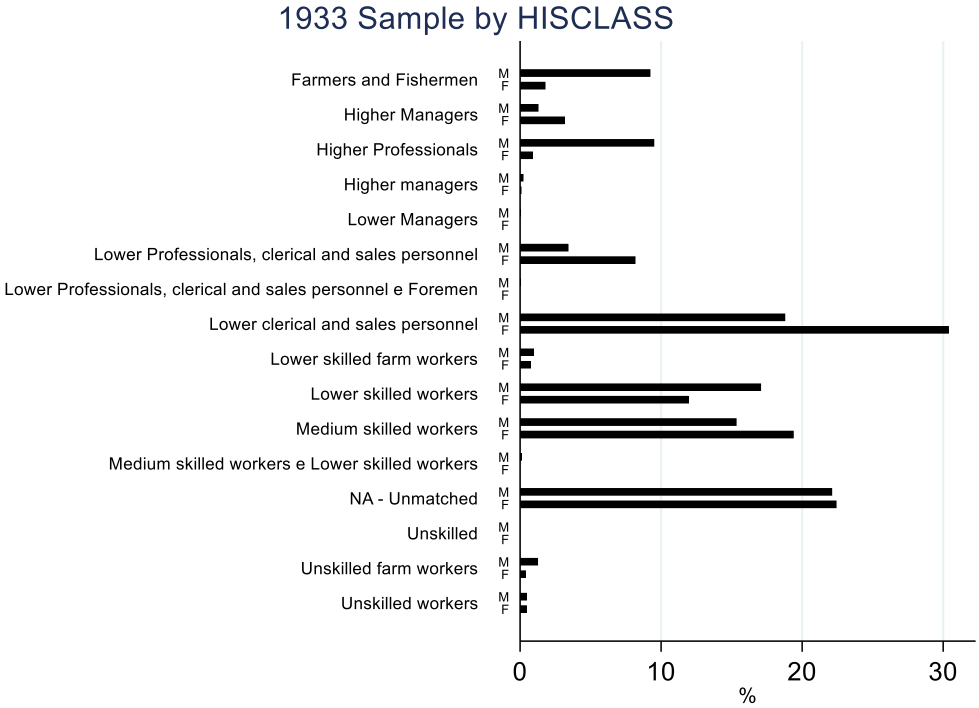
Source: author's elaborations (see the discussion in Chapter 7). Fuzzy id1, id2 and id3 are obtained applying the so-called Levenshtein score.

Figure A 28 - ICS for 1933: Robustness to Alternative Samples



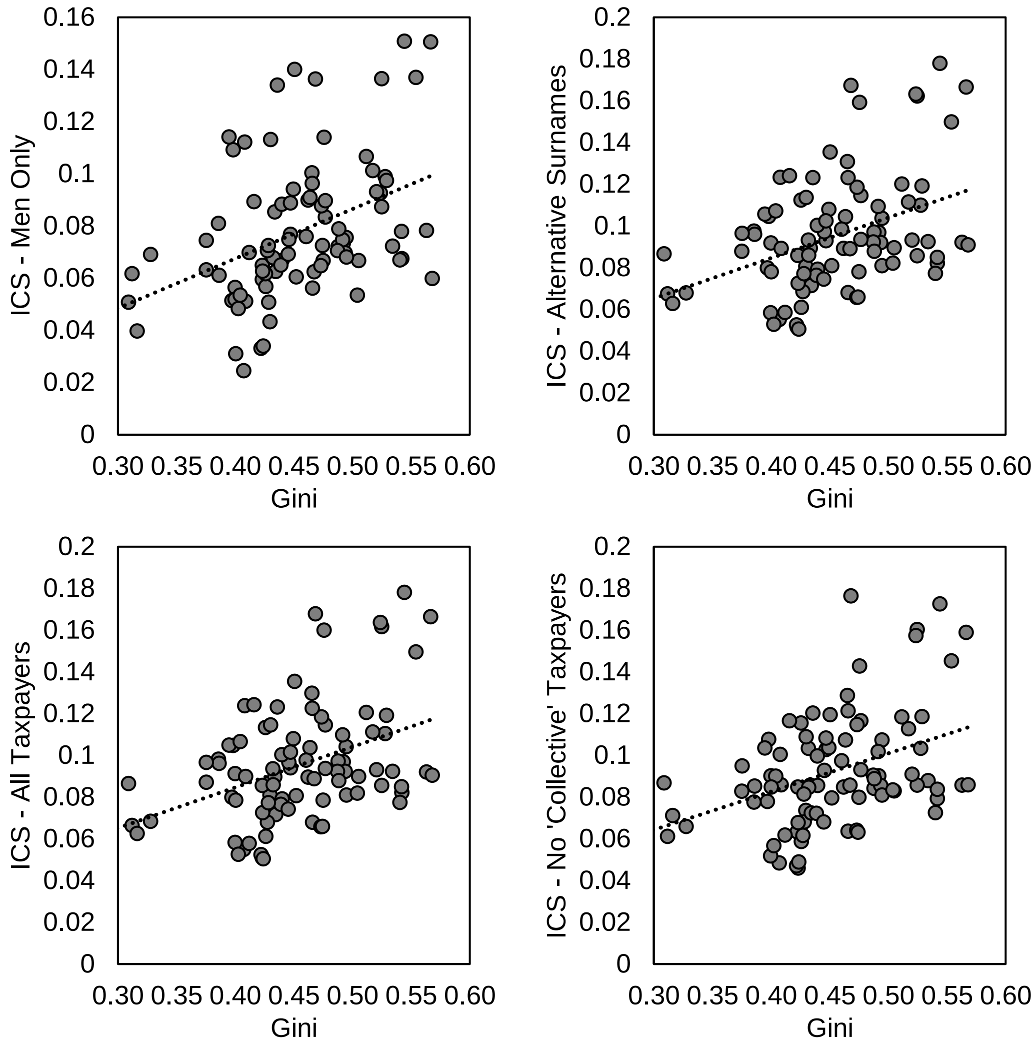
Source: author's elaborations on the Italian Historical Taxpayers' Database.

Figure A 29 - The 1933 Taxpayers by Class Status



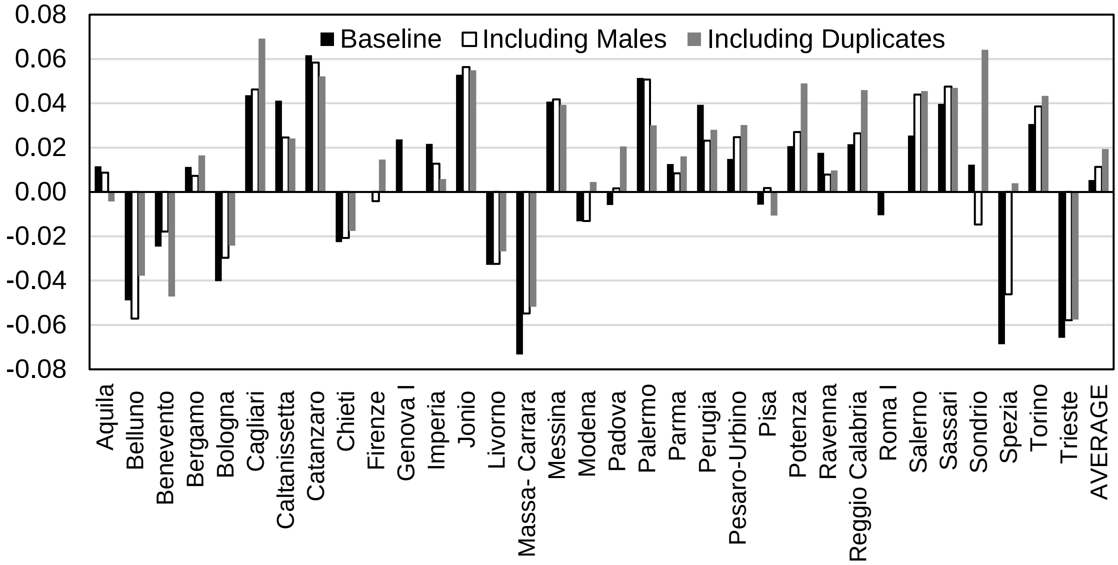
Source: author’s elaborations on the Italian Historical Taxpayers’ Database.

Figure A 30 - The 'Gatsby Curve': Robustness to Different ICS Estimates



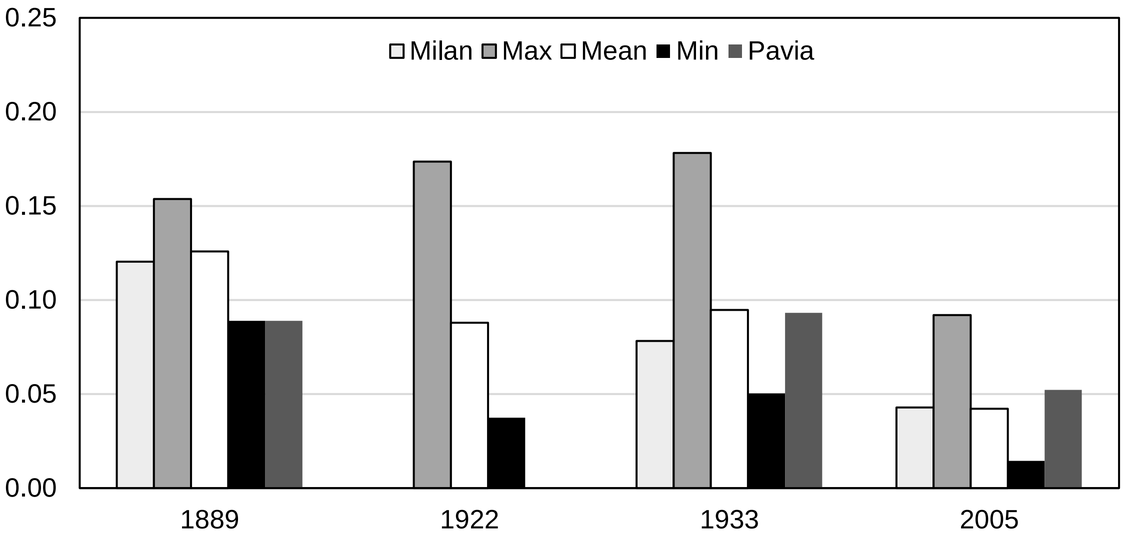
Source: author's elaborations on the Italian Historical Taxpayers' Database.

Figure A 31 - ICS Differences, 1922-1933: Alternative ICS Estimates



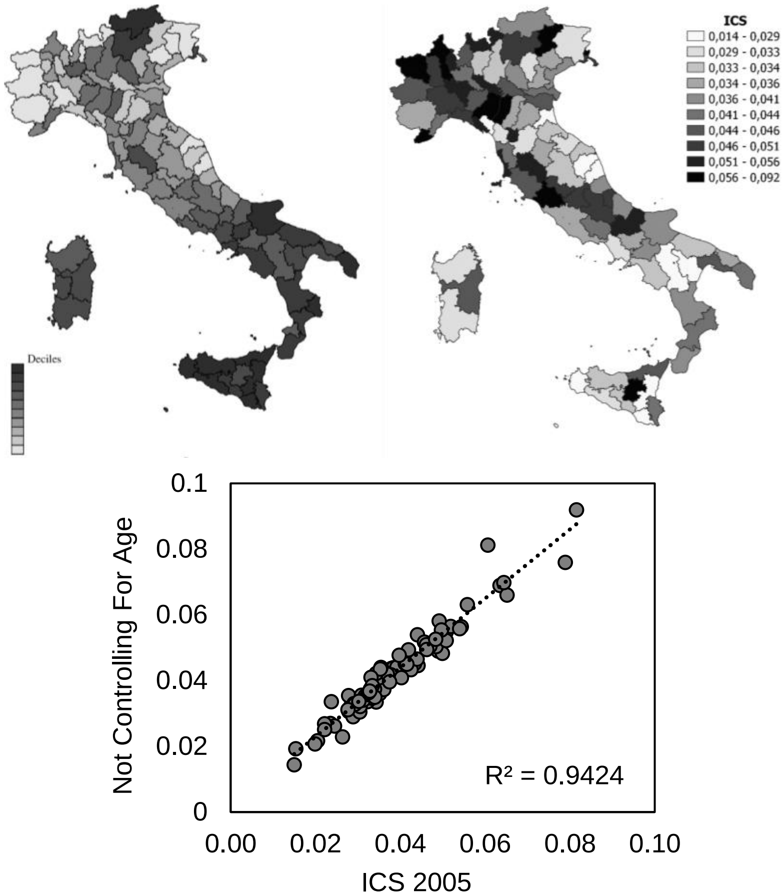
Source: author's elaborations on the Italian Historical Taxpayers' Database. 'Baseline' results, as in Figure 60, from the estimation of the ICS after excluding female taxpayers, as well as all observation reporting the same taxpayer in the same municipality; these restrictions are excluded in the other two estimates, to verify that the major results are robust to the application of these restriction criteria on imperfectly cleaned 1922 records.

Figure A 32 - ICS in the Long Run, 1889-2005



Source: author's elaborations on the Italian Historical Taxpayers' Database.

Figure A 33 - ICS in 2005



Source: Güell et al. (2018), and author's replication of the estimates at 1933 borders, based on self-employment incomes only, including women and without adopting age controls, in line with the historical estimates in Figure 57.

Table A 2 - ICS Estimates for Italian Self-Employed Taxpayers, 1889-2005

Province	ICS – All	ICS-30 - All	ICS-30 – All, Altern. Surnames	ICS-30 – No Double	ICS-30 – No Double - Only Men	1922	1889	2005
Agrigento	0.089	0.091	0.092	0.062	0.056			0.030
Alessandria	0.067	0.081	0.081	0.072	0.068			0.049
Ancona	0.090	0.090	0.090	0.074	0.067			0.033
Aquila	0.074	0.073	0.073	0.052	0.063	0.058		0.049
Arezzo	0.079	0.081	0.081	0.060	0.043			0.036
Ascoli Piceno	0.053	0.055	0.055	0.041	0.024			0.027
Avellino	0.051	0.063	0.063	0.035	0.040			0.037
Bari	0.066	0.074	0.074	0.067	0.069			0.033
Belluno	0.102	0.097	0.097	0.062	0.072	0.121		0.066
Benevento	0.073	0.068	0.068	0.068	0.069	0.094		0.035
Bergamo	0.072	0.088	0.088	0.076	0.079	0.067	0.109	0.033
Bologna	0.071	0.092	0.092	0.072	0.070	0.110		0.034
Bolzano-Bozen	0.108	0.110	0.110	0.104	0.099			0.037
Brescia	0.081	0.094	0.094	0.083	0.090			0.034
Brindisi	0.055	0.058	0.058	0.062	0.070			0.036
Cagliari	0.116	0.160	0.159	0.114	0.114	0.070		0.032
Caltanissetta	0.105	0.105	0.106	0.108	0.114	0.073		0.034
Campobasso	0.095	0.096	0.096	0.062	0.061			0.053
Catania	0.072	0.097	0.097	0.070	0.073			0.027
Catanzaro	0.110	0.115	0.114	0.117	0.113	0.051		0.042
Chieti	0.060	0.058	0.058	0.058	0.052	0.074		0.041
Como	0.073	0.111	0.111	0.097	0.101			0.045
Cosenza	0.083	0.090	0.089	0.054	0.051			0.037
Cremona	0.062	0.066	0.066	0.062	0.072			0.056
Cuneo	0.041	0.052	0.053	0.039	0.033			0.036
Enna	0.067	0.066	0.067	0.058	0.062			0.069
Ferrara	0.083	0.090	0.089	0.081	0.090			0.044
Firenze	0.074	0.092	0.092	0.072	0.072	0.073	0.114	0.031
Fiume	0.168	0.168	0.167	0.092	0.136			
Foggia	0.051	0.053	0.053	0.041	0.048			0.040
Forlì	0.066	0.072	0.071	0.057	0.063			0.034
Frosinone	0.089	0.090	0.089	0.082	0.085			0.041
Genova	0.072	0.085	0.085	0.073	0.078	0.039		0.050
Gorizia	0.135	0.135	0.135	0.122	0.140			0.076
Grosseto	0.093	0.094	0.093	0.069	0.077			0.045
Imperia	0.071	0.086	0.086	0.077	0.087	0.066		0.063
Ionio (Taranto)	0.100	0.102	0.102	0.086	0.089	0.036		0.044
La Spezia	0.162	0.164	0.163	0.092	0.093	0.161		0.054
Lecce	0.073	0.077	0.077	0.065	0.072			0.041
Livorno	0.079	0.082	0.082	0.070	0.067	0.100		0.056
Lucca	0.063	0.078	0.078	0.063	0.067			0.031
Macerata	0.087	0.086	0.086	0.059	0.065			0.026
Mantova	0.048	0.050	0.051	0.040	0.034			0.045
Massa-Carrara	0.131	0.130	0.131	0.091	0.100	0.174		0.022
Matera	0.105	0.107	0.107	0.081	0.053			0.023
Messina	0.096	0.108	0.108	0.089	0.094	0.053		0.045
Milano	0.067	0.092	0.092	0.078	0.078		0.120	0.043
Modena	0.081	0.100	0.100	0.090	0.088	0.102		0.035
Napoli	0.121	0.166	0.167	0.149	0.151			0.031
Novara	0.079	0.082	0.082	0.057	0.053			0.070
Nuoro	0.080	0.087	0.088	0.067	0.063			0.044
Padova	0.109	0.115	0.115	0.089	0.083	0.089		0.036
Palermo	0.102	0.121	0.120	0.110	0.107	0.055		0.033
Parma	0.089	0.104	0.104	0.084	0.091	0.078		0.058

Tab. A 2 (continued)

Pavia	0.081	0.093	0.093	0.083	0.093		0.089	0.052
Perugia	0.075	0.079	0.079	0.056	0.067	0.028		0.034
Pesaro Urbino	0.078	0.080	0.080	0.059	0.051	0.036		0.031
Pescara	0.123	0.123	0.123	0.096	0.096			0.048
Piacenza	0.097	0.110	0.109	0.076	0.075			0.044
Pisa	0.064	0.068	0.068	0.055	0.056	0.062		0.043
Pistoia	0.061	0.071	0.071	0.049	0.051			0.055
Pola	0.104	0.105	0.105	0.090	0.109			
Potenza	0.085	0.086	0.087	0.057	0.051	0.030		0.014
P. Friuli(Udine)	0.117	0.118	0.119	0.090	0.088			0.030
Ragusa	0.084	0.092	0.092	0.045	0.059			0.019
Ravenna	0.047	0.051	0.051	0.055	0.059	0.042		0.025
ReggioCalabria	0.085	0.097	0.096	0.090	0.074	0.053		0.039
Reggio Emilia	0.050	0.061	0.061	0.055	0.057			0.081
Rieti	0.124	0.124	0.123	0.111	0.112			0.049
Roma	0.135	0.150	0.150	0.127	0.137	0.083		0.035
Rovigo	0.088	0.089	0.089	0.081	0.062			0.042
Salerno	0.113	0.124	0.124	0.101	0.089	0.064		0.034
Sassari	0.082	0.097	0.097	0.079	0.075	0.035		0.029
Savona	0.077	0.076	0.076	0.065	0.065			0.042
Siena	0.079	0.081	0.081	0.056	0.060			0.055
Siracusa	0.099	0.098	0.098	0.079	0.081			0.043
Sondrio	0.114	0.113	0.112	0.060	0.062	0.049		0.055
Teramo	0.078	0.079	0.078	0.054	0.031			0.037
Terni	0.093	0.094	0.093	0.082	0.068			0.048
Torino	0.102	0.119	0.119	0.098	0.097	0.120		0.044
Trapani	0.108	0.104	0.104	0.086	0.076			0.021
Trento	0.066	0.068	0.069	0.066	0.071			0.047
Treviso	0.122	0.123	0.123	0.123	0.134			0.035
Trieste	0.179	0.178	0.178	0.149	0.151	0.141		0.050
Valle d'Aosta	0.098	0.098	0.098	0.079	0.076			0.092
Varese	0.082	0.091	0.091	0.055	0.060			0.052
Venezia	0.152	0.162	0.162	0.133	0.136			0.037
Vercelli	0.065	0.077	0.077	0.065	0.067			0.051
Verona	0.083	0.092	0.092	0.069	0.070			0.041
Vicenza	0.060	0.066	0.066	0.064	0.065			0.032
Viterbo	0.086	0.086	0.086	0.063	0.068			0.057
Zara	0.053	0.052	0.051					
Min.	0.041	0.050	0.051	0.050	0.050			0.014
Max.	0.179	0.178	0.178	0.178	0.178			0.092
Avg.	0.088	0.095	0.095	0.095	0.095			0.042

Table A 3 - Correlation Analysis: Covariates Descriptives and Sources

VARIABLES	(1) N	(2) mean	(3) SD	(4) min	(5) max	Source:
Gini (1933)	92	0.452	0.0585	0.299	0.568	(1)
Gini diff. (1929-33)	92	0.0475	0.105	-0.158	0.411	(1)
Women Share of Taxp.	92	0.140	0.0434	0.0767	0.284	(1)
Gender Ratio	92	1.408	0.147	1.183	1.903	(1)
Average Income	92	5,246	1,677	3,001	11,297	(1)
Avg. Income diff. (1929-33)	89	-3,726	2,955	-11,294	0.0235	(1)
Taxpayer (% adult pop.)	92	0.0646	0.0179	0.0300	0.113	(1)
Population	92	447,574	335,970	20,324	2.085e+06	(2)
Pop. Density	92	153.1	108.0	28.50	724.8	(2)
Pop. Diff (1929-33)	92	0.0677	0.0546	-0.115	0.245	(3)
Women Share of Pop.	92	0.510	0.0126	0.482	0.535	(2)
Wedding Rate	92	6.747	0.594	5.300	7.900	(2)
Birth Rate	92	24.91	5.736	14.60	35.40	(2)
Literacy	92	223.6	150.7	17	498	(2)
Literacy Gender Gap	92	76.07	59.30	-2	222	(2)
Internal Migr. Rate (1930)	92	-1.185	6.094	-13.57	20.23	(4)
External Migr. (1927-32)	92	30.91	28.63	1.624	152.2	(5)
oldprov_migr_7614	68	446.9	417.8	54.40	2,732	(6)
Electoral Turnout (1946)	86	89.47	3.289	82.54	94.49	(7)
‘No Support’ (1929)	92	11.27	6.545	2.126	34.94	(8)
Social Capital 1	68	1.011	0.247	0.520	1.570	(9)
Social Capital 2	68	0.985	0.214	0.210	1.300	(9)
Social Capital 3	68	1.082	0.859	-1.940	1.890	(9)
Active Population	92	43.79	5.675	32.65	58.03	(10)
Artisans	92	9.746	2.487	5.606	17.94	(10)
Public Employees	92	4.241	1.813	2.466	12.54	(10)
Agriculture	92	53.77	15.83	11.61	80.27	(10)
Trade	92	7.745	2.895	3.416	16.71	(10)
Professionals	92	1.225	0.481	0.551	3.685	(10)
Bank Deposits	92	800.1	567.9	65.13	2,521	(11)
Wage (1937)	92	1.926	0.376	0.813	2.876	(10)
Family Tax p.c.	92	0.00754	0.00305	0.000738	0.0205	(12)
Business Tax p.c.	92	0.00548	0.00381	0	0.0215	(12)
Land Tax p.c.	92	0.0224	0.00777	0.00839	0.0427	(12)
Cons. Tax p.c.	92	36.05	25.01	8.450	116.8	(12)
Wine Consumption	92	44.79	21.77	12	103	(12)
Meat Consumption	92	23.73	11.40	5	54	(12)
Top 10% Wealth	68	70.75	6.086	56.27	79.72	(13)
Per Capita Wealth	68	35.03	15.68	17.08	98.82	(13)
Share of Financial Ass.	68	0.740	0.102	0.416	0.948	(13)
Industrial Value Added	68	60.88	74.62	9.500	494.7	(14)

(1) Italian Historical Taxpayers’ Database; (2) Istat (1933a); (3) Istat (1937); (4) Istat (1932); (5) Istat (1933-34); (6) Gray et al. (2019) (7) DAIT (8) Istat (1939); (9) Cappelli (2017); (10) Istat (1942); (11) Istat (1934); (12) MEF (1938); (13) Chapter 2; (14) Ciccarelli and Fenoaltea, (2013).

2. Dynamic Social Tables: Data Structure and Sources

Table A 4 - Structure of the Data by Work Status and Gender

Total Active Population						
	Population		Employed		Unoccupied	
Census benchmark years	(in thousands)	% of total population*	Males (%)	Females (%)	Males (%)	Females (%)
1901	17,134	0.52	0.65	0.35	0.63	0.37
1911	18,653	0.51	0.65	0.35	0.64	0.36
1921	20,139	0.53	0.67	0.33	0.76	0.24
1931	20,869	0.51	0.68	0.32	0.65	0.35
1936	22,674	0.53	0.67	0.33	0.55	0.45
1951	24,185	0.51	0.72	0.28	0.62	0.38

Sources: Direzione Generale della Statistica (1902, 1914, 1927) and ISTAT (1933a, 1937, 1954).

Table A 5 - Number/ Structure of Occupational Groups and Classes

<table>
<tr><th rowspan="2">Sectors</th><th colspan="5">Work categories</th><th>Gender cat.</th><th># of classes</th></tr>
<tr><th>Owners</th><th>Self-employed</th><th>Salary-earners</th><th>Wage-earners</th><th>SUM</th><th>Males/females</th><th>SUM</th></tr>
<tr><td>Agriculture</td><td>1</td><td>1</td><td></td><td>1</td><td>3</td><td rowspan="8">All *2</td><td>6</td></tr>
<tr><td rowspan="2">Industry</td><td rowspan="3">1</td><td>1</td><td>1</td><td>12</td><td>15</td><td>30</td></tr>
<tr><td colspan="4"></td><td></td></tr>
<tr><td>Commerce & Transport</td><td>2</td><td>2</td><td>2</td><td>6</td><td>12</td></tr>
<tr><td>Public Administration</td><td></td><td></td><td>1</td><td>1</td><td>2</td><td>4</td></tr>
<tr><td>Personal Services</td><td></td><td></td><td>1</td><td>1</td><td>2</td><td>4</td></tr>
<tr><td>Liberal Professions</td><td></td><td></td><td>1</td><td></td><td>1</td><td>2</td></tr>
<tr><td>Without occupation</td><td></td><td></td><td></td><td>1</td><td>1</td><td>2</td></tr>
<tr><td>Total</td><td>2</td><td>4</td><td>6</td><td>18</td><td>30</td><td></td><td>60</td></tr>
</table>

Source: See Chapter 5, Section 3.

Table A 6 - Employment Condition

Census benchmark years	Work categories (% of the total active population)				
	Owners	Self-employed	Salaried employees	Wage earners	Unoccupied
1901	0.11	0.26	0.04	0.56	0.03
1911	0.08	0.21	0.05	0.63	0.03
1921	0.13	0.21	0.05	0.57	0.05
1931	0.14	0.25	0.08	0.48	0.05
1936	0.11	0.26	0.08	0.45	0.09
1951	0.08	0.25	0.09	0.42	0.16

Source: See Chapter 5, Section 3.

Table A 7 - Sources of income data for Italy (1900-1950)

Source	Period	Data	Type	Sectors and sub-sectors
Zamagni (1984)	**1900-14**	Daily wages *transformed into annual (270 days)	Workers	**Industry** Bricks Chemical Gas Mining Leather Paper Tobacco
Zamagni (1995)	**1900-39**	Daily wages *transformed into annual (270 days in industry)	Workers	**Agriculture** **Industry** Building Metal engineering Mining Textile Total industry
Zamagni (1976)	**1928-39**	Hourly wages *Transformed into daily then into annual (270 days in industry)	Workers	**Industry** Bricks Chemical Mining Paper Wood
Zamagni (1980a)	**1910; 1925-38; 1929-37**	Annual income from employment	Salaried employees and Workers	**Commerce & Hotels** (clerical and operational staff) **Education** **Public Administration** (clerical and operational staff) **Railways**
Rey and Vitali (1991)	**1900-50**	Annual income from employment	Salaried employees	**Public Administration** Directors, managers and clerical staff
Italy's Statistical Abstract (1953)	**1911-50**	Daily wages *transformed into annual (270 days in industry)	Workers	**Agriculture** **Industry**
		Annual income from employment	Salaried employees	**Central Government** Directors, managers and clerical staff

Table A 8 - Source of Income, by Sector and Employment Status

Sector	1900-1913	1914-1927	1928-1939	1940-1950
Metal engineering	**Zamagni (1995)**			1939 estimation projected forwards using the evolution of average wages industry in **Italy's Statistical Abstract (1953)**
Building	**Zamagni (1995)**			1939 estimation projected forwards using the evolution of average wages industry in **Italy's Statistical Abstract (1953)**
Textile and Dress	**Zamagni (1995)**			1939 estimation projected forwards using the evolution of average wages industry in **Italy's Statistical Abstract (1953)**
Building	**Zamagni (1995)**			1939 estimation projected forwards using the evolution of average wages industry in **Italy's Statistical Abstract (1953)**
Mining	**Zamagni (1984)**	Extrapolated from Metal		1939 estimation projected forwards using the evolution of average wages industry in **Italy's Statistical Abstract (1953)**
Chemical	**Zamagni (1984)**	Extrapolated from Metal	**Zamagni (1976)**	1939 estimation projected forwards using the evolution of average wages industry in Italy's **Statistical Abstract (1953)**
Bricks, pottery, glass	**Zamagni (1984)**	Extrapolated from Building	**Zamagni (1976)**	1939 estimation projected forwards using the evolution of wages industry in Building
Wood, furniture	1913 estimation projected backwards using the evolution of wages in Building	**Zamagni (1984)**	**Zamagni (1976)**	1939 estimation projected forwards using the evolution of average wages industry in Building
Food, drinks and tobacco	**Zamagni (1984)**	1913 estimation projected forwards using the evolution of wages in Building		
Paper, printing	**Zamagni (1984)**	Extrapolation based on Lasorsa (1931)	**Zamagni (1976)**	1939 estimation projected forwards using the evolution of average wages industry in **Italy's Statistical Abstract (1953)**
Leather	**Zamagni (1984)**	11913 estimation projected forwards using the evolution of average wages industry in **Italy's Statistical Abstract (1953)**		
Agriculture	1911 estimation projected backwards using the evolution of unskilled wages in Fenoaltea (2002)	**1911-1950 Italy's Statistical Abstract (1953)**		

Tab. A7 (continued)

Sector	Work status	1900-1910	1910	1911-25	1925-1938	1938-1950
Industry	Salaried employee	=Associated to salaries of the highest category of clerical personnel in the Central Government (*capo commesso*) in Rey and Vitali (1991), which are equivalent to the salary for employees in industry reported in Zamagni 1980 p. 38				
Transport	Salaried employee	1910 estimation projected backwards based on the evolution of *Consigliere Parametro 190*, the lowest category of directive personnel in Rey and Vitali (1991)	Associated to *Ferrovieri* in Zamagni (1980a)	Data interpolated	Associated to *Ferrovieri* in Zamagni (1980a)	1939 estimation projected forwards based on the evolution of *capo commesso*, the highest category of auxiliary personnel in Rey and Vitali (1991)
	Worker	1910 estimation projected backwards based on the evolution of *Commesso Parametro 100*, the lowest category of auxiliary personnel in Rey and Vitali (1991)	Associated to *Operai* in Zamagni (1980a)	Data interpolated	Associated to *Operai* in Zamagni (1980a)	1939 estimation projected forwards based on the evolution of *Coadiutore parametro 133*, the intermediate category of managerial personnel in Rey and Vitali (1991)
Public Admin.	Salaried employee	1910 estimation projected backwards based on the evolution of *Consigliere Parametro 190*, the lowest category of directive personnel in Rey and Vitali (1991)	Associated to Civil servant of the State (*Impiegato Civile*) *in* Zamagni (1980a)	Data interpolated	Associated to Civil servant of the State (*Impiegato Civile*) in Zamagni (1980a)	1939 estimation projected forwards based on the evolution of *Consigliere Parametro 190*, the lowest category of directive personnel in Rey and Vitali (1991)
	Worker	1910 estimation projected backwards based on the evolution of *Capo Commesso*, the highest category of auxiliary personnel in Rey and Vitali (1991)	Associated to other employees of the State (*Dipend. altre)* in Zamagni (1980a)	Data interpolated	Associated to other employees of the State (*Dipend. altre)* in Zamagni (1980a)	1939 estimation projected forwards based on the evolution of *Coadiutore parametro 133*, the intermediate category of managerial personnel in Rey and Vitali (1991)
Professionals	Salaried employee	1910 estimation projected backwards based on the evolution of *Commesso Parametro 115*, an intermediate category of auxiliary personnel in Rey and Vitali (1991)	Associated to *Insegnanti* in Zamagni (1980a)	Data interpolated	Associated to *Insegnanti* in Zamagni (1980a)	1939 estimation projected forwards based on the evolution of *Commesso Parametro 115*, an intermediate category of auxiliary personnel in Rey and Vitali (1991)
Hotel, Catering and Pers. Services	Salaried employee	1925 estimation projected backwards based on the evolution of *Usher*, in Italy's Statistical Abstract (1953)			Associated to "personale amm." of "commercio e settore alberghiero" in Zamagni (1980a)	1939 estimation projected forwards based on the evolution of *Usher*, in Italy's Statistical Abstract (1953)
	Worker	1925 estimation projected backwards based on the evolution of *Usher*, in Italy's Statistical Abstract (1953)			Associated to "*alberghi"* in Zamagni (1980a)	1939 estimation projected forwards based on the evolution of *Usher*, in Italy's Statistical Abstract (1953)
Unoccupied	=the poorest category (unskilled workers in agriculture)					

Table A 9 - Sources and estimations of income differences by gender and sector

Sectors	**Estimated incomes:**	Source
Agriculture	1911-1951 actual data on female wages	Italy's Statistical Abstract (1953)
Heavy industry	1901, 1910, 1914, 1918, 1925, 1930, 1938, 1950 =43, 47, 46, 65, 65, 52, 50, 71% (respectively) of men	Annuario Statistico Italiano (1900, 1905-07, 1911, 1913, 1917-1918), Bettio (1988), Lasorsa (1931),
Light industry	1901, 1910, 1914, 1925, 1930, 1938, 1950 =56, 64, 64, 77, 48, 50, 71% (respectively) of men	Annuario Statistico Italiano (1900, 1905-07, 1911, 1913, 1917-1918), Bettio (1988), Lasorsa (1931),
Railway	1901, 1911, 1938= 45, 50, 55%(respectively) of men	Felice (2005)
Commerce	1901, 1911, 1938= 53, 55, 60% (respectively) of men	Felice (2005)
Credits	1901, 1911, 1938= 38, 40, 60% (respectively) of men	Felice (2005)
Various serv.	1901, 1911, 1938=55, 55, 60% (respectively) of men	Felice (2005)
Public Administration	1901, 1911, 1938=45, 50, 60% (respectively) of men	Felice (2005)
Liberal Professions	1901, 1911, 1938=50, 55, 60% (respectively) of men	Felice (2005)
Personal services	1911, 1938=70, 75% (respectively) of men	Felice (2005)
Salaried employees	1911, 1938=55, 60% (respectively) of men	Felice (2005)

Figure A 34 - Sectoral Disaggregation

Source: see Chapter 5, Section 3.

3. The Taxpayers' Lists

1872: Elenchi dei Contribuenti all'Imposta sulla Ricchezza Mobile aventi un redito imponibile complessivo superiore alle 1,000 Lire.

It reports, in two volumes, the incomes of all taxpayers declaring at least 1,000 lire, considering the four schedules of the *Imposta di Ricchezza Mobile*, and those who *paid* at least 150 lire of land tax, for a total of 83,372 taxpayers, including, however, some legal entities – for instance, in Schedule D, the municipalities, who paid for their employees. In each schedule, an ID ('Num. d'ordine') is assigned to the taxpayers within each municipality, making possible to link them across schedules. For B and C incomes, two columns report 'class' and 'specie' (see Appendix 4).

- **Schedule A ('Capital'):**

X — BERGAMO

ELENCO *dei Contribuenti alla tassa di Ricchezza mobile con reddito imponibile complessivo non inferiore alle lire* 1000.

CATEGORIA A (Capitale) PROVINCIA DI BERGAMO

Num. d'ordine	CONTRIBUENTI	REDDITO imponibile
	Adrara S. Martino	
1	Comune.	862 10
2	Congregazione di Carità.	1,003 75
3	Fabbriceria Parrocchiale.	3,720 33
4	Misericordia di Adrara S. Martino.	1,262 31
		6,914 52

Num. d'ordine	CONTRIBUENTI	REDDITO imponibile
	Arcene	
1	Ferrari Gio. Battista.	95 39
	Ardesio	
1	Comune di Ardese.	812 88
2	Fabbriceria Parrocchiale di Ardese.	3,703 25

Num. d'ordine	CONTRIBUENTI	REDDITO imponibile
44	Colleoni Francesco fu Pietro.	375 »
45	Colombo Marietta fu Antonio	1,237 40
46	Colpani Alessandro fu Gio. Antonio.	2,118 48
47	Colpani Francesco fu Gio. Antonio.	1,059 »
48	Commissaria Botti.	8,517 69
49	Commissaria Carrara.	6,588 60
50	Comune di Bergamo.	218,325 18
51	Congregazione di Carità per la Casa di Ricovero.	21,719 80

- **Schedule B ('Capital & Labour'):**

CATEGORIA B (Capitale e Lavoro) PROVINCIA DI BERGAMO

Num. d'ordine	Riferimento al num. d'ordine della cat. A	CONTRIBUENTI	Classe	Specie	INDUSTRIA o Commercio	REDDITO IMPONIBILE Individuale	REDDITO IMPONIBILE Per classe
		Albino					
1	»	Camminetti Francesco fu Pietro.	1	2	Prep. coti	1,500 »	1,500 »
2	»	Colleoni fratelli fu Lorenzo.	16	2	Comm. salumi	1,275 »	1,275 »
3	5	Zenoni Antonio fu Lorenzo.	18	1	Farmacista	1,500 »	1,500 »
		Almenno S. Salvatore					

Num. d'ordine	Riferimento al num. d'ordine della cat. A	CONTRIBUENTI	Classe	Specie	INDUSTRIA o Commercio	REDDITO IMPONIBILE Individuale	REDDITO IMPONIBILE Per classe
		Almenno Maggiore					
1	16	Zanchi Giulietta fu Carlo.	1	2	Cava di pietre	225 »	225 »
2	1	Alebardi Ubaldo fu Alessandro ed Alebardi Alessandro.	4	3	Macellaio	862 50	862 50
3	5	Donadoni ved. e figli (ditta).	6	1	Filanda	3,750 »	
4	7	Fenaroli Giovanni fu Gio. Battista.	6	1	id.	3,750 »	
5	»	Mioni Luigi di Bortolo.	6	1	id.	1,200 »	
6	14	Trabattoni Carlo fu Giuseppe Antonio.	6	1	id.	1,200 »	

- **Schedule C ('Labour'):**

Categoria C (Lavoro) — Provincia di Bergamo

Num. d'ordine	Riferimento ai N. d'ordine delle cat. A	B	CONTRIBUENTI	Classe	Specie	Professioni arti e mestieri	Reddito imponibile Individuale	Per classe
			Albino					
1	»	»	Personeni sacerd. Giacomo fu Giacomo.	1	1	Parroco	29262	29262
			Almenno S. Salvatore					
1	1	»	Baisini sacerd. Giuseppe fu Francesco.	1	1	Parroco	445 40	445 40
			Alzano Maggiore					

Num. d'ordine	Riferimento ai N. d'ordine delle cat. A	B	CONTRIBUENTI	Classe	Specie	Professioni arti e mestieri	Reddito imponibile Individuale	Per classe
			Bariano					
1	»	»	Adobati Antonio fu Gio. Battista.	1	2	Sacerdote	150 25	150 25
2	2	»	Fabbriceria Parrocchiale di Bariano.	8	5	Impiegati	375 »	375 »
			Bergamo					
1	»	»	Alessandri Antonio fu Giacomo.	1	2	Sacerdote	269 38	
2	»	»	Balicco Antonio fu Gio. Battista.	1	2	id.	340 03	

- **Schedule D ('Public, Provincial and Municipal Employees').**

Categoria D (Impieghi governativi, provinciali e comunali) — Provincia di Bergamo

Num. d'ordine	Riferimento ai numeri d'ordine delle categorie A	B	C	CONTRIBUENTI	Redditi imponibili
				Adrara S. Martino	
1	2	»	»	Comune, pe' suoi impiegati e pensionati.	1,000 »
				Almenno S. Bartolommeo	
1	1	»	»	Comune, pe' suoi impiegati.	800 »

Num. d'ordine	Riferimento ai numeri d'ordine delle categorie A	B	C	CONTRIBUENTI	Redditi imponibili
				Caprino	
1	3	»	»	Quarenghi Giuseppe fu Camillo.	796 86
				Caravaggio	
1	3	»	»	Comune, pe' suoi impiegati.	7,445 »

- **'List of landowners paying at least 150 lire of land tax on them'**

ELENCO *dei proprietari di fondi colonici che pagano per essi un'imposta fondiaria non inferiore a lire* 150.

Provincia di Bergamo

Categoria (Fondi colonici)

Num. d'ordine	Riferimento ai numeri d'ordine delle categorie A	B	C	D	PROPRIETARI	Imposta fondiaria dei fondi colonici
					Albegno	
1	»	»	»	»	Caroli Bernardo fu Lodovico.	153 07
2	»	»	»	»	Frizzoni Antonio fu Antonio.	765 10
3	»	»	»	»	Medolago Albani conte Angelo fu Ales.	185 39
						1,103 56

Num. d'ordine	Riferimento ai numeri d'ordine delle categorie A	B	C	D	PROPRIETARI	Imposta fondiaria dei fondi colonici
					Bolgare	
1	»	»	»	»	Donadoni Domenico fu Antonio.	360 89
2	»	»	»	»	Frizzoni Gustavo fu Gio. Leonardo.	234 56
3	»	»	»	»	Giammoi Giuseppe fu Gio. Antonio.	249 25
4	»	»	»	»	Salvi Domenico fu Vincenzo.	273 18
						1,117 63

1889: Imposta sui Redditi della Ricchezza Mobile. Prospetti Statistici dimostranti il Reddito e l'Imposta inscritti nei Ruoli principali e suppletivi.

It reports, in 69 volumes, all fiscal declarations filed by individual taxpayers for the schedules B and C, for an estimated number of c.450,000 individuals. The lists report separately the two schedules, but this time, the sequential number does not allow to match observations across the two. The columns report 'Industry, profession, art, employment or condition', municipality, net and taxed income.

CATEGORIA B. BERGAMO.

N.° d'ordine	COGNOME E NOME del CONTRIBUENTE	INDUSTRIA, COMMERCIO, PROFESSIONE, ARTE, IMPIEGO O CONDIZIONE	COMUNE	REDDITO	
				NETTO	TASSATO
	Agenzia di Almenno S. Salvatore.				
1	Agazzi Carlo fu Gio. Battista	Negoziante vino	Palazzago	534	400
2	Agazzi Gio. Liberale fu Gio. Liberale	Oste, macel. pizzic. ed altro.	Id.	1,000	750
3	Angiolini Francesco e figli	Pizzicagnoli, gabellotti.	Bedulita	600	200
4	Arcellazzi Bianca ved. Daina e figli	Affitto fondi rustici e fil. seta.	Rota Fuori	3,000	2,250
5	Bailo Lorenzo fu Giosuè	Calzolaio.	Almenno S. Bartolomeo	360	120
6	Barbieri Giuseppe fu Giuseppe	Negozio telerie	Rota Fuori	550	162
7	Baretti Bortolo d.° Felisa fu Bortolo	Negoziante legna	Selino	800	500
8	Belli Carlo fu Giovanni.	Negoz. girov. in ferramenta.	Valsecca	560	270
9	Benedetti Giovanna per eredi Vassalli.	Ostessa e pizzicagnola	Strozza	600	450
10	Benedetti Giovannina vedova Vassalli.	Esattrice comunale	Id.	300	125
11	Berera Carlo fu Martino	Pizzicagnolo ed oste.	Almenno S. Salvatore	534	150
12	Berizzi Battista di Marco	Mugnaio.	Locatello	540	155
13	Bettazzoli Pietro fu Francesco	Pizzicagnolo, gabellotto	Barzana	920	590
14	Bettinelli Lorenzo fu Pietro	Fabbroferraio	Strozza	428	121
15	Birolini Alessandrina fu Alessandro.	Ostessa	Villa d'Almè	230	172
16	Boffetti Innocente fu Giuseppe	Esattore comunale	Almenno S. Salvatore	600	250
17	Bonassi Pietro di Pietro.	Prestinaio	Villa d'Almè	650	287
18	Borella-Pelaratti Antonia fu Pietro.	Ostessa e pizzicagnola	Rota Fuori	550	162
19	Brembilla Modesto fu Pietro.	Oste e prestinaio	Almenno S. Salvatore	1,200	900
20	Bugada Battista fu Francesco	Merciaio ambulante	Valsecca	600	200
21	Bugada Bernardo e Bottana Elisabetta.	Pizzicag., generi priv. ed osti.	Id.	1,500	1,125
22	Calderoli Giuseppe fu Giuseppe	Pizzicagnolo ed esattore	Locatello	400	300
23	Canella Giovanni fu Giovanni	Negoziante carbone	Fuipiano Imagna	600	300
24	Canfer Giuseppe fu Carlo	Mugnaio	Clanezzo	534	150
25	Carozza Carlo fu Battista	Pizzicagnolo	Palazzago	560	170
26	Carozza Giovanni fu Battista	Pizzic., neg. farine, gabellotto	Id.	1,000	750
27	Cassinelli Giovanni fu Paolo.	Pizzicagnolo ed oste.	Rota Fuori	700	375
28	Cassinelli Martino fu Bortolo	Id.	Id.	534	150
29	Cefis Battista fu Francesco.	Capomastro muratore	Villa d'Almè	750	362
30	Cerca Paolo fu Francesco.	Falegname	Almenno S. Bartolomeo	500	125
31	Cicolari Luigi fu Giuseppe.	Prestinaio ed oste.	Selino	2,000	1,500
32	Clivio Gio. Battista fu Bartolomeo	Appalt. strade e capo mastro	Almenno S. Salvatore	1,500	1,125
33	Cornali Antonio e fratello fu Giovanni.	Pizzicagnoli ed osti	Almenno S. Bartolomeo	445	233
34	Cornali Francesco fu Pietro	Calzolaio.	Almenno S. Salvatore	950	612
35	Cornali Giovanni fu Bortolo.	Pizzicagnolo, gabellotto	Strozza	400	150
36	Cornali Luigi fu Antonio detto *Crech*	Prestinaio, macellaio, oste	Almenno S. Bartolomeo	1,200	900
37	Cornoldi Emanuele fu Vincenzo	Oste ed albergatore	Villa d'Almè	1,000	650
38	Cornoldi Giovanni fu Vincenzo	Macellaio	Id.	1,100	825
39	Costardi Francesco fu Ippolito	Farmacista	Berbenno	770	427
40	Daina Enrico fu Francesco	Filanda seta, neg. seme bachi	Rota Fuori	1,000	750
41	Daina eredi fu Pietro.	Albergatori	Id.	184	100
42	Daina Giuseppe Alessandro fu Luigi	Farmacista	Id.	730	547
43	Daina Gio. Giacomo e compagni.	Appalt. fonti min. e bagni	Mazzoleni	750	412
44	Dolci Andrea, Gio. e Gius. di Andrea.	Prestinai	Id.	594	150
45	Erba Angelo, Luigi e Caterina fu Ang.	Negoziante legna.	Strozza	540	255
46	Erba Benedetto fu Rocco	Mugnaio	Id.	540	155
47	Fenili Domenico fu Alessandro.	Filanda seta	Palazzago	600	450
48	Ferrari Giov. Battista fu Gio. Battista.	Mugnaio	Almenno S. Salvatore	650	287

1922: Imposta sui redditi di ricchezza mobile: Elenco dei contribuenti privati possessori di redditi incerti e variabili delle categorie B e C esclusa la rivalsa

As for 1889, but this time for 75 provinces due to territorial annexations after WWI and administrative changes. Only net income is reported; in few cases, this is ‘contested’.

Ufficio distrettuale delle Imposte di BERGAMO

Cognome e Nome del contribuente	Industria, Commercio o professione	Comune	Reddito Netto definito Lire	Reddito Netto contestato Lire
1 Abati Luigia in Ferrari	*Vino e commest.*	Ponteranica	1.800	
2 Acerbis Adalgisa	*Osteria*	Bergamo	4.500	
3 Acerbis Carlo	*Mugnaio*	Bondo P.	2.000	
4 Acerbis Fortunato	*Capomastro*	Albino	6.600	
5 Acerbis Giovanni	*Falegname*	»	3.000	
6 Acerbis Giovanni	*Mugnaio*	Aviatico	600	
7 Aceti Antonio	*Falegname*	Seriate	2.000	
8 Aceti Luigi	*Nolo autom.*	Bergamo	2.000	
9 Acquaroli Ernesto	*Oste*	Treviolo	1.500	
10 Acquaroli Giovanni	*Mediatore*	Colognola	1.800	
11 Acquaroli Giovanni	*Neg. mobili*	Bergamo	3.000	
12 Acquaroli Guido	*Ortopedico*	»	5.000	
13 Acquaroli Ignazio	*Trattoria*	Colognola	3.000	
14 Acquaroli Pietro	*Affittuale*	»	1.000	
15 Acquaroli Rodolfo	*Lattoniere*	Nembro	1.600	
16 Acquaroli Santo e F.lli	*Meccanici*	Desenzano	14.000	
17 Acquilini Donato	*Lattoniere*	Bergamo	1.800	
18 Adami Carlo	*Fruttivendolo*	»	1.000	
19 Adamoli Enrico	*Sartoria*	»	26.000	
20 Adelasio Alessandro	*Notaio*	Valtesse	20.000	
21 Adelasio Gio. Battista	*Avvocato*	Bergamo	3.000	
22 Adelasio Vittorio	*Parrucchiere*	»	4.000	
23 Adobati Angelo	*Tappezziere*	Nembro	3.000	
24 Adobati Giulio	*Pizzicagnolo*	Bergamo	9.000	
25 Adobati Innocente	*Legna*	»	1.500	
26 Adobati Luigi	*Fabbro ferraio*	Nembro	1.500	
27 Adobati Pietro	*Sacerdote*	Bergamo	700	
28 Agazzi Alessandro, Ditta	*Neg. mercerie*	»	15.000	
29 Agazzi Aless.-Luigi	*Distilleria*	»	22.000	
30 Agazzi Arturo	*Osteria*	»	3.700	
31 Agazzi Emilio	*Affittuale*	Treviolo	2.000	
32 Agazzi Erminia	*Osteria*	Bergamo	5.000	
33 Agazzi Francesca	*Privat. e osteria*	»	4.000	
34 Agazzi Fratelli, Ditta	*Neg. mercerie*	»	25.000	
35 Agazzi Giuseppe	*Riparaz. carrozze*	»	2.000	
36 Agazzi Giuseppe fu L.	*Legna*	»	1.600	

1929-30: Imposta sui redditi di ricchezza mobile. Elenco dei contribuenti possessori di redditi delle categorie B e C.

Compared to previous editions, the 1929-30 one included the information on the year in which incomes have been assessed (fifth column), and reported taxpayers by schedule, 'group' and 'specie'; the notes should also make possible to match the same taxpayer across different sources. Unfortunately, as discussed in the main text, despite Google made available 16 volumes digitised from the Central National Library of Rome, I could not find all remaining volumes, and was therefore forced to discard this list.

— 5 —

Gruppo I.

Commercio all'ingrosso e manifattura di prodotti tessili, cuoi e pellami.

Comune	Ditta contribuente	Industria commercio o professione	Reddito netto accertato definitivamente per il 1929	Scadenza del quadriennio di accertamento	Reddito in contestazione: dichiarato o confermato dal contribuente	Reddito in contestazione: proposto dall'ufficio
		Specie 1. Commercio e manifattura della seta.				
Almenno S. Sal.	Ciceri Mario	*Filanda*	9.000	1930		
	Cornali Rosa	*Affitto filanda*	3.000	1932		
	Medolago Giuseppe	*Bozzoli*	2.000	1928		(1)
	Personeni Giovanni	»	3.000	1926		(2)
Alzano Lombar.	Bonaschi Benedetto	*Seme bachi*	550	1927		
Barzana	Ghidini Luigi e f.lli	*Affitto filanda*	2.000	1928		
Bergamo	Ambiveri Giovanni	*Seme bachi*	72.000	1933		
	Graff Carlo	»	17.500	1930		
	Natali (Fratelli)	»	50.000	1932		
	Sirtori Guido	*Bozzoli*	5.000	1931		(3)
	Terni Ambrosini	*Seme bachi*	21.000	1931		
Calolzio Corte	Fumagalli Luigi	*Cascami*	5.000	1932		
Gandino	Redaelli Luigi	*Seta*	12.000	1930		
Mapello	Vicini Giuseppe e C.	*Filanda*	14.000	1929		
Mozzanico	Cattaneo e C.	*Filanda seta*	20.000	1931		
Nese	Bosis Luigi	»	5.855	1932		
Pedrengo	Massi Giuseppe (Ditta)	*Seme bachi*	42.000	1929		
Predore	Begalia Carlo	*Filanda seta*	38.000	1929		
Romano Lomb.	Intra Giovanni	*Opif. uso filanda*	4.000	1929		
	Rottigni Giuseppe	»	2.333	1928		
Seriate	Pellissoli Caterina	*Seme bachi*	14.000	1930		
Suisio	Previtali Dell'Oro Maria	*Bozzoli*	5.500	1930		
		Specie 2. Commercio e manifattura della lana.				
Albino	Monza Pietro	*Carbonizzaz. lana*	17.000	1928		
Casnigo	Motta Giuseppe	*Lanificio*	22.152	1931		
Gandino	Bertocchi Andrea	»	28.000	1932		
	Bombardieri Giovanni	*Panni lana*	2.400	1932		
	Forsenigo Andrea	*Lana*	7.000	1930		
	Frana Giulio	»	9.000	1930		(4)
	Maccari Pietro (Ditta)	*Lanificio*	72.000	1932		

(7) Vedi Gr. XVIII, Sp. 3, L. 6.500. e Gr. XXVIII, Sp. 1. L. 1.000. — (2) Vedi Gr. III, Sp. 8, L. 2.400. — (3) Vedi Gr. V, Sp. 1, L. 13.000. — (4) Vedi Gr. VII, Sp. 3, L. 4.000.

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1933: Imposta sui redditi di ricchezza mobile. Elenco dei contribuenti possessori di redditi delle categorie B e C.

In 1933, the year of assessment is still reported (fourth column), but taxpayers are once again reported by municipality, without reporting schedules, groups and species.

PROV. DI BERGAMO - UFFICIO DISTRETT. DI ALMENNO S. SALVATORE

Ditta	Industria Commercio e Professione	Reddito tassabile accertato definitivamente per 1932	Anno dell'ultimo accertamento	Ricorso in contestazione: dichiarato e accertato dal contribuente	Ricorso in contestazione: proposto dall'ufficio
Comune di ALMÈ CON VILLA					
ALBERGONI Battista	*Carrettiere*	4.000	1961		
ALBERGONI Giuseppe	»	2.000	1931		
ALDEGANI Gabriele	*Corrodore*	5.000	1930		
AVOGADRO Carlo	*Conduttore*	2.000	1932		
BASSANELLI Ermenegilda	*Osteria*	3.000	1931		
BEGNIS Caterina	*Mercerie*	2.000	1935		
BENAGLIA Angelo	*Calzolaio*	2.000	1932		
BENDOTTI Adelaide	*Levatrice*	4.000	1932		
BERTOLA Giovanni	*Falegname*	9.000	1933		
BOFFELLI Vincenzo	*Calzolaio*	2.400	1930		
BOFFELLI Vincenzo	*Osteria*	3.100	1934		
BONETALI Palma	»	4.000	1935		
BREMBATI Leone	*Pizzicheria*	2.600	1965		
CAPELLI Eugenio	*Fruttivendolo*	3.800	1935		
CAPELLI Lorenzo	*Carrettiere*	2.000	1932		
CARBONI Paolo	*Ferroco*	3.000	1928		
CARMINATI Giuseppe	*Sarto*	3.200	1931		
CEFIS Cesare	*Capomastro*	11.000	1932		
COLOTTI Giuseppe	*Prestinaio*	11.000	1932		
COMBI Anita	*Macelleria*	8.000	1933		
CORADINI Giovanni	*Osteria*	1.500	1928		
CORNA Giuseppe e f.lli	*Fabbri*	3.500	1930		
CORNAGO Ambrogio	*Carrettiere*	2.500	1932		
CORNAGO Ambrogio	*Legname*	2.500	1932		
CORNELLI Paolo	*Mercerie*	2.500	1935		
CORSI Angelo	*Orologiaio*	2.000	1932		
CORTINOVIS Giovanni	*Biciclette e access.*	4.500	1935		
CORTINOVIS Girolamo	*Falegname*	2.300	1930		
D'ADDA Ina	*Osteria*	1.000	1932		
DE LEIDI Manlio	*Prestinaio*	11 000	1935		
DE LEIDI Pietro	»	21.000	1932		
FARINA Giuseppe	*Magnaio*	10.000	1935		
FRACASSETTI Faustino	*Carrettiere*	5.000	1930		
GALBIATI Pietro	*Medico*	10 000	1932		
GAMBA Antonio e C.	*Macelleria*	6.000	1932		
GAMBA Antonio e C.	*Pizzicheria*	5.000	1932		
GAMBA Armando		5.000	1931		
GAMBA Edoardo	»	15.000	1935		
GAMBA Filippo	*Macellaio*	15.000	1932		
GAMBA G. Battista	*Osteria*	5.000	1932		
GAMBA Giuseppe	*Meccanico*	2.400	1904		
GASPARINI Galdino	*Carrettiere*	4.000	1931		
GASPARINI Giovanni	*Pizzicheria*	2.600	1933		
GASPARINI Giovanni	*Osteria*	2.500	1933		
GIULIANI Antonio	*Tessuti*	5.000	1932		
GIULIANI Evaristo	*Sarto*	2.000	1935		
GIULIANI Faustina	*Fabbro*	2.800	1932		
GOTTI Angelo	*Corriere*	2 400	1931		
GOTTI Francesco	*Fruttivendolo*	3.000	1932		
GOTTI Giovanni di Ang.	»	2.500	1932		
GOTTI Giovanni fu Agost	»	3.200	1932		
GOTTI Pietro	»	2.400	1922		
GRITTI Francesco	*Osteria*	3.000	1931		
GRITTI Francesco	*Cave di quarzo*	4.000	1932		
LOCATELLI Angelo	*Mediatore*	2.000	1932		
LOCATELLI Angelo	*Meccanico*	2 000	1935		
LOCATELLI Camillo	*Meccanico*	2.600	1930		
LOCATELLI Giovanna	*Osteria*	2.000	1935		
LOCATELLI Luigi e C.i	*Carpentieri*	3 500	1935		
LOCATELLI Luigi fu Pl.	*Osteria*	10 000	1932		
MARCONI Giovanni	*Ferriere*	2 000	1930		
MARZAPANE Beniamino	*Moglio*	6.000	1931		
MASTROPASQUA Pant.	*Osteria*	9.000	1929		
MOIOLI Luigi	»	4.500	1933		
OLIVARI Paolo e f.llo	*Privativa*	3.000	1933		
OLIVARI Paolo e f.llo	*Pizzicheria*	7.000	1933		
PAGANONI Giuseppe	*Segheria*	7.500	1931		
PANIZZOLI Alfredo	*Formaggi*	9.000	1932		
PANIZZOLI Giuseppe	*Tessuti*	7.000	1934		
PANTEONI Ma. ia	*Magnaio*	4.000	1931		
PARIETTI Annibale	*Sarto*	3.400	1932		
PARIETTI Antonio	*Sarto*	2.250	1930		
PEDRALI Ernesto	*Burro*	5.000	1930		
PEDRINI Alessandro	*Tessuti*	5.000	1932		
PEDRINI Angelo	*Stracci*	2.100	1935		
PERUCCHINI fratelli	*Autorimessa*	14.000	1934		
QUARENGHI Marino	*Falegname*	2.400	1935		
RAVINA Simone eredi	*Farmacia*	20.000	1931		
REDONDI Maria	*Osteria*	2.000	1928		
RONCELLI Giovanni	*Capomastro*	7.500	1932		
ROTA Angelo	*Stracci*	2.000	1935		
ROTA G. Battista e f.lli	»	38.000	1930		
RUBINI Luigi	*Carrettiere*	1.600	1932		
SALVETTI Giovanni	*Pizzicheria*	8.000	1929		
SALVI Giuseppe	*Affittuario*	5.000	1933		
SALVI Luigi	*Trasporti*	20 000	1935		
SALVI Simone	*Affittuario*	2.300	1933		
SCALVINI Angelo	*Carrettiere*	3.200	1933		
SCALVINI Luigi e f.llo	*Ghiaia*	6 000	1932		
SCOTTI Francesco	*Affittuario*	2.900	1933		
SCOTTI Pasquale	*Osteria*	4.000	1930		
TASCHINI Gius. e f.llo	*Tessuti*	10.000	1932		
TASCHINI Vincenzo	*Mercerie*	2.000	1936		
TOMASI Giuseppe	*Osteria*	5.500	1935		
TRESOLDI Battista	*Privativa*	4.500	1935		
VANOTTI Giovanni	*Calzolaio*	3.000	1935		
VANOTTI Maria	*Privativa*	2.000	1935		
VASSALLI Carlo	*Negoziante*	3.000	1933		
VASSALLI Luigi	*Commestibili*	4.000	1931		
VITALI Costante	*Osteria*	2 400	1935		
VITALI Paolino	»	4.800	1929		
ZAMBELLI Augusto	*Veterinario*	4.500	1933		
ZENONI Arturo eredi	*Tessuti*	8.500	1932		
Comune di ALMENNO S. BARTOLOMEO					
BAILO Angelo	*Calzolaio*	4.000	1935		
BAILO Timoteo	»	2.200	1935		
BATTAGLIA Salvatore	*Pizzicheria*	9.000	1934		
BERGONZI Giovanni	*Osteria*	2.000	1931		
BONFANTI Costante	*Fruttivendolo*	3 000	1931		
BOTTI Giuseppe	*Mediatore*	2.500	1931		
BOZZA Giovanni	*Pizzicheria*	3.000	1934		
CAPELLI Pietro	*Osteria*	2.000	1932		
CORNALI Giuseppe	*Pizzicheria*	2.000	1931		
CORNALI Giuseppe	*Carrettiere*	1.000	1934		
CORNALI Gius. fu Cesare	*Falegname*	2.200	1934		
CORNALI Gius. fu Fermo	*Osteria*	2.000	1931		
CORNALI Lorenzo	*Legname*	2.200	1932		
CORNALI Rosa	*Affitto filanda*	3.000	1932		
CRIPPA Francesco	*Pizzicheria*	2 000	1934		
CRIPPA Francesco	*Osteria*	1.500	1934		
DAINA Pietro	*Osteria*	2.500	1931		
DELLA MUSSIA Elisa	»	3.000	1935		
FAGIANI Giovanni	*Falegname*	2.000	1928		
FUMAGALLI Alessandro	*Pollivendolo*	4.000	1935		
FUMAGALLI Giuseppe	»	4.000	1935		
GAMBIRASIO Domenica	*Levatrice*	8.000	1932		
GAVAZZENI Attilio	*Calzolaio*	1.500	1935		
GOTTI Elena	*Osteria*	2.500	1932		
LOCATELLI Achille	*Pittore*	3.500	1934		
LOCATELLI Angelo	*Carrettiere*	2.000	1931		
LOCATELLI Camillo	*Pizzicheria*	2 400	1932		
LOCATELLI Giovanni	*Osteria*	2.000	1935		
LOCATELLI Giovanni	*Affittuario*	1.100	1935		
LOCATELLI Maurizio	*Osteria*	2.500	1929		
LOCATELLI Pierina	»	2.000	1931		
MAGGIONI Adalgisa	*Pizzicheria*	1.500	1935		
MAGGIONI Adalgisa	*Albergo*	3.000	1935		
MAZZOLENI Giovanni	*Falegname*	2.500	1934		
MAZZOLENI Giuseppe	*Magnaio*	12.000	1933		
MAZZOLENI Mauro	*Osteria*	4.000	1933		

2

1955, 1959, 1962: Elenco dei contribuenti possessori di redditi non inferiori a 5 milioni soggetti alla imposta di ricchezza mobile e complementare.

As in 1871, these lists report, in 14 volumes, only taxpayers with incomes above a given threshold (set this time at 5 million lire). According to Maresca (1965), in 1955, individual taxpayers, excluding legal entities, amounted to 27,883. Together with incomes declared for the *Imposta di Ricchezza Mobile*, the lists report also declarations for the *Imposta Complementare*. Incomes had been already 'assessed' by the local tax agency: for instance, Battista and Giacomo Rota had declared less than 5 million for the surtax, but the 'overall net income defined' by the agency was 8.5 and 6 million, respectively.

Ufficio Distrettuale delle Imposte Dirette di ALMENNO SAN SALVATORE ***Provincia di BERGAMO***

SOGGETTI	ATTIVITÀ ESERCITATA	IMPOSTA DI RICCHEZZA MOBILE: Reddito netto dichiarato	IMPOSTA DI RICCHEZZA MOBILE: Reddito netto accertato dall'Ufficio	IMPOSTA DI RICCHEZZA MOBILE: Reddito netto definito	IMPOSTA COMPLEMENTARE: Reddito complessivo dichiarato – Lordo	IMPOSTA COMPLEMENTARE: Reddito complessivo dichiarato – Netto	IMPOSTA COMPLEMENTARE: Reddito complessivo netto accertato dall'Ufficio	IMPOSTA COMPLEMENTARE: Reddito complessivo netto definito
Comune di ALME'								
PERSONE FISICHE								
Cornelli Olga								7.240.000
Rota Battista	Comprav. immob.			2.100.000	3.080.000	1.900.000		8.500.000
	Casalinghi	960.000		2.100.000				
	Cascami			1.155.000				
Rota Giacomo	Carta da macero	940.000		5.250.000	1.962.000	1.962.000		6.000.000
	Mediatore			390.000				

1977: Elenco dei contribuenti che hanno dichiarato per il 1977 un reddito imponibile superiore ai 40 milioni.

MINISTERO DELLE FINANZE

D.G. IMPOSTE DIRETTE

PAG. 2

ELENCO DEI PRINCIPALI CONTRIBUENTI IRPEF RELATIVAMENTE AI REDDITI 1977

COGNOME E NOME	UFFICIO	CATEGORIA	TITOLO DI STUDIO	ETA'	TIPI REDDITO DICHIARATI	REDDITO NETTO (IN MIGLIAIA)
OBERDANK ALDO	TRIESTE	COMMERCIO ALL'INGROSSO	MEDIA	42	FA.PA	416.723
ZECCHINA FRANCESCO	NAPOLI	COSTRUZIONI E OPERE PUBBLICHE	DIPLOMA	53	FA.IM	412.445
PECCHIOLI EZIO	FIRENZE	PRODOTTI IN METALLO	DIPLOMA	53	DO.AG.FA.IM	403.925
GNUTTI SERGIO	BRESCIA	PRODOTTI IN METALLO	DIPLOMA	28	FA.PA.CA	400.981
GNUTTI EZIO	BRESCIA	PRODOTTI IN METALLO	LAUREA	33	FA.PA.CA	400.926
LEVI ENNIO	MILANO	PRODOTTI TESSILI E ABBIGLIAM.	MEDIA	60	FA.LA.PA	400.270
GNUTTI GIULIANO	BRESCIA	PRODOTTI IN METALLO	LAUREA	40	FA.PA.CA	399.063
SENATORE AMERIGO	TARANTO	MEDICI E PSICOLOGI	LAUREA	55	DO.FA.IM	389.491
PERFETTI AUGUSTO	RHO	ALTRE ATTIVITA' PROFESSIONALI	MEDIA	26	FA.LA.PA.CA	386.950
PERFETTI GIORGIO	RHO	ALTRE ATTIVITA' PROFESSIONALI	DIPLOMA	30	LA.PA.CA	386.783
ANDRIGHETTI OLINDO	PADOVA	LEGNO E MOBILI IN LEGNO	MEDIA	49	FA.IM.PA	386.583
GENERALI PIO	MODENA	TRASP. SU STRADA PERS. E MERCI	ELEM.	71	DO.AG.FA.IM	385.907
STAGNO PAOLO	PALERMO	SERV. VARI NON CLASSIF.ALTROVE	MEDIA	44	DO.AG.FA.IM	383.944
LORO ANTONIO	COSSATO	PRODOTTI TESSILI E ABBIGLIAM.	MEDIA	35	DO.AG.FA.IM.PA.CA	383.708
CONTI ROBERTO	MILANO		LAUREA	42	DO.AG.FA.PA.DI	379.378
BERTELLI GIANCARLO	LUCCA	PRODOTTI CHIMICI E FARMACEUT.	DIPLOMA			

4. The Categories of the *Imposta di Ricchezza Mobile*

	Group		(Number of) Species	
B	1	Textile products - Leather	5	Trade and manufacturing of silk, wool, cotton, linen, …
	2	Agricultural Industries	3	Tenants, owners for the part exceeding their own land, other (breeding, …)
	3	Trade and Manufacturing of Natural Products	14	Trade and manufacturing of various foods.
	4	Nourishment	6	Butcheries, grocery shops, bakeries and pasta shops, patisseries, …
	5	Various businesses	6	Hotels, house renting, pubs and restaurants, coffee shops and wineries, brothels, ….
	6	Therapeutic Materials and Similar	3	Baths, terms, pharmacies, drugstores, …
	7	Chemical products and their industrial application; sugar, colonial goods	6	Production and trade of candles, oil, soap, fat, colours, sugar, colonial products, …
	8	Education, Arts	4	Schools, libraries, art galleries, journalism, theatres and companies
	9	Clothing	7	Factories and shops of clothes, fashion, shoes, …
	10	Manufacturing and Trade of Small Items	3	Toys, masks, umbrellas, brushes, luxury goods, hats, ...
	11	Mechanic Industries	4	Jewelleries, clockmakers, corals, several artisans, toolmakers, opticians, guns and knives, agricultural and industrial machineries, ...
	11-bis	Electricity[192]	3	Energy production and distribution; production and gross distribution of electric supplies; trade of electric materials, workshops.
	12	Manufacturing and Trade of Objects in Wood and Iron	3	Blacksmiths, farriers, …; production and trade of iron and wooden furniture, wood flooring, …; carpets, billiards, …
	13	Metals and Minerals	4	Mines of stones, marble, metals; peat bogs; salt works; solfatara.
	14	Building Materials, Glass	4	Trade and manufacturing of building stones and marbles, …; foundries, …; manufacturing and trade of building timber, charcoal, …; manufacturing and trade of China, glass, mirrors, majolica, ...
	15	Transport, Maritime Trade	5	Railways; private cars, …; maritime transports, …; fishing, …; production and trade of all means of transport other than railways, ways, and big boats.
	16	Paper and Press	4	Paper mills; factories and traders of tapestry and play cards, stationery shops; publishers, bookshops, printing presses; photographers, …
	17	Credit and Various Business	4	Bankers, banks; changes; business agencies, commercials, auction

[192] This category was added in the mid-1920s, and first result in 1933 lists.

				houses; insurance firms.
	18	Firms and Contractors	4	Pieceworkers and contractors in building of houses, railways, ordinary ways, bridges, and foremen; contractors of maintenance, public utilities and services, …; municipal and provincial tax collectors; contractors of duties and tolls.
	19	Other Industries and Trades	1	Other industries, trades, manufacturing activities, that cannot be included in any of the previous groups
C	**20**	Educational Professions	2	Professors and teachers; writers, journalists, directors and editors of newspapers, …
	21	Health Professions	2	Medical doctors, ophthalmologists; dentists, midwives, veterinaries, embalmers.
	22	Religious Professions	3	Priests and pastors of any religion, distinguished in two species on the base of whether they were entitled to celebrate religious functions.
	23	Legal Professions	2	Lawyers, solicitors; notaries; court ushers.
	24	Technical Professions	2	Architects and engineers; surveyors, consultants, …
	25	Artistic Professions	2	Painters, sculptors, ...; Actors, singers, dancers, musicians, ...
	26	Società in accomandita semplice e in nome collettivo, ed esercenti industrie, commerci e professioni, pei loro dipendenti	3	This group basically report the part of taxes paid by business for their employees, divided in three species according to the legal nature of the business
	27	Private Employees, Annuities	2	Private employees, pensions and annuities
	28	Other Professions, Arts and Occupations	1	Other professionals, arts and jobs that cannot be classified in any of the previous groups

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