Redistributive policies and recipients: an empirical analysis

Torrisi, Gianpiero

University of Newcastle

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Gianpiero Torrisi

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Abstract-In this paper I present an empirical analysis of redistributive policies with particular attention to *transfers*. Theoretical considerations are compared with some empirical observations at three levels of analysis: supranational, national and sub-national. The main conclusion of my work is that, general speaking, redistributive policies do not follow normative criteria that predict they should be targeted to disadvantaged groups. Moreover, to some extent, a positive correlation between lobbies' power and some dynamics of transfers favourable to middle classes arises.

Redistributive policies and recipients: an empirical analysis

Abstract-In this paper I present an empirical analysis of redistributive policies with particular attention to *transfers*. Theoretical considerations are compared with some empirical observations at three levels of analysis: supranational, national and sub-national. The main conclusion of my work is that, general speaking, redistributive policies do not follow normative criteria that predict they should be targeted to disadvantaged groups. Moreover, to some extent, a positive correlation between lobbies' power and some dynamics of transfers favourable to middle classes arises.

1. Introduction

Redistributive policies are the main part of public expenditure and so can be interpreted as the main measure of the state intervention into the economy[1]. Transfers are the single biggest item in most European countries' government budget, exceeding even all of government consumption. Moreover, it is largely the size of government transfers, which explains why the government sector is larger in most European countries than in the Unites States.

General speaking, we could say that the greater size of government intervention in Europe arises in order to achieve a greater degree of redistribution.

In this paper I will study both in normative and positive terms some empirical aspect of these redistributive policies with a focus on the Italian regional case.

Luxemburg Income Study (LIS) offers an interesting starting point regarding this issue, and the Italian database on public expenditure -"*Conti Pubblici Territoriali*"- offers the opportunity to study the distribution of transfers across regions. The Italian case is particular interesting because of the strong disparities on income between North and South.

[1] Whilst this separation between state and market (or economy) belong to "Our Obsolete Market Mentality" (Polany, 1947), in this paper I will use the term *economy,* as if it really exists (for different meanings of the term economy see CAPORASO, J. A., and D. P. LEVINE (1992): "Theories of Political Economy," Cambridge: Cambridge University Press..

According to normative arguments for redistribution we should observe (i) a strong redistribution from rich to poor and (ii) a significant poverty reduction over the time.

This paper is organised as follows. Section 2 presents in short two main normative arguments in favour of redistribution. Section 3 presents a positive analysis at the European Union level. Section 4, after a concise review of "social models", presents a positive analysis at the state(s) level. Section 5 presents a positive analysis at the (Italian) regional level. Section 6 introduces some interpretation of results achieved. Some concluding remark is provided in section 7.

2. Normative Argument for Redistribution

In this section I will shortly introduce two main normative arguments in favour to state redistribution policies: redistribution as altruism and redistribution as social insurance.

Redistribution as altruism. This arguments claim for (minimal) redistribution policies that respect the Paretian criterion. "A normative *raison d'être* for the state […] is that the state exists to provide goods and services to its citizens that they cannot obtain in Pareto optimal quantities without the state. Any state provided good or service must, therefore, have the potential of making *all* citizens better off. By implication any state redistribution programs must have the potential of making all citizens better off "(Mueller, D. C. (2007)).

Indeed, according to this criterion, redistribution from one group, say the *R*s, to another called the *P*s should happen only if the *R*s also benefit from the redistribution.

How people might benefit from losing income? One way to look at this issue is that individuals belonging to *Rs* are richer than individual belonging to *Ps* , and *Rs* individuals get some form of benefit of seeing the *Ps* made better off, and so they are willing to have their own income reduced to bring this about.

In my opinion, it is worth to note that this sort of altruistic behavior might also have a deeply egoistic motivation. S*trong* wealth disparities may represent a threat for high income individuals, thus they might be "happy" to give (voluntarily) part of their income to the poorest group if the amount of income that they risk to lose is higher than the amount sufficient to keep calm the poorest group.

If people are willing to do this form of redistribution, why the state must intervene to bring about these transfers? The usual answer to this question is that a rich individual does not want to see just one poor person made better off, but rather all poor persons. In order to achieve this result all rich individual must give to the poor, but at this point a possible free-rider problem arises. State intervention is needed to solve this free-rider problem.

Once more, this argument of redistribution has not much of "altruistic". In reality, only if (at least) the majority of poor individuals obtain a certain amount of transfers the *public order* purpose is achieved. State intervention is needed to ensure money are not wasted.

How this kind of redistribution should work? "Transfers [should be] first targeted to the lowest income people in the community. When their incomes have been raised to that of the second poorest group, transfers are made to both bottom level groups and so on until a level of income below that of the rich is reached" (Mueller, D. C. (2007)).

Redistribution as social insurance. The idea behind this kind of redistribution is the same of that of all insurance programs. Indeed, all insurance programmes involve redistribution from those who do not suffer the bad event against which are insured to those who do.

Rawls, J. (1971) argued that every adult *ought* to undertake the *Gedanken experiment* of pretending he might be rich or poor, and that the proper amount of

redistribution in a society would be that amount that was unanimously agreed to behind such a *veil of ignorance.*

The market is capable of providing many sort of insurance. Why the state should intervene in order to realize this kind of redistribution-insurance? The answer may be provided in terms of market failure. Insurance is based on uncertainty, while often strong causes of poverty are already apparent (for example physical or mental handicaps), and those who need the insurance most, cannot acquire it. Thus, programs of redistribution can be justified on market failure grounds.

"In addition to using income as a criterion for whether a person is badly off or not, we might also think of using other criteria. Blindness or other physical handicaps, mental deficiencies, sickness and unemployment are all obvious candidates"(Mueller, D. C. (2007)).

As with redistribution as altruism, redistribution as social insurance leads to the prediction that the recipients of state transfer are disadvantaged in some way.

3. Positive analysis: EU

In this section I will develop an empirical analysis based on the normative arguments introduced. Three level of analysis are considered: European Union (as supranational level), "the state" (national level) and Italian regions (as example of sub national level).

As first example consider Table 1 that shows a summary of the major components of the EU's budget in 1985 and 1995.

Table 1.-Distribution of European Union expenditures by budget category, 1985 and 1995 (percentages)
Source: Goodman, S. F. (1996), pp.101, 105-06.

	1985	1995
Agriculture and Fisheries	72.9	53.6
Redistribution Regional Policy	5.9	13.6
Social Policy	5.7	11.9
Allocative Research, energy, transport	2.6	5.6
Efficiency External Policies	.	6.2
Administrative Costs	4.6	5.1
Miscellaneous	4.4	4.5

Almost 90 percent of the EU budget in 1985 went into redistribution programs, almost 80 percent in 1995. In both of these years and in every other year in the EU's history, the largest single item in its budget has been transfers to the agricultural sector. Neither normative theory of redistribution discussed in the previous section can account for this phenomenon. Indeed, the average income of a farmer in the EU is slightly above that of the average taxpayer, and a disproportionate share of EU transfers go to the richest farmers (Koester, U. and S. Tangermann (1990)). Nor can one defend state subsidies to farmers using a social insurance argument. "No blue or white collar worker in Europe goes to bed each night wondering whether he will awake the next morning as a sugar beat farmer"(Mueller, D. C. (2007)).

If someone were to step behind Rawls's veil of ignorance and contemplate what a just distribution of income in a society should look like, it is difficult to imagine why she

would single out farmers as the worst off people in society. Farmers are not in any obvious way disadvantaged.

4. Positive analysis: the state(s)

In this section, preliminarily I will introduce a short description of European Social Models and then I focus on state-run transfer dynamic within the state.

According to the seminal work of Esping-Andersen, G. (1990) we can distinguish four main models: Nordic, Anglo-Saxon, Continental and Mediterranean. I will take into account both the institutional architecture and the performance (especially in terms of equity and efficiency).

*Nordic model (Denmark, Finland and Sweden, plus the Netherlands).*This system is characterised by the highest levels of social protection expenditures and universal welfare provision. We observe extensive fiscal intervention in labour markets based on a variety of 'active' policy instruments. The presence of strong labour unions ensures highly compressed wage structures.

Anglo-Saxon countries (Ireland and the United Kingdom). This system is characterised by relatively large social assistance of the last resort. Cash transfers are primarily oriented to people in working age. Activation measures are important as well as schemes conditioning access to benefits to regular employment. On the labour market side, this model is characterized by a mixture of weak unions, comparatively wide and increasing wage dispersion and relatively high incidence of low-pay employment.

Continental model (Austria, Belgium, France, Germany and Luxembourg). This model relies extensively on insurance-based, non-employment benefits and old-age pensions. Although their membership is on the decline, unions remain strong.

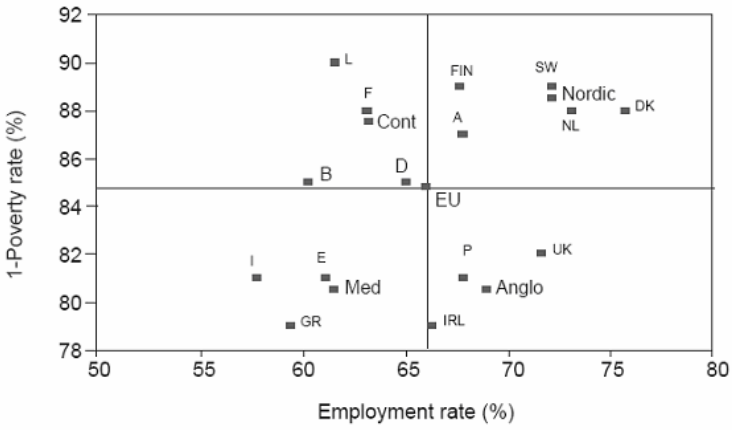
Mediterranean model (Greece, Italy, Portugal and Spain). Within this model social spending is concentrated on old-age pensions and allow for a high segmentation of entitlements and status. These social welfare systems typically draw on employment protection and early retirement provisions to exempt segments of the working age population from participation in the labour market. The wage structure is, at least in the formal sector, covered by collective bargaining and strongly compressed.

"It is worth stating […] that obviously there are not only wide differences between these four models but also within each of them"(Sapir, A. (2006)).

Boeri, T. (2002) compares the performance of the four models in terms of three objectives of social policies: reduction of income inequality and poverty; protection against uninsurable labour market risk; reward to labour market participation.

A detailed review of its conclusion goes beyond this paper's purpose. What I propose is an intuitive approach in terms of overall performance in two bi-dimensional space: employment rate-poverty rate and efficiency-equity. Table 2 focuses on the first issue concerning employment rate and probability of escaping poverty.

Table 2- Employment Rates and Probability of Escaping Poverty in European Social System.
Source: Sapir, A. (2006)



While figure 4 shows relative position of each system in the second bi-dimensional space cited above

Table 3-The Four European Models: A Typology. Source: Sapir, A. (2006)

		EFFICIENCY	
		Low	*High*
EQUITY	*High*	Continentals	Nordics
	Low	Mediterraneans	Anglo-Saxons

Thus, general speaking, we can say that: (i) the Mediterranean model, characterised by relatively low levels of employment and high risk of poverty, provides neither equity nor efficiency; (ii) the Anglo-Saxon model and the Continental one show a trade-off between equity and efficiency; (iii) the Nordic Model seems to be the best performing combining both equity and efficiency.

How state transfers work within states considered? Table 4 shows the distribution of transfers by quintile and average transfers as a percent of median equivalent income.

Table 4- Distribution of transfers by quintile and average transfers
as a percent of median equivalent income. Source: Atkinson, A. B., L. Rainwater and T. Smeeding (1995)
Table 7.5, p.107

		Bottom	2	3	4	Top	Total	Average transfers as a per cent of median equivalent income
Australia	1981	42.8	22.2	13.3	12.5	9.2	100.0	10.8
	1985	40.1	24.6	14.4	12.9	8.0	100.0	11.3
Belgium	1985	22.9	22.5	21.9	16.6	16.1	100.0	33.3
	1988	21.5	23.6	20.1	16.1	18.7	100.0	34.9
Switzerland	1982	38.5	19.2	15.6	13.3	13.3	100.0	7.3
Canada	1981	33.0	22.9	17.9	14.1	12.1	100.0	10.1
	1987	29.5	24.2	19.2	15.0	12.1	100.0	12.4
France	1979	19.7	21.2	18.8	17.7	22.6	100.0	22.2
	1984	17.5	21.8	18.4	17.7	24.7	100.0	25.0
Germany	1984	21.8	22.2	16.7	21.0	18.3	100.0	19.8
Ireland	1987	32.0	21.9	21.3	15.2	9.6	100.0	20.5
Italy	1986	15.6	16.4	19.7	20.7	27.6	100.0	21.4
Luxembourg	1985	17.3	18.3	19.5	22.5	22.4	100.0	23.7
Netherlands	1983	21.8	21.8	18.4	20.4	17.6	100.0	28.5
	1987	24.9	21.3	16.9	17.7	19.2	100.0	28.3
Norway	1979	34.0	20.9	16.4	13.6	15.1	100.0	13.5
Sweden	1981	18.0	23.9	19.8	19.5	18.7	100.0	35.0
	1987	15.2	25.8	21.7	19.9	17.4	100.0	35.5
UK	1979	30.6	20.0	17.4	17.0	15.0	100.0	18.5
	1986	26.7	25.9	19.4	16.1	11.9	100.0	24.3
US	1979	29.7	21.1	17.4	14.7	17.1	100.0	8.9
	1986	29.2	21.2	17.1	17.5	15.1	100.0	9.4
Finland	1987	25.9	22.6	18.2	15.8	17.6	100.0	27.7

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Looking first at the last column, we see a great spread of values for the average level of transfers as a percent of median income, ranging from 7.3 percent of median income in Switzerland to 35.5 percent in Sweden in 1987. Switzerland and the United States are the only two countries with transfer levels that are less than 10 percent of their median incomes.

At the same time as, looking at the pattern of transfers across the five income categories, we can assert that *every* income group from the bottom to the top receives a non negligible share of transfers.

In only two countries the share of transfers going to richest 20 percent of the population is less than 10 percent, and then just barely so. In only one country, Australia, does as much as 40 percent of all transfers go to the poorest 20 percent of the population. In France (1984), Italy and Sweden the poorest 20 percent of the population actually received the *smallest* share of the transfers, in France and Italy the largest percentage of all transfers went to the *richest* 20 percent of the population. Atkinson, A. B., L. Rainwater and T. Smeeding (1995) talk about *target* and *not targeted* policies.

These patterns are not consistent to the two normative theories of redistribution introduced. A "Marxist" prediction that the rich take from the poor also fails as a general proposition. The patterns of transfers come closer to what the normative theories predict in the five countries with the smallest levels of transfers. In all five countries, the bottom quintile receives the highest fraction of transfers with this fraction being roughly two fifths in Australia and Switzerland. The bottom two fifths of the income distribution in these two countries receives roughly 60 percent of all transfers. In Canada, Norway and the United States, over half of the transfers go to the bottom two quintiles.

6. Positive analysis: Italian regions

In this section I introduce an empirical study about Italian inter-regional redistribution. Italy is a unitary country with strong attributes in terms of territorial and functional decentralization, at least on the side of the expenditure tasks. Public sector in Italy is organized into three main layers of territorial government (Central government, Regional governments, which include Regions and Local health firms, and Local governments, which include Provinces plus Municipalities) and the Social security system, which operates mandatory pensions and unemployment insurance on a nationwide jurisdiction. In particular, sub-national governments include 15 Ordinary Statute Regions, 5 Special Statute Regions, 102 Provinces, and more than 8,000 Municipalities.

Redistribution provided by each tier of government can be evaluated by analyzing *fiscal residua*. The latter defined as the difference between total public expenditures of a specific tier of government (net of public debt interests and of all transfers to other levels of government) and total revenues (net of all transfers from other levels of government).

A positive residuum means that the residents in a given jurisdiction benefits from resources from the rest of the economy (the expenditures paid out in that jurisdiction exceed the revenues collected from its residents), whereas a territory that gives up part of its resources to finance expenditures of other jurisdictions displays a negative residuum.

The dataset is taken from the Territorial public accounts (*Conti pubblici territoriali*) produced by the Italian Ministry of Economic Development. These data provide the allocation of revenues and expenditure flows collected/paid by each level of government cite above for the period 1996-2002.

Table 5 presents the Average values for the period 1996-2002 in per-capita terms. It is worth to note that notwithstanding the decentralisation process experienced in the last

decade, most of the public revenues are collected by Central government and subsequently assigned to the other tiers of government through different systems of inter-governmental transfers.

The comparison of fiscal residua across regional jurisdictions gives a picture of the main patterns characterizing the inter-regional fiscal flows in Italy: a strong redistribution from the wealthy jurisdictions to the poor ones (with per-capita GDP respectively above/below national average) arises. Moreover, sizeable financial transfers occur from Ordinary Statute Regions to Special Statute Regions (Valle d'Aosta, Trentino Alto Adige, Friuli Venezia Giulia, Sicilia, Sardegna) irrespective of their level of GDP.

Table 4: Fiscal residua for different levels of government (per-capita average values 1996-2002, euro 2002)

	GDP	General government	Central government	Regional government	Local	Social security government
Piemonte	25,206	-2,100	-4,671	678	495	1,397
Val D'Aosta	28,223	3,397	-5,682	6,046	1,421	1,612
Lombardia	28,239	-4,893	-6,430	806	264	466
Trentino Alto Adige	29,008	631	-5,604	4,581	1,298	356
Veneto	24,835	-2,841	-4,467	815	377	434
Friuli Venezia Giulia	25,078	-727	-4,519	1,534	659	1,599
Liguria	24,112	232	-4,131	955	583	2,824
Emilia Romagna	27,782	-3,180	-5,664	750	425	1,309
Toscana	24,290	-1,049	-4,107	857	589	1,612
Umbria	21,130	797	-2,865	799	945	1,918
Marche	21,999	-538	-3,330	929	565	1,298
Lazio	25,405	-2,252	-4,289	740	434	863
Abruzzo	18,816	779	-1,920	856	567	1,277
Molise	17,201	2,471	-897	1,363	718	1,287
Campania	14,838	1,927	-729	1,069	712	875
Puglia	14,941	1,689	-974	932	477	1,253
Basilicata	15,501	2,923	-286	1,299	891	1,018
Calabria	13,809	3,440	-106	1,514	711	1,321
Sicilia	14,797	2,846	-838	1,605	875	1,203
Sardegna	16,920	2,617	-1,377	1,894	924	1,176
Italy	*22,098*	*-825*	*-3,499*	*1,053*	*553*	*1,068*
Average	*21,607*					

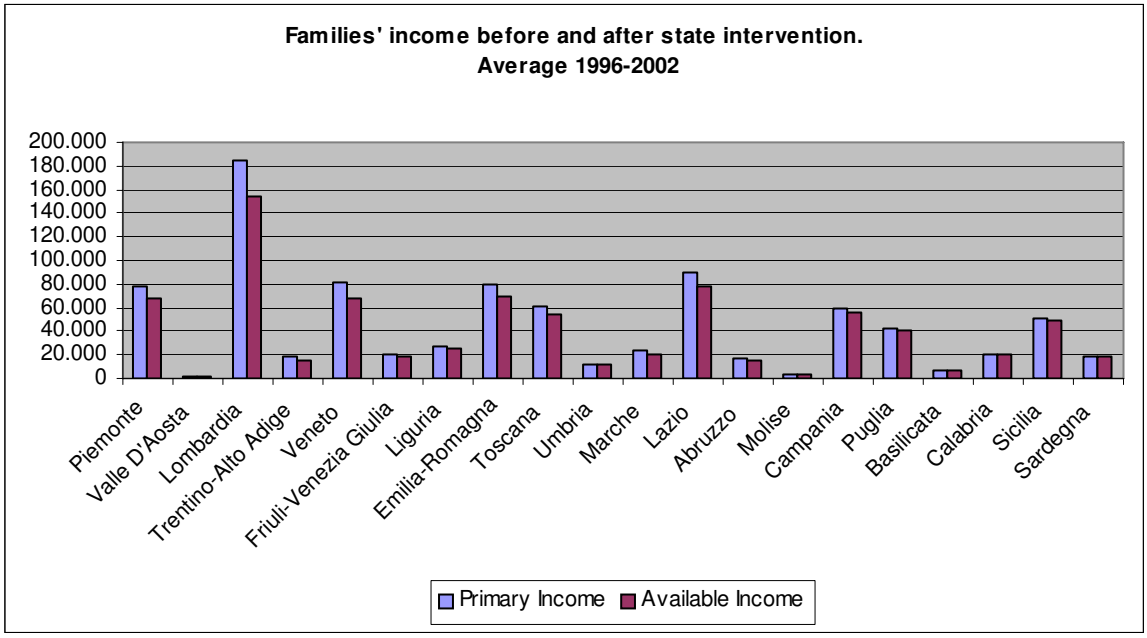
Fiscal residuum = expenditure net of all transfers to other levels of government - revenue net of all transfers from other levels of government

Public expenditures exclude interest payments

Source: Barca, F., F. Cappiello, L. Ravoni and M.Volpe (2006).

Despite this empirical evidence Italian families *as a whole* (i.e. regardless of their relative wealth) do not have a substantial shift in their income by means of state intervention. Furthermore, they surprisingly have a generalized lower income after state intervention in each region. In Table 6 I reported my elaboration of data from the official statistical office (ISTAT (6 December 2005)) about families' income before state intervention (primary income) and after state intervention (available income)[2].

Table 6- Families' income before and after state intervention.



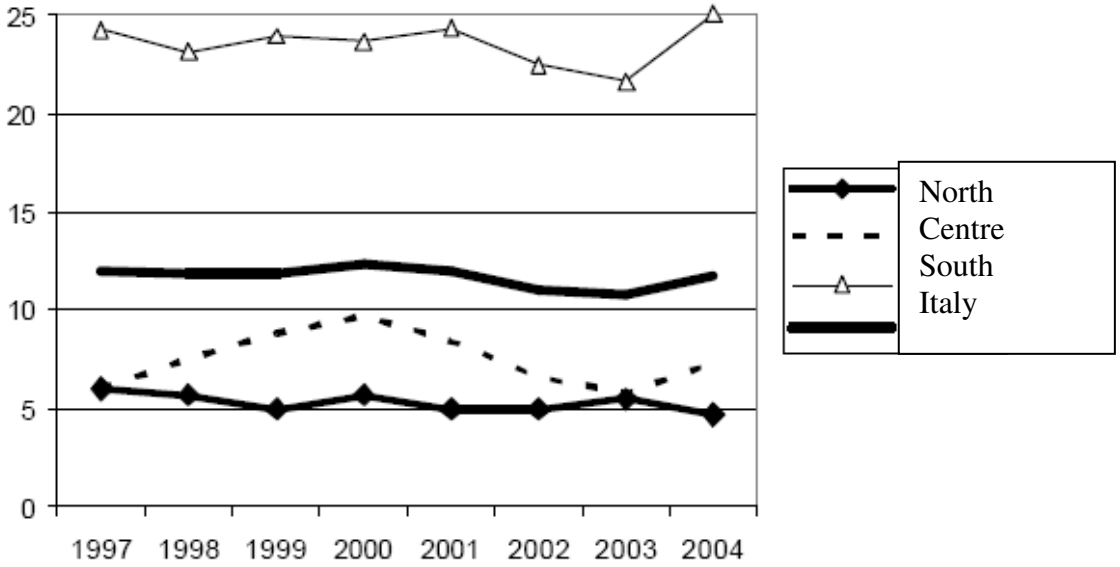
During this sample, for all the geographical divisions, the available income of the families is inferior to their primary income, to point out a structural subtraction of income to the families.

To summarise: whilst a general tendency to redistribute resource from rich regions to poor regions might be inferred by *fiscal residuals,* families, as a whole, suffer a generalised income subtraction by state intervention whatever the wealth of the region in which they live.

[2] Schematically Available income is equal to Primary Income (-) Taxes (-) Social Contributions (+) Social Transfers (+) Others net transfers.

How about poverty reduction? Table 7 shows the share of poor families according to their residence.

Tab 7- Poor families according to their residence. Source: ISTAT (October 2005), ISTAT (October 2004).



According to this table, given "word constraint", I can assert that redistributive policies are *ineffective* in achieving their principal goal.

7. A possible interpretation

As I said above, empirical analysis here reported are inconsistent with theoretical (normative) argument for redistribution introduced in section 2. How can we account for results obtained?

I propose an interpretation of redistribution policies according to the framework that divides the analysis into, Narrative, Myth and Deep Structure by giving the following means to the "triad".

Myth. State exists to provide goods and services to its citizens that cannot obtain in Pareto-optimal quantities without state intervention into economy. This, in turn, should imply that any state provided good must have the potential characteristic of making all citizens better off.

Narrative. According to a positive analysis the "narrative" used by state is that redistribution programs are realized in favour to the lower-income classes.

Deep Structure. Transfers do not ever come about to satisfy the will (or, rather, needs) of poorest citizens, but often follow some kind of "pork barrel" policy (principally) in favour of well organized interest groups (Golden, M. A. and L. Picci (2006)). So, redistribution-labelled policies is proposed (or imposed) according to this point of view regardless of their effectiveness in reducing income disparities. Obviously, only the first two concepts are popular into the political arena.

Nevertheless, the latter (the deep structure) may be inferred by means of transfers and income dynamics here considered.

To begin with, a large literature exists asserting that *money buys money*. "It does so in two senses. First, the campaign contributions of interest groups influence how Congressmen vote. A contribution from a farm group increases the probability that the recipient Congressman votes for the legislation favoring this group. A contribution from a labor union increases the probability that the recipient Congressman votes for a higher minimum wage. Congressmen's votes can be bought. The second way in which money buys votes is that when a Congressman turns around and spends the contributions from interest groups they increase the probability of his being reelected" (Mueller, D. C. (2007)).

Indeed, we can shrewdly look at votes as *products*, thus "[c]ampaign spending is like the persuasive advertising of certain consumer products in that it builds up a stock of goodwill toward the candidate, which in turn translates into votes on election day" (Mueller, D. C. and T. Stratmann (1994)).

Both table 4 and 5 may be interpreted according to this explanation. Table 4 reflects that European lobbies are more effective than US lobbies. Why? Because the American lobbies invest in persons while European lobbies invests in parties. "It is most probably the case that an interest group needs to contribute more to a single party in Europe to win its support than an interest group in the United States must contribute to one member of Congress to win her support. It is most certainly the case that an interest group does not have to contribute 50 times as much money to win

the votes of a party with 50 seats in the parliament as is needed to win the vote of one member of Congress"(Mueller, D. C. (2007)).

Moreover, I would say that contribution to party ensure *stability* because political parties are to some extent "trans-historical" (just like *corporation or institutions* that belong to the most well organized lobbies), while the validity of contribution to a single person is limited to her (political) life, so the temporal horizon of participants does not match.

For these reasons I conclude that economic interest groups are more effective in influencing political parties in Europe. Furthermore, it is particularly the case in countries like Austria and Sweden, which have adopted corporatist institutions that formerly integrate economic interest groups into the political process, with (generally) obligatory membership in some economic interest group. In these countries the Olsonian free-rider problem (negatively affecting the effectiveness of their actions) has essentially been solved for economic interest groups (Olson, M. (1965) , Mueller, D. C. (2007)).

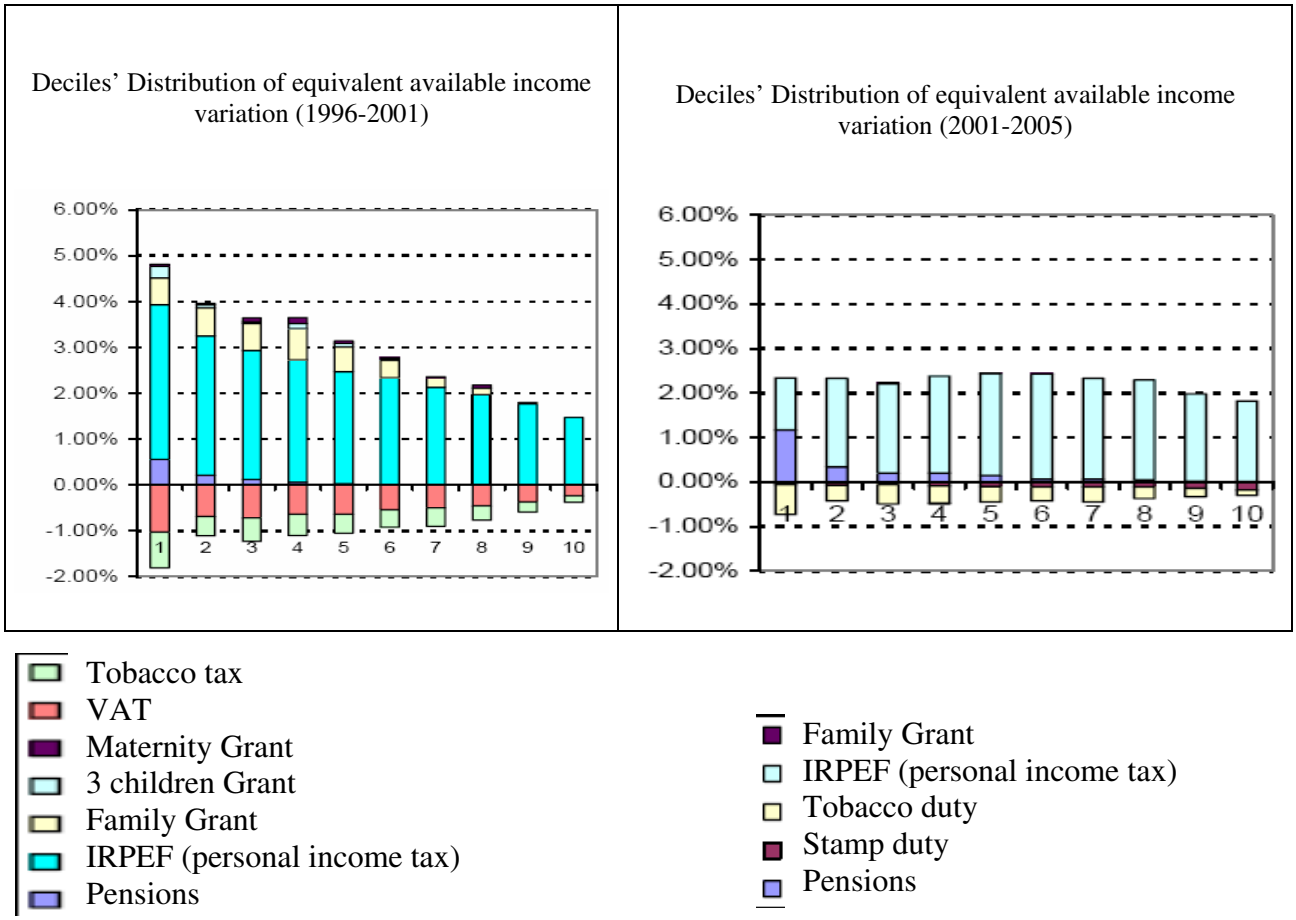
With respect to the Italian case, it is evident that buying central government support is "cheaper" than buying each regional government that is why we observe the main part of the redistributive game played at the central tier (Table 5).

Regardless of lobbies power, according to (at least) the cynic argument based on stability reasons I proposed in section 2 all member of society benefits from redistribution. Hence, s*ome* transfers should be targeted to disadvantaged groups.

Nevertheless, many members of economic interest groups receive transfers from state programs although they are not disadvantaged. Where economic interest groups are strong, money will flow from the poor to the rich, from one segment of the middle class to another, and so on. The pattern of transfers reflects the political advantages of different groups, not their economic disadvantages.

At this regard it is worth to look at Table 8 showing Deciles' Distribution of equivalent available income variation due to different measures, adopted both with center-left government (1996-2001) in office and center right government in office (2001-2005).

Table 8 - Distribution of equivalent available income variation.
Source: Baldini, M., M. Morciano and S. Toso (2006)



"The comparison shows that center-right policies are less generous and with a less redistributive effect than measures adopted by center-left government[3]" (Baldini), coherently with the two main different (set of) interest group "in office".

8. Conclusions and final remarks

In this paper I presented an analysis of redistributive policies with particular attention to transfers. Theoretical considerations are here compared with some empirical observations at three levels of analysis: supranational, national and sub-national.

Unfortunately, uniformly structured data are not available for this three levels, hence using different *proxy* to asses redistributive policies was a *need* and not a *choice*[4].

Nevertheless, my evidence is sufficiently strong to assert that, general speaking, redistributive policies do not follow normative criteria that predict they should be targeted to disadvantaged groups and are ineffective too[5].

Moreover, it seems that a positive correlation between (favourable condition to) lobbies (in order to achieve) power and some dynamics of transfers favorable to middle classes arises.

This explanation in terms of economic interest group might be linked with pressures to welfare system that came principally from the *globalisation-project* (Chase-Dunn, C. and B. K. Gills (2003)*)* in which, using the discourse about competitiveness, political leaders found a powerful tool in order to deal *neoliberal* (i.e. accumulation oriented[6]) social policy

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[3] Original text: Se confrontati con quelli introdotti nel periodo 1996-2001, i provvedimenti assunti dal governo di centrodestra nel periodo 2001-2005 appaiono, oltre che meno generosi, anche meno redistributivi

[4] It might be interesting, for example, to study the distribution of transfer at the regional level divided in deciles, but the competent Ministry has not this kid of data.

[5] I provided evidence in details with respect to the Italian case. For a review of studies with broader perspective see MOYES, P., C.SEIDL, and A. SHORROCKS (2002): "Inequalities: Theory, Experiments and Applications," Wien: SpringerWien. For a focus on *English man* COATES, K., and R. SILBURN (1983): "Poverty the Forgotten English Men," Nottingham: Spokesman.

[6] With a different theoretical prospective of Keynesian policies in which transfers to low income are considered able to generate economic growth (KEYNES, J. M. (1936): "General Theory of Employment, Interest and Money," New York: Harcourt, Brace and World.).

by imputing responsibility to external constraints without losing consent or, at least, limiting the political costs of their actions (Hay, C., M. Watson and D. Wincott (1999)).

This is possible also because of the low level of accountability of political leaders (Adsera`, A., C. Boix and M. Payne (2003), Scharpf, F. W. (1999), Putnam, R. D. (1993)), especially with respect to low organized *underclass* divided in itself "nor in term of ethnicity or gender, but in terms of world views developed from the daily experience of coping with work, production and the attendant power relations"(Davies, M. and M. Ryner (2007)).

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