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"SVILUPPO, DISUGUAGLIANZA E MOBILITÀ: ITALIA E ARGENTINA A CONFRONTO"

"DEVELOPMENT, INEQUALITY AND MOBILITY: ITALY AND ARGENTINA COMPARED"

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INTRODUCTION

In recent years, the topic of inequality, both economic and social, has increasingly captured the attention of economists, policymakers, and other institutional leaders worldwide. The motivation behind this bigger interest derives from the recognition that without appropriate policies to address these disparities, there exists a significant risk of escalating grievances, instability, and the potential for internal conflicts. In this thesis, we will analyze the dynamics of inequality between Italy and Argentina, two nations geographically distant but intricately connected by significant historical and socio-economic events.

My personal experience in Argentina, during a previous year, served as the catalyst for delving into this subject. During my time there, I observed distinct lifestyle differences from Italy, even within Argentina itself, particularly between the capital, Buenos Aires, and other regions. These observations convinced me to investigate potential distinctions between these two states and within various areas.

The primary objective of this thesis is to explore the connection between Italy and Argentina and provide a clearer picture of their economic and social situations. In doing so, we aim to uncover the factors that have led to their current circumstances. To achieve this, we will delve into three key aspects:

- Chapter 1 will examine the economic evolution of both nations, from their attainment of independence to the present day. We will analyze how they responded to global-scale events as well as events that could be considered localized. We will also compare the two nations to determine which has experienced a more favorable historical situation and whether this situation has persisted or changed in the present day.

- Chapter 2 will conduct an analysis of the major Italian migration flows to Argentina in the last decades of the nineteenth century and the early twentieth century. We will explore the motivations behind Italians leaving their homeland for Argentina, examine numerical outcomes, and investigate the factors that led to a reduction in these migration flows. The aim is to discover the impact and consequences of these massive movements on both countries and the legacy they have left in the present.
- Chapter 3 will address the topic that initially sparked my interest in this thesis: various economic and social inequalities and their evolution, and the end a empirical analysis will be developed to discuss of the main determinants of inequalities of the 2 countries.

The methodology employed in this thesis is eclectic, encompassing both qualitative and quantitative data.

In conclusion, the purpose of this thesis is to shed a more comprehensive light on the interconnectedness of these two nations by delving into their socio-economic contexts and the dynamics that have brought them to their present situation. It is our hope that this exploration will illuminate the challenges that both countries face in today's global context.

CHAPTER 1: ITALIAN AND ARGENTINIAN ECONOMY OVER THE YEARS, FROM THE INDEPENDENCE TO THE PRESENT

INTRODUCTION

The first chapter aims to elucidate the economic history of the two nations, from their attainment of independence to the present day. The primary objective of the first chapter is, therefore, to comprehensively examine the economic evolution of Italy and Argentina, with a view to understanding how economic disparities have been influenced, as will be explored in the third and final chapter.

The execution of this chapter encompasses several objectives:

- Undertaking a comprehensive historical journey from the attainment of independence to the present day, recounting reactions to significant events such as the two world wars, industrialization, or the Wall Street Crash. This approach seeks to contextualize the historical backdrop within which current disparities have developed and why, for instance, they were greater or lesser in the past.
- Identifying the key factors primarily influencing the economic trajectories of the two states and the principal reasons for their current economic situations.
- Establishing correlations between economic evolution and economic inequalities in the two countries. However, this discussion will be concluded in the third chapter.

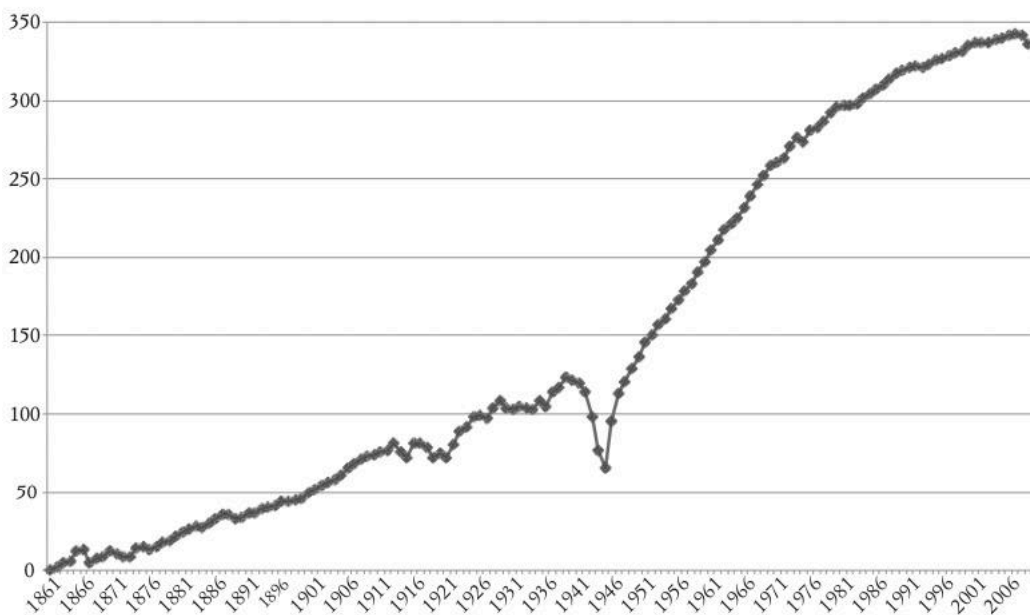
The chapter will be divided into three major sections:

1. Italian Economic Evolution: From 1861 to the present, this section will highlight post-unification challenges, the dramatic responses to post-World War I issues leading to the rise of Fascism, and the subsequent economic miracle following the end of World War II. The final subsection will delve into the enduring disparities between the North and South, a problem still evident today, over 160 years after the unification of Italy.
2. Argentine Economic Evolution: From 1816 to the present, this section will emphasize significant points, such as the period of great prosperity in the late 19th and early 20th centuries due to large European migration flows and the era of political and economic instability leading into the new century.
3. The final section will compare the economic evolutions of the two countries, showcasing which country exhibited more favorable conditions in the past and whether the situation has remained the same in recent years or has changed.

This chapter lays the foundation for a better understanding of the economic and social dynamics of both countries.

GENERAL INTRODUCTION OF EVOLUTION OF ITALIAN ECONOMY

Figure 1.01 Logarithm of GDP per capita at constant prices.



Source: *Il PIL per la storia d'Italia, istruzioni dell'uso*, Alberto Baffigi, 2015.

Before delving into a discussion on the evolution of the Italian per capita Gross Domestic Product (GDP) over different time periods, it is beneficial to provide a brief general introduction from 1861, the year of Italian unification, to the present day. Figure 1.1, sourced from "Il PIL per la storia d'Italia, istruzioni dell'uso" by Alberto Baffigi in 2015, illustrates the progression of the natural logarithm of per capita GDP at constant prices, commencing with a value of 0 in 1861. In essence, it offers an approximation of annual growth rates relative to this reference point. Throughout this extended historical period, Italy experienced numerous significant phases marked by events of global magnitude, notably the two World Wars, which had a considerable impact on the country's

economy.

As discernible from the graph, the economic history of Italy can be divided into three macro-phases:

- The first phase extends from the time of unification to the outbreak of the First World War. During this period, Italy, after an initially unstable period, became a protagonist in a consistent economic growth trajectory, even at relatively moderate rates, considering what would happen after the Second World War.
- The second phase encompasses the interwar period between the two World Wars. Italy had to recover from numerous physical and human losses suffered during the conflicts. This era was dominated by highly critical events, such as the rise of fascism to power and the Wall Street Crash of 1929, which initially had a negative impact primarily in the United States and subsequently worldwide, including Italy. Consequently, this period can be characterized as unstable, a characteristic evident in the graph, where per capita GDP follows an oscillatory path, increasing in one year and decreasing in the next.
- The final phase spans from the end of the Second World War to the present day. Italy, experienced a robust economic growth, characterized as exponential, which only plateaued in the 1970s during the "Oil Crisis" and in the early years of the new century during the 2008 financial crisis.

In a broader context, doubling per capita GDP compared to the initial level required nearly eighty years to achieve, reaching this milestone in 1939, a year before Italy's entry into the Second World War. This event occurred in close proximity to the eighty-year mark since national unification. However, a second doubling of per capita GDP occurred in the early 1960s of the last century.

These data corroborate the significant economic and industrial growth of Italy in the post-war period.

EVOLUTION OF THE ITALIAN ECONOMY

From the unification to beginning of the first world war

In preceding centuries, spanning from the 12th to the 15th century, certain regions and cities situated on the Italian peninsula, including Venice, Genoa, Florence, and Milan, held prominent roles in the global economy and trade. This privilege precipitated cultural, artistic, and civic development during a flourishing epoch known as the Renaissance.

Nevertheless, subsequent to the Unification of Italy in 1861, Italy underwent a transformation into what is now considered an underdeveloped nation. Its per capita income diminished to approximately one-third that of France and one-quarter that of England, shifting the Italian peninsula from the epicenter of the world to its periphery. This decline can be attributed to multifarious factors, encompassing the decline in Mediterranean trade due to intense competition for new trade routes to distant lands such as America, Africa, and Asia. Exportation suffered a substantial setback due to fierce competition from Dutch and English merchants. The Italian states, into which the peninsula was divided, remained notably feeble. Additionally, while agriculture constituted the primary occupation for 64% of the population, it lagged in terms of production and technological advancement. A similar stagnation prevailed in the manufacturing sector and economic institutions.

Nevertheless, amidst the myriad of challenges, certain sectors in Italy paralleled the more developed European nations, predominantly characterized by traditional medieval activities that endured despite the various Enlightenment reforms of the 18th century. For instance, the silk industry, primarily oriented towards exports, fostered the growth of small businesses and trade with France in Northern Italy. In the nineteenth century, a modern rural and mercantile bourgeoisie emerged in these regions. Northern Italy is acknowledged as the catalyst for Italy's

future economic development. Conversely, in the south, the context differed, with the dominant economic figure being the landowner aristocracy.

Upon the formation of the Italian state, industrialization did not commence immediately; instead, the initial decades were marked by economic stagnation and social strife. For instance, agricultural production increased by merely 1% annually, whereas industrial production exhibited a more substantial growth rate of 1.8%, although it still lagged significantly behind France and Great Britain (Balcet, 1999). The primary cause for this lackluster performance can be attributed to the way the unification process was executed. It involved the annexation of various regions into Piedmont without adequate consideration for the diverse realities within the peninsula (Balcet, 1999).

The advent of free trade with other nations had a twofold effect. While it expanded export opportunities for local products in Europe, it also discouraged the development of new industries, as they struggled to compete with more advanced foreign counterparts.

The turning point emerged in the 1880s, marked by the growth of traditional manufacturing sectors and the begin of technological modernization of production facilities. By the turn of the century, Italy embarked on an industrial upswing. Unlike other European countries, this upswing was characterized as a cumulative process rather than a period of exceptional acceleration.

Several indicators affirming Italy's growth include a 50% increase in GDP between 1886 and 1914, a growth rate peaking at 7.5% during the period 1897-1907, an escalation in the share of investment in GDP from 3.5% to 10.2% between 1896 and 1910, and a doubling of energy consumption from 1890 to 1913 (Balcet, 1999).

This transformation in the Italian economy was made possible by a confluence of favorable conditions, which included the expansion of the domestic market due to numerous pro-demand policies, the maintenance of low wages facilitated by the abundant supply of labor from rural

areas, significant growth in agricultural productivity, the emergence of mixed banks that compensated for the fragility of financial markets, increased export opportunities within the global economy, and public investments coupled with administrative modernization, spurred by the prevailing political climate during that era (Balcet, 1999).

Emigration also played a pivotal role in Italy's industrial revolution. The influx of remittances helped balance the nation's payments during the industrial takeoff. Typically, during such periods, imports of raw materials, technologies, and machinery surge, potentially leading to a trade deficit. To counter this, services and remittances from emigrants were utilized to maintain a positive balance of factor incomes and overall current account balance.

As depicted in the table extracted from the book "L'Economia Italiana, Evoluzione, Problemi e Paradossi," which illustrates the Balance of Current Payments, these assertions find corroboration, with the total balance consistently in the positive realm from 1891 to 1914.

Figure 1.02 Balances of assets, services, factor income and the total (in millions of lire).

Years	Balance of			
	Balance of assets	services	Factor income balance	Total balance
1881-1885	-154	169	-63	-41
1886-1890	-368	189	-85	-255
1891-1895	-126	218	-21	99
1901-1905	-220	262	378	492
1911-1915	-910	368	510	77

Source: "L'economia Italiana, Evoluzione, Problemi e Paradossi" G. Balcet, 1999.

During the two world wars

The onset of the First World War appeared to be advantageous for industrial growth. Indeed, numerous industries, including steel, mechanical, chemical, and the automotive sector, experienced positive outcomes as demand surged for army supplies and armaments.

The profit margin in the steel industry escalated from 6.3 percent to 16.5 percent, while that of the automobile industry rose from 8 percent to 30 percent (Balcet, 1999). Additionally, prominent enterprises such as Ilva and Fiat emerged during this period. Italy also established a robust economic relationship with the United States, which became a pivotal exporter and provider of funds. However, amidst these economic gains, Italy, like other nations involved in the conflict, grappled with substantial capital and human losses, exacerbated by the devastating 'Spanish' flu pandemic that followed the war's conclusion. The ensuing table, extracted from “The Economics of World War I” by S. Broadberry and M. Harrison, underscores the percentage of pre-war assets lost in terms of human and physical capital.

Figure 1.03 Human and Physical capital loss by countries during World War I (percentage of pre-war assets).

	Human capital	Physical capital			National wealth
		Domestic assets	Overseas assets	Reparations bill	
<i>Allies</i>					
Britain	3.6	9.9	23.9	...	14.9
France	7.2	24.6	49.0	...	31.0
Russia	2.3	14.3	...	...	...
Italy	3.8	15.9	...	...	...
United States	0.3	...	...	...	...
<i>Central Powers</i>					
Germany	6.3	3.1	...	51.6	54.7
Austria-Hungary	4.5	6.5	...	...	...
Turkey and Bulgaria	6.8	...	...	...	...

Source: “The economics of World War I”, S. Broadberry and M. Harrison, 2005.

Military expenditures placed significant strain on the national GDP, absorbing one-third of it. These expenditures were primarily funded through loans and the expansion of the money supply, which witnessed a fourfold increase from the war's outset to its conclusion. This expansion led to considerable inflationary pressures, necessitating the expansion of armaments production and the steel industry due to its initial scarcity. Inflation surged during 1920-1921 following an expansionary monetary policy, coupled with the growth of domestic demand for consumer goods. This resulted in a sharp depreciation of the lira against other currencies, as confirmed by the subsequent table from Istat (National Institute of Statistics).

Figure 1.04 Change of the Cost of life and average exchange rate against dollar.

Year	Index Cost of Life	Annual average exchange rate against dollar
1914	100	5,28
1916	134	6,86
1918	264	7,85
1919	268	9,79
1920	352	21,19
1921	417	23,5
1922	414	21,19

Source: Istat (National Institute of Statistics).

The data from the table indicates that the cost of living surged by more than 400% from the war's commencement in 1914 to 1921, along with a significant depreciation of the Italian lira relative to the American Dollar and British Pound. Italy encountered a multitude of other challenges,

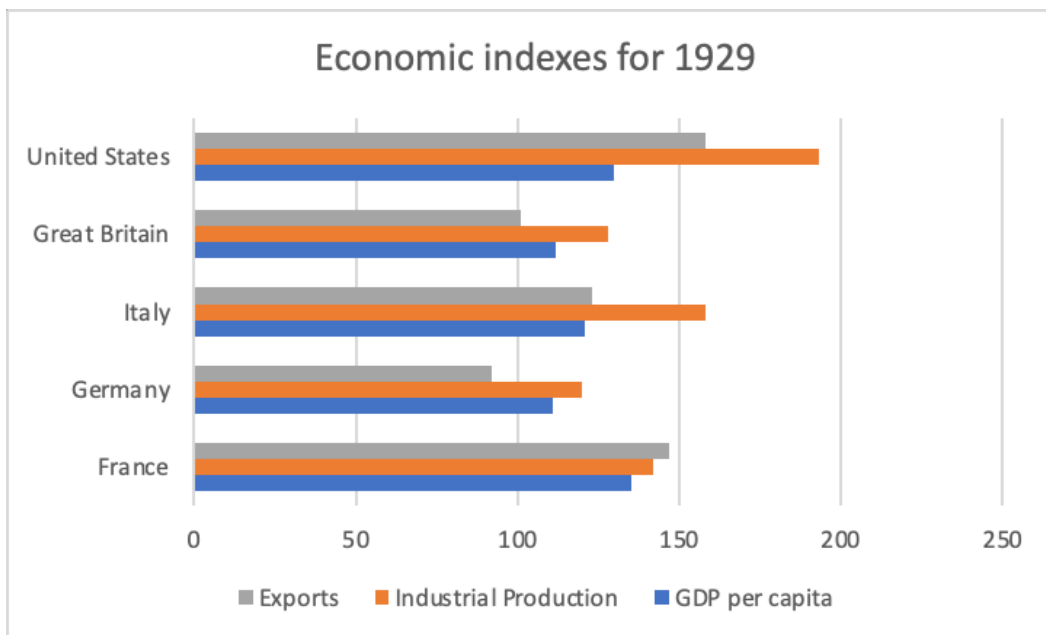
including the need to readjust public finances, reintegrate non-deceased military personnel, convert industries from wartime to peacetime production, and repair war-related damages. The absence of international aid further exacerbated these issues, resulting in growing social tensions. Furthermore, Italy adopted protectionist measures to safeguard its domestic industries, including the mechanical, automotive, steel, and chemical sectors.

This combination of factors set the stage for the rise of fascism and over two decades of dictatorship. Initially, efforts were made to achieve economic self-sufficiency by adopting a liberalist policy, reducing the state's involvement in economic activities. To combat inflation, a deflationary strategy was implemented, leading to a contraction of exports and a period of recession. The effects were particularly felt by the small and middle classes, but stability was eventually achieved in the lira by 1926. The government also intervened in agriculture with "The Battle of the Grain" in 1925, aiming to enhance the country's self-sufficiency in grain production and promote agriculture by draining swamps.

During this era, significant industrial advancements occurred, particularly in the chemical, electrical, and mechanical sectors, as well as light industries such as textiles, clothing, footwear, and wood. Industrial production grew at an average rate of 5% annually between 1923 and 1929, while GDP also expanded, averaging 3.8% during the same period (Balcer, 1999). These innovations seemed to signal Italy's emergence from the recession brought about by the earlier deflationary measures.

The 1920s can be characterized as relatively positive due to increased industrial production in nearly all sectors, with the chemical sector leading the way, as evidenced by the following table from "Maddison, Monitoring the World Economy." Italy ranked among the four major European powers in terms of industrial production and had the second-highest per capita income and exports.

Figure 1.05 Some economic indexes of the 4 biggest European countries and United States in 1929 (1913=100).



Source: "Monitoring the World Economy, 1820-1992", Angus Maddison, 1995.

However, everything changed with the Wall Street stock market crash of 1929, which affected Italy, as well as many other European countries. Italy's situation deteriorated from 1932 onwards, with a sharp contraction in the industrial sector and GDP. Unemployment reached 20% in 1932, accompanied by a decline in prices, incomes, and purchasing power .

The three largest mixed banks—Banca Commerciale Italiana, Credito Italiano, and Banco di Roma—encountered significant difficulties. To address this, two institutions were created: the Istituto Mobiliare Italiano (I.M.I.), which replaced the banks as a financier, and the Istituto di Ricostruzione Industriale (I.R.I.), which managed the shares. In 1936, the "Legge Bancaria" abolished mixed banking practices, leading to state ownership of commercial banks.

The I.R.I assumed a crucial role in the Italian economy, ultimately controlling 90 percent of vital sectors such as arms, shipbuilding, airlines, and telephones, as well as smaller percentages in areas such as steel, electricity, mechanics, and chemicals. Initially intended as a temporary measure, the

I.R.I was declared permanent in 1937.

In 1934, due to the lack of significant economic improvements, Mussolini explored an 'international' solution, seeking to make Italy an empire through territorial expansion in Africa. This materialized in 1935 with the invasion of Ethiopia, followed by its conquest in 1936. This decision contravened an international agreement to avoid colonial campaigns in Africa, leading to Italy's condemnation by the League of Nations. Sanctions imposed by the League, including restrictions on the purchase of Italian products and the export of essential materials, had significant repercussions, exacerbating Italy's balance of payments. In response to these sanctions, the government aimed to establish autarky, striving for economic self-sufficiency by domestically producing materials that could replace imports. However, results were disappointing, with only 21% of the required materials produced in Italy. The population, particularly the manufacturing industry accustomed to importing raw materials and exporting finished products, endured hardships. Italy continued its military buildup in the years following the Ethiopian invasion, supporting General Francisco Franco during the Spanish Civil War and launching the Albania campaign. These actions incurred additional expenditures, exacerbating the already critical economic situation. These developments were deemed inadequate for a country that would soon find itself embroiled in World War II.

Italy entered the war in 1940 with a comparatively modest mobilization compared to other nations, as illustrated in the table below from "The Economics of World War II: Six Great Powers in International Comparison" by M. Harrison. The table presents military expenditures as a percentage of national income over the years of the conflict, highlighting both the economic challenges faced by Italy and the limited resources allocated to the war effort.

Figure 1.06 Military expenditure as a percentage of national income.

	1939	1940	1941	1942	1943	1944
<i>At current prices</i>						
<i>Allied powers</i>						
USA	1	2	11	31	42	42
UK	15	44	53	52	55	53
USSR	—	—	—	—	—	—
<i>Axis powers</i>						
Germany	23	40	52	64	70	—
Italy	8	12	23	22	21	—
Japan	22	22	27	33	43	76

Source: "The economies of World War II: Six Great Powers in International Comparison", Mark Harrison, 1998.

The table illustrates military expenditure as a percentage of the national income over the course of the conflict's duration. The underlying reasons for this trend are twofold. Firstly, it is likely that the government had limited confidence in the war effort due to the prevailing economic challenges, which were far from prosperous. Secondly, a dearth of essential raw materials necessary for sustaining the conflict further exacerbated the situation.

Italian economic miracle

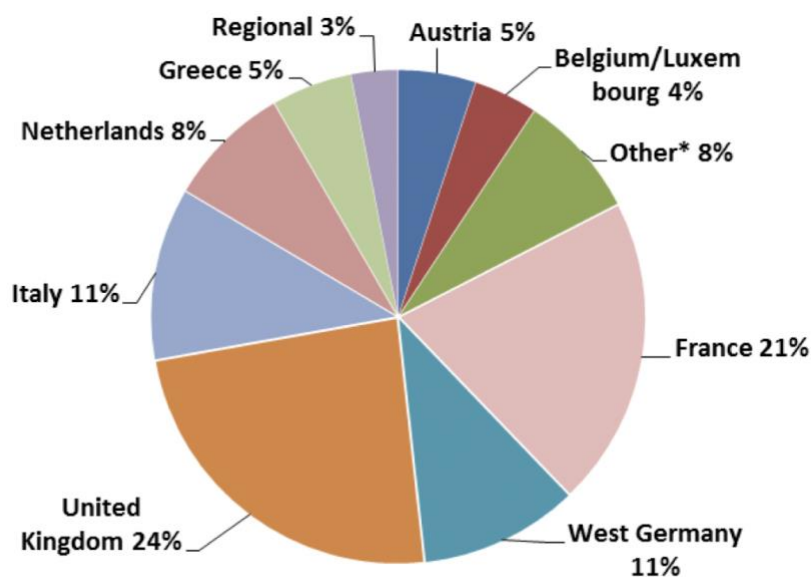
Italy, along with the entirety of Europe, faced the formidable task of reconstruction at the conclusion of World War II. Nevertheless, it encountered numerous constraints, notably a scarcity of essential materials and a paucity of foreign currency reserves to support imports.

However, this post-war scenario markedly diverged from the aftermath of World War I. The United States, a nation that suffered comparatively minimal damage, was resolute in extending assistance to all European states. Multiple motivations propelled this initiative, encompassing the imperative to avert future conflicts, the pursuit of trading partners, and apprehensions regarding

the expansion of the Soviet Union. The latter was capitalizing on the influence of communist parties within European countries to bolster its presence on the continent.

A pivotal turning point materialized in 1947 with the inception of the Marshall Plan, also known as the European Recovery Program. This comprehensive multi-year strategy aimed to reinvigorate European nations. The United States provided financial support to offset balance of payments deficits, thereby rekindling production without the threat of inflation. This offer persisted until 1952, coinciding with the commencement of the Korean War. During this timeframe, a staggering \$12.5 billion in funds were disbursed. Italy emerged as one of the primary beneficiaries, receiving approximately 11% of the total aid, with only France and Great Britain surpassing its share.

Figure 1.07 Percentage of countries allocation.



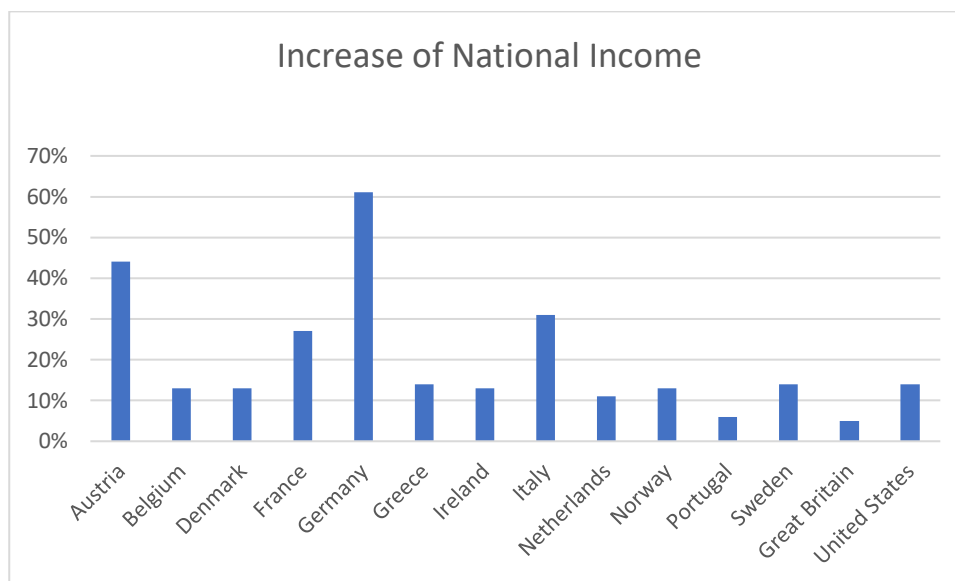
Source: "The Marshall Plan: Design, Accomplishments and Significance", Curt Tarnoff, 1998.

Despite a multitude of challenges, including extensive damaged infrastructure, transportation facilities, rampant unemployment (exceeding two million individuals), and rising inflation, Italy embarked on an era of economic growth often referred to as the second phase of the industrial revolution, following the developments at the turn of the century. Society underwent a radical

transformation, shifting from predominantly agrarian to industrial, marking one of the highest growth rates globally, second only to Japan and Germany.

By 1952, the year marking the conclusion of the Marshall Plan, a notable surge in national income, reaching 41%, was evident in Italy. This placed the nation among the top performers, along with Austria, France, and Germany.

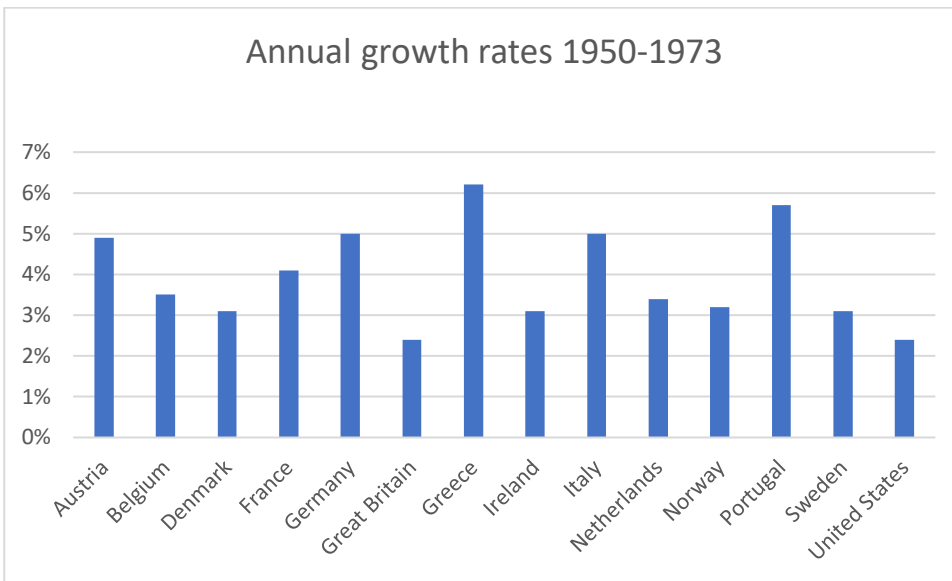
Figure 1.08 Increase of National Income in percentage after Marshall Plan, 1948-1952.



Source: "Perché l'Europa ha cambiato il mondo", Vera Zamagni, 2015.

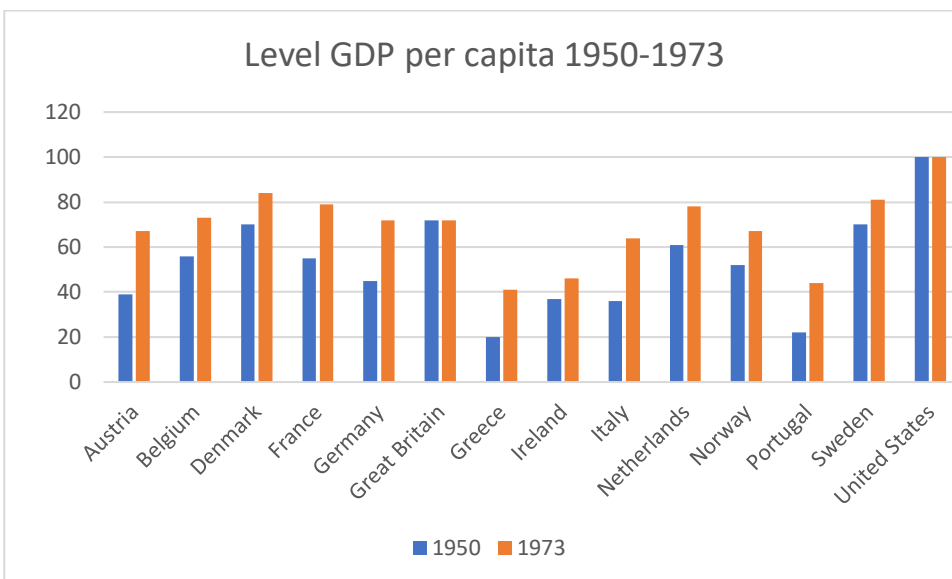
Economic expansion persisted until 1973, when instability reemerged. Italy consistently recorded growth rates surpassing those of the United States, with the gap narrowing compared to the early 1950s. Italy thus found itself ranked among the nations with the highest growth rates, aligning with Germany.

Figure 1.09 Average annual growth in percentage from 1950 to 1973.



Source: "Perché l'Europa ha cambiato il mondo", Vera Zamagni, 2015.

Figure 1.10 GDP per capita in 1950 and 1973, compared with Usa level (Usa=100).



Source: "Perché l'Europa ha cambiato il mondo", Vera Zamagni, 2015.

This extraordinary economic ascent was underpinned by various factors, several of which warrant mention:

- A substantial labor force availability, facilitating the maintenance of low wages over an extended period, thereby accumulating capital and enhancing productivity.
- Adoption of American technologies, enabling the modernization of industrial machinery and production processes.
- Limited growth in raw material prices, encouraging greater exports to maintain equilibrium in the current payments budget.
- Sustained domestic demand supported by government expenditures.

The graph below, extracted from Istat, provides a comprehensive overview of key indicators affirming Italy's robust economic growth following World War II.

Figure 1.11 Economic Indicators in different periods from 1951 to 1969 (all in percentage).

Year	1951-1958	1959-1963	1963-1969
GDP variation	5,3	6,6	5,3
Investment/GDP	19,2	22,9	21,6
Industrial production variation	6,8	10,2	6,9
Export/GDP	9,2	11,3	14
People working on primary sector	42,2	29,1	17,2

Source: Istat.

Another pivotal factor contributing to this economic miracle, of significant import, was international integration. This was achieved through various organizations, including NATO (North Atlantic Treaty Organization) and the UN (United Nations Organizations), global institutions primarily composed of Western nations such as Western Europe, the United States, and Japan. These institutions were established with the principal aim of averting potential conflicts.

In 1948, the General Agreement on Tariffs and Trade (GATT) came into existence, seeking to streamline international trade and diminish the prevalence of tariffs and quantitative restrictions. The process of European integration commenced with the formation of agreements such as the European Coal and Steel Community (ECSC) in 1951. Signatories included France, Germany, Belgium, the Netherlands, Luxembourg, and Italy. The ECSC sought to create a unified market for coal and steel, eliminating duties and restrictions. Notably, the ECSC played a pivotal role in initiating European economic integration.

Following the resounding success of the ECSC, member states began contemplating a customs union and the harmonization of other economic policies, including transport and energy. These deliberations culminated in the signing of the Treaty of Rome in 1957, establishing the European Economic Community (EEC), commonly referred to as the European Single Market (EEC). The significance of the EEC cannot be overstated, as it eliminated customs barriers among the six founding member countries and presented a unified entity for international negotiations. Over the subsequent decade, customs barriers were progressively dismantled until 1968. This period coincided with a remarkable surge in trade among participating countries, positioning them as pivotal players in global trade liberalization. Nonetheless, specific sectors, including agriculture, steel, automobiles (due to their troubled state), textiles, clothing, and electronics (considered strategic), remained protected from full liberalization (Zamagni, 2015).

The Community's resounding success prompted other European countries to express interest in membership.

The return of instability

After nearly three decades of robust growth and prosperity, the economic landscape underwent a significant transformation in the 1970s. This period was marked by a series of events that disrupted the growth trajectory and led to a crisis, representing a sharp departure from the preceding years. Key contributing factors include (Zamagni, 2015):

- Increased Wage Dynamics: There was a notable uptick in wage-related activism, exemplified by the famous 'Hot Autumn,' where labor strikes and protests became more prominent.
- Surge in Commodity Prices: A substantial rise in the prices of certain commodities, such as oil, rendered imports less cost-effective.
- Shift from Fixed to Flexible Exchange Rates: The transition from a fixed to a flexible exchange rate regime facilitated speculation based on market expectations.

These instabilities triggered localized crises starting in the early 1980s. Simultaneously, financial crises emerged due to the Eurodollar market, where dollars were deposited in European banks without being converted into the depositor's own currency. This unregulated sector experienced rapid expansion in the 1970s, driven by high potential gains but accompanied by significant risks, as substantial credit was extended to countries with limited repayment capacity.

Consequently, growth rates began to decline, although they typically remained higher than those in the United States. According to historian Vera Zamagni, the average annual GDP per capita growth rate dropped to 2.2% from 1973 to 1995, less than half the rate of previous decades. Over

the subsequent decade, from 1995 to 2006, it further decreased to 1.2%, bringing the convergence process with the US economy to a halt.

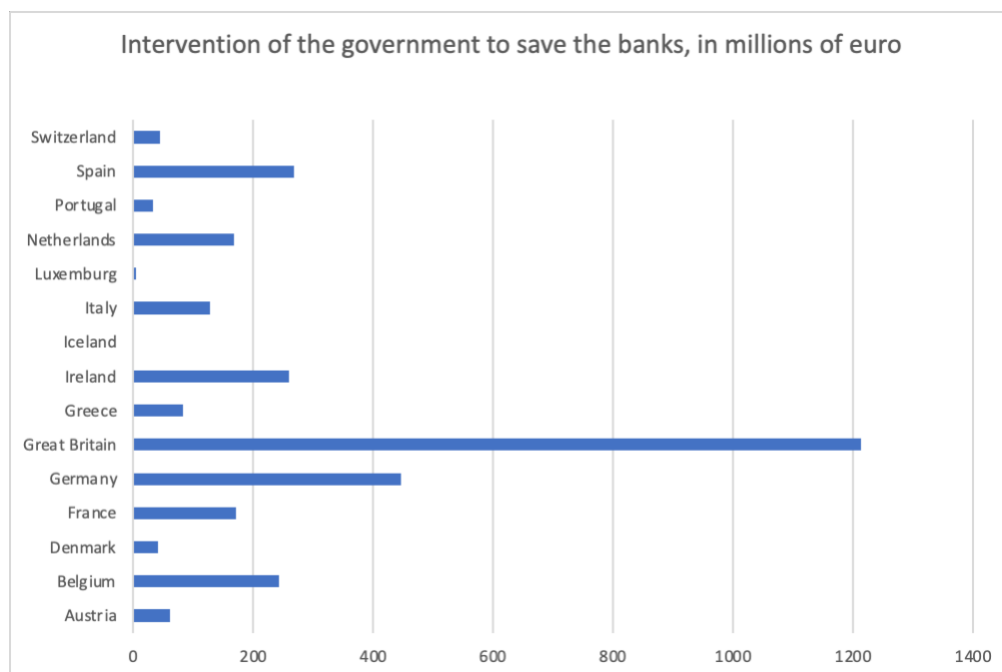
Nonetheless, this period did not represent the most challenging since the end of World War II. A more severe economic crisis unfolded from 2007 to 2008, originating in the United States and subsequently impacting the global economy. The roots of this crisis extend back several decades, marked by widespread financial deregulation. This deregulation enabled short-term capital accumulation but was characterized by high-risk actions, facilitated by reduced regulatory oversight. Common practices included issuing loans without sufficient coverage, transferring significant capital across borders, and leveraging property values to extremes.

This period of economic distress can be attributed to deeper structural factors, including escalating income inequality that hindered the improvement of living standards for a substantial portion of the population. This reduced demand for goods and subsequent investments in production capacity. Additionally, wealthier segments allocated a portion of their income to financial activities, often involving high-risk ventures, contributing to increased economic instability and stagnation. Signs of the impending crisis emerged in the 1990s and 2000s, marked by various financial crises worldwide. These crises affected nations like Japan, Mexico, Brazil, Venezuela, parts of Asia, Russia, and Argentina. The subprime mortgage crisis, characterized by risky mortgage practices, further exacerbated the situation. While it initially boosted housing prices, defaults on these mortgages ultimately led to financial instability and the insolvency of numerous financial institutions.

Although the crisis originated in the United States, its repercussions reverberated globally, particularly in Europe, where some countries were affected immediately, while others faced delayed consequences. The table below, extracted from Mediobanca, illustrates the interventions carried out in European countries. Notably, Italy's financial assistance was relatively modest

compared to other immediately impacted nations such as Great Britain, Ireland, the Netherlands, Germany, and Belgium.

Figure 1.12 Intervention of the governments to save European banks (in millions of Euro)



Source: Mediobanca.

The crisis escalated in 2010-2011 with the euro crisis, triggered by the high indebtedness of many countries resulting from recurring deficits in their balance of payments and public finances. Italy, grappling with substantial public debt since the 1990s, experienced a decline in domestic demand due to constraints on increasing budget deficits. Mitigation efforts were undertaken by the European Central Bank, including the implementation of the Fiscal Compact, which imposed mandatory criteria for deficits and debts in each country. Initiatives like the Outright Monetary Transactions program, involving the purchase of troubled state bonds, the establishment of the Banking Union to enhance ECB oversight across the Eurozone, and the introduction of Quantitative Easing in 2015 to combat deflation and increase liquidity, collectively played critical roles in averting further catastrophe.

The ever-present north-south divide

Before delving into the evolution of the Argentine economy over the decades, it is essential to explore the enduring issue of the North-South divide, a problem that persists to this day, even 160 years after the country's unification. This geographical disparity existed within the Italian peninsula even before unification, characterized by a stark contrast between the North and South.

Figure 1.13 Quantitative indicators of Italian regions during the unification period.

	Population ne 1861 (millions)	Railways in operation 1859 (Km)	Streets 1863 (Km)	Received by letter by inhabitant, 1862	illiterate ti1861 (%)	Primary school enrollment rate 1861 (%)
Piedmont	2,8	850	16.500	6,1	54,2	93
Liguria	0,8					
Sardinia	0,6	0	986	<u>n.</u>	89,7	29
Lombardy	3,3		20.901	5,3	53,7	90
Veneto	2,3	522	<u>n.d.</u>	<u>n</u>	75,0	n.d.
Parma-Modena	0,9				78,0	36
Papal State	3,2	0	<u>25.766(b)</u>	<u>2,7(b)</u>	<u>80,0(c)</u>	<u>25-35(c)</u>
Tuscany	1,9	101	12.381	3,1	74,0	32
Kingdom of the Two Sicilies	9,2	257 99	13.787	1,6	87,0	<u>18(d)</u>
Italy	25,0	1.829	<u>n.d.</u>	<u>n.d.</u>	75,0	<u>43(e)</u>

	<u>Production value</u> <u>agricultural (about 1857)</u> (a)		Import in 1858 (mln in lire)	Export ni, 1858 (mln in lire)	Set, 1857(g)	
	<u>Total</u>	<u>Per hectare</u>			<u>Number</u> <u>of trays</u>	<u>Silk value</u> <u>crude oil</u> <u>produced</u> <u>(millions of lire)</u>
	<u>(mln lire)</u>	<u>(read)</u>				
Piedmont	<u>516</u>	<u>169</u>	303	217		
Liguria	<u>48</u>	<u>23</u>	18	20	25.000	59
Sardinia	<u>48</u>	<u>23</u>	18	20		
Lombardy	<u>435</u>	<u>238</u>	86	127	34.627	80
Veneto	<u>270</u>	<u>128</u>	90	60	20.000	33
Parma-Modena	<u>197</u>	<u>174</u>	44	33	2.500	6
Papal State	<u>264</u>	<u>68</u>	72	63	5.000	12
Tuscany	<u>242</u>	<u>117</u>	79	45	3.300	
Kingdom of the Two Sicilies	<u>870</u>	<u>81</u>	<u>128(f)</u>	<u>139(f)</u>	14.400	8 35
Italy	<u>2.842</u>	<u>104</u>	820	703	104.827	233

Source: "Italy's North-South divide (1861-2011): the state of the art, Emanuele Felice, 2015.

The previous two tables, sourced from 'The North-South Gap in Italy 1861-2011' by Emanuele Felice, such as starting with the basic population figures for each region or area on pre-Unification Italy conditions, including transportation infrastructure such as roads and railways, as well as communication networks. Additionally, it delves into the analysis of human capital, utilizing metrics such as the illiteracy rate and the school enrollment rate. The second table, on the other hand, encompasses variables closely tied to the economic aspects of different regions. These include metrics such as the total and per hectare value of agricultural production in millions of lire, trade values for exports and imports, and lastly, the quantity of silk production, which was among the most prominently traded products during that era. All indicators concur in asserting that the Southern region (Kingdom of the Two Sicilies) lagged significantly behind the North (Piedmont, Liguria, Lombardy, Veneto), which was near the more developed European nations. Conversely, the central regions (those not explicitly mentioned) occupied an intermediate position. One notable exception is found in agricultural production, where the Kingdom of the Two Sicilies exhibited levels comparable to those of the central states.

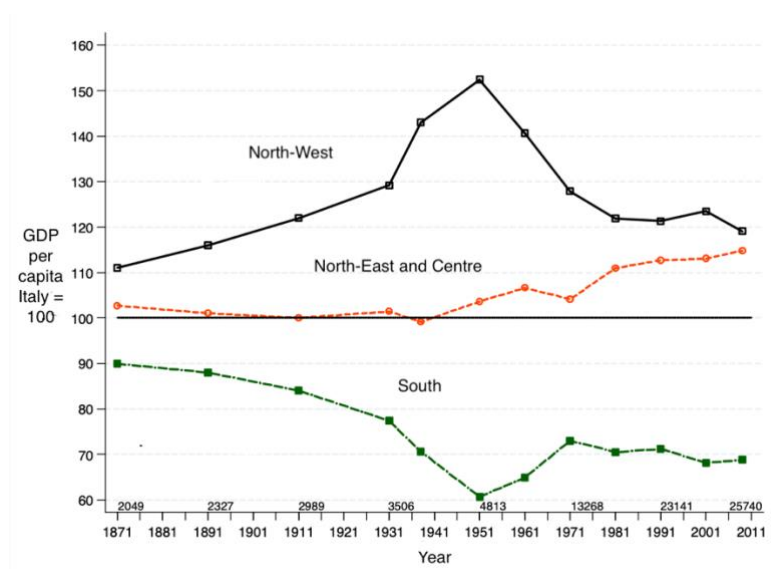
The crux of the issue lay in the low levels of these developmental prerequisites and social indicators.

It is worth noting that inequality was not limited to the North-South divide but also permeated within different regions that replaced the Kingdom of the Two Sicilies, manifesting as polarized wealth distribution favoring a select few.

The roots of these critical conditions in a specific region of Italy are intertwined with pre-Unification management. For instance, the latifundia system, as previously mentioned, favored large landowners at the expense of peasants. Additionally, the productive classes were marginalized from decision-making processes, which remained the purview of the reigning absolute monarchy (Felice, 2015).

From the Unification of Italy to the present day, the gap between the North, South, and Central regions have fluctuated, with periods of narrowing and widening disparities. The graph below illustrates income changes across these three major regions.

Figure 1.14 Gaps in the different macro-area from Unification to the present by GDP per capita, Italy= 100.



Source: "Italy's North-South divide (1861-2011): the state of the art, Emanuele Felice, 2015.

The chasm began to widen exponentially towards the end of the century, coinciding with the onset of industrialization and persisting for over 50 years until 1951. However, this period can be divided into two intervals, each characterized by distinct characteristics.

The first interval aligns with the Giolittian era and is attributed to specific economic policy choices that influenced the international division of the labor market. For example, the introduction of protectionist tariffs in 1886-1887 reduced labor demand, disadvantaging regions abundant in this resource. During this two-year period, the gap began to increase moderately, primarily due to factors such as mass emigration, which resulted in higher wages for those who remained, the return of emigrants with increased capital and financial resources, and the South's ability to export raw materials and agricultural products.

The subsequent period, between the two World Wars, saw a more significant increase in disparities due to various influential events. The outbreak of World War I necessitated increased industrial production within the industrial triangle. The protection of cereals introduced in 1886 became more stringent, and sanctions imposed during the invasion of Ethiopia hindered exports. The Second World War further exacerbated the South's plight.

By 1951, the gap among the regions was at its widest. However, the period of convergence commenced with the economic miracle, characterized by substantial growth in the South, fueled by nationwide economic development initiatives. The catching-up process began to stall in the 1970s, primarily due to the oil crisis, which adversely affected Southern factories. Furthermore, a local political and managerial class failed to resuscitate the Southern economy, leaving the situation largely unchanged until recent years.

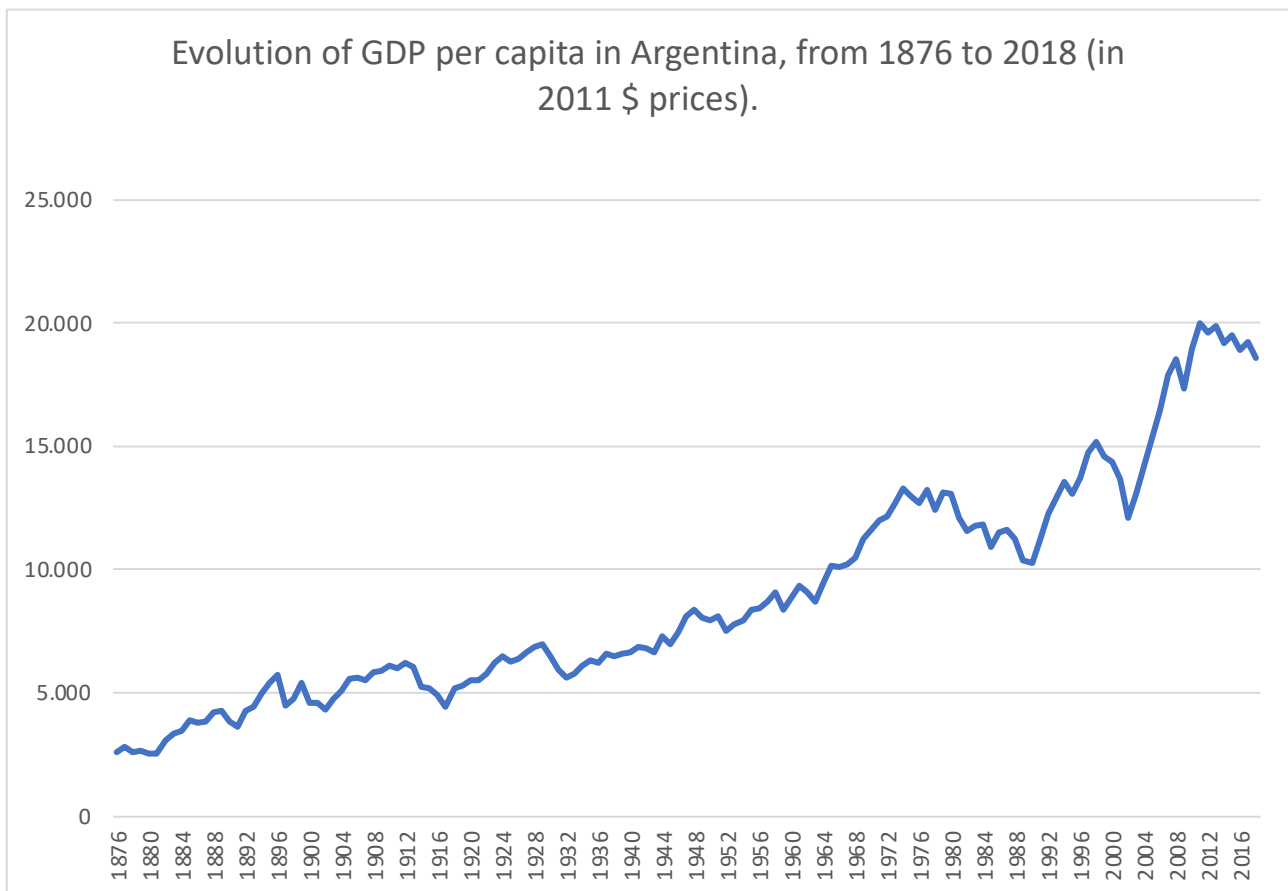
Historian Emanuele Felice attributes the enduring North-South gap in Italy to differences in institutional frameworks. For instance, the agrarian system was negatively impacted by the latifundia system and organized crime, which provided incentives contrary to legal practices.

These organizations have played central roles in economic life for an extended period.

Political institutions, despite their continuity, have relied on distinct methods. In the South, clientelism is prevalent, whereas the Center-North adopts a more meritocratic approach. This divergence is a legacy of the Bourbon Kingdom and the consequences of the latifundia system, which fostered significant inequalities. With the establishment of regional authorities and their expanded powers in the 1970s, these institutional differences were exacerbated. Consequently, the process of convergence experienced a hiatus during this period.

GENERAL INTRODUCTION TO THE ARGENTINEAN ECONOMY

Figure 1.15 Evolution of GDP per capita in Argentina, from 1876 to 2018.



Source: New Maddison Project Database, 2020.

The Argentine economy has followed a distinctive and more oscillatory trajectory compared to that of Italy, as clearly demonstrated in Figure 1.16, which is based on a reworking of data provided by economist Angus Maddison in 2020.

The choice to commence our analysis from 1876, rather than Argentina's independence, is justified by the scarcity of available data for the earlier period. Furthermore, it should be noted that the Argentine economy remained relatively stable for much of the 19th century. A significant turning point occurred with the influx of substantial European migration, which triggered notable economic growth in the country.

From 1876 onward, the Argentine per capita GDP experienced a period of consistent growth, notwithstanding brief interruptions due to temporary economic crises. As depicted clearly in the graph, the overall trend has been one of continuous growth.

However, in 1976, with the advent of the military dictatorship, Argentina faced a devastating economic crisis that led to a significant reduction in per capita GDP. Although there were attempts at economic recovery at the start of the new century, another crisis ensued, accompanied by a sharp decline in per capita GDP.

To analyze the evolution of the Argentine economy in a manner consistent with the previously discussed Italian context, this paragraph has been structured into three macro phases:

- From Independence to the First World War: During this period, Argentina experienced significant economic growth after a relatively flat start, largely owing to European immigration. The country became one of the world's wealthiest.
- The Interwar Period: During this time, Argentina managed to swiftly recover from the aftermath of the First World War due to its non-participation in the conflicts.
- From the Post-World War II era to the present: Starting from this period, after a decade of economic growth, Argentina entered a phase of increasing political instability with frequent changes in government. In 1976, a military regime was established, marking a turning point in the Argentine economy, which has not since regained the prosperity of the preceding century.

EVOLUTION OF ARGENTINE ECONOMY

From the independence to the first world war

After attaining independence in 1816, Argentina embarked on a century-long transformation, evolving from a nation on the periphery to one that experienced substantial global growth. Prior to this period, spanning from the early seventeenth century to the late eighteenth century, Argentina's economy was marked by regional subsistence systems under the dominion of the Spanish Empire (Hora 2010).

During this time, the production of grains and livestock was primarily for local consumption or local markets, with only a few exceptions, such as the export of mules to Upper Peru and leather to Europe. The agricultural sector faced productivity challenges, especially in transporting products over long distances. Livestock farming was small-scale compared to the larger economies of that era, and there were no significant deposits of precious materials, such as gold.

Argentina's economy remained isolated from global developments during this period (Hora 2010).

The economic focus was more on neighboring territories than on international trade, and the Spanish Crown displayed little interest in fostering the colonies' development. Consequently, the flow of labor and capital was minimal or nonexistent. This isolation resulted in sluggish economic growth, leaving the region far behind other colonial areas more closely tied to external trade, which enjoyed substantial growth. Only regions engaged in exportable activities, such as mining production for Upper Peru, experienced some degree of prosperity during this time.

The turning point came in 1820 with the end of a destructive civil war, setting the stage for

accelerated growth in the subsequent decades. By the late nineteenth century, Argentina experienced increased integration with the global economy, facilitated by improved transportation infrastructure, including railways and steam navigation. This era also witnessed an influx of capital and a significant wave of European immigrants. Government policies actively promoted exports, laying the foundation for a significant expansion in production (Ferrer 2004). The primary driver of this expansion was Argentina's abundance of high-quality natural resources, vast, fertile, and virtually limitless land, complemented by a favorable climate. These factors enabled the production of a wide range of goods, while modern production techniques further enhanced productivity, such as the transition from traditional livestock farming to more advanced sheep and cattle rearing (Hora 2010).

The growth of railways, particularly in the 1880s, was instrumental in facilitating the country's expansion. Over the decade, the railway network expanded from 2,500 kilometers to 9,000 kilometers, with continued growth thereafter. This expansion enabled access to new territories and the exploitation of new exportable products. By 1916, Argentina boasted 34,000 kilometers of railway lines, surpassing Mexico (25,000 km) and Brazil (22,000 km) but still lagging the United States (35,000 km).

The income level witnessed significant growth compared to previous periods, as indicated in the table below, sourced from Roberto Cortés Conde's work "La Economía Argentina en el Largo Plazo." Argentina's growth outpaced many industrial powers during this era.

Figure 1.16 Evolution of the GDP per capita in dollars from 1875 to 1913 and annual growth in percentage.

Country	1875	1899	1913	Annual growth 1875-1913
Argentina	334	946	1151	3,3%
Australia	1588	1450	1941	0,5%
Canada	631	1020	1466	2,2%
Italy	565	560	783	0,9%
Great Britain	1041	1386	1492	1,0%
United States	826	1387	1815	2,1%

Source: "La economía argentina en el largo plazo (siglos XIX y XX)", Roberto Cortés Conde, 1997.

Exports of primary products emerged as the engine of economic growth. Wool dominated exports from 1840 to 1880, gradually replacing other products such as leather and beef derivatives.

Toward the end of the century, the export structure shifted once more, favoring new commodities like cereals, flax, and frozen meat (particularly sheep and cattle).

The following table, drawn from "El péndulo de la riqueza: la economía argentina en el periodo 1880-1916" by Fernando Rocchi, illustrates the growth of key export products over this period.

Exports surged ninefold during this era, mainly due to Argentina's participation in an international trade surge toward the end of the century. Advanced economies underwent a second phase of industrialization, driving demand for both food and raw materials.

Figure 1.17 Main exports of Argentina, 1881-1914 (in thousands of gold pesos).

Year	Wool	Meat refrig. sheep	Wheat	Corn	Linen
1881	30,432	---	---	147	604
1885	35,950	75	---	3,140	3,471
1890	35,522	1,633	---	9,837	1,229
1895	31,029	1,675	64	19,472	8,287
1900	27,992	2,265	2,459	48,628	10,674
1905	64,313	6,289	15,286	85,883	26,234
1910	58,848	6,008	25,371	72,202	44,604
1914	46,968	4,695	36,897	37,166	42,948

Source: "El péndulo de la riqueza: la economía argentina en el periodo 1880-1916", Fernando Rocchi, 2014.

Immigration played a pivotal role in Argentina's economic development, as it brought in a motivated, skilled labor force with strong entrepreneurial and organizational qualities. This immigrant population, combined with overall population growth, reduced the proportion of children and the elderly in the total population, bolstering the workforce (Hora 2010).

Industrialization also gained momentum around the 1870s, with the production of various consumer goods. This growth accelerated exponentially in the 1890s, as factories producing consumer goods for various sectors, including clothing and hardware, emerged. Modern machinery and economies of scale allowed some factories to achieve standardized production.

Although the agricultural and livestock sectors primarily targeted the domestic market, industrial products primarily served the domestic market due to the absence of their own comparative advantages. These factories were concentrated in the capital, where one-third of the economically active population was employed (Rocchi 2014).

Urbanization paralleled economic growth, with cities expanding and demanding a wide range of goods and services. This transformation of urban landscapes, marked by taller, ornate buildings, attracted foreign citizens and contributed to Argentina's image as an emerging economic power.

Consequently, the construction sector became a lucrative market, demanding significant resources. The table below, based on Roberto Cortés Conde's analysis, underscores the growing importance of domestic market sectors over time.

Figure 1.18 Relative weigh of the sectors of Argentine economic activity 1881-1916 (in percentages of total product).

Year	Industry	Agriculture	Livestock	Transport C	Commerce G	Government	Constr.
1881	10.7	5.3	57.8	1.4	18.6	No data	6.2
1885	9.0	6.4	42.5	1.9	16.3	6.6	17.3
1890	13.4	12.9	27.8	2.9	19.4	5.3	18.2
1895	13.8	21.3	30.4	3.0	19.9	5.2	6.0
1900	18.2	19.7	24.2	4.3	19.5	6.4	7.8
1905	22.1	18.9	17.1	3.9	19.5	3.8	14.7
1910	22.8	15.0	17.2	5.2	19.1	4.8	15.9
1916	27.8	18.3	18.3	5.7	22.0	4.0	3.9

Source: *“El péndulo de la riqueza: la economía argentina en el período 1880-1916”*, Fernando Rocchi, 2014.

The expansion of the domestic market was remarkably rapid, mirroring the growth in exports.

From 1881 to 1916, it surged ninefold (Rocchi 2014). This growth was exceptional when compared to other countries; for instance, Mexico and Great Britain experienced threefold increases, while the United States saw a fivefold rise.

Until the middle of the century, Argentina remained weakly integrated into the global capitalist market, primarily due to the absence of necessary conditions for participation. The nation lacked the capital and population required to produce goods for large-scale exports, and the existing political order did not provide the measures needed to secure these necessary resources.

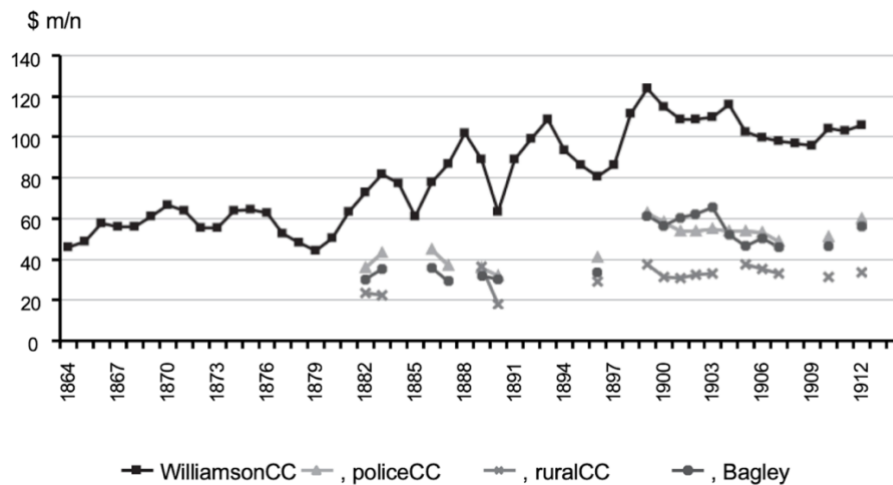
However, this situation underwent a transformation over a 30-year period. The state began to guarantee legal security, private property rights, and the free movement of capital, which led to increased foreign investment and immigration. While integration with global capitalism brought substantial growth, it also exposed Argentina to crises characterized by cycles of contraction and

vulnerability inherent to this economic system.

The first such crisis occurred in 1866, which negatively impacted wool exports. In 1873, Argentina faced a broader economic downturn due to a trade balance deficit, where imports significantly exceeded exports. Subsequently, the country weathered two additional crises in the last decade of the 19th century. The first, in 1890, resulted from a sharp depreciation of the peso, the national currency, due to intense speculation. The second, in 1897, emerged as many companies faced bankruptcy due to fierce competition leading to lower prices and reduced profits (Ferrer 2004). Remarkably, all these crises were promptly resolved, partly due to strong exports and the optimistic view of Argentina's prospects. Negative phenomena were considered temporary, which encouraged continued capital inflow. Although economic growth was robust, it was not evenly distributed across all regions. The gap between the interior and the coastal region widened further, with the coastal area benefiting significantly from its ties to the Atlantic economy, resulting in higher living standards for its inhabitants (Ferrer 2004).

Moreover, even within various cities, not all workers enjoyed equal benefits. Argentina, it can be argued, became wealthier but also more unequal. The following chart, drawn from two works by Jeffrey Williamson, "Real Wages and Relative Factor Prices in the Third World, 1820-1940," and Roberto Cortés Conde, "El progreso argentino, 1880-1910," provides further evidence of these disparities.

Figure 1.19 General evolution of real wages and in three different segments of the labour markets (police workers, rural workers and industrial workers at Bagley company).



Source: “Real Wages and Relative Factor Prices in the Third World, 1820-1940”, J. Williamson, “El progreso argentino, 1880-1910”, Roberto Cortés Conde, 1979.

The Pampas region reaped the most significant benefits, as it was the primary source of exported products. In contrast, other areas experienced varying degrees of growth, largely dependent on their level of integration with the global market, particularly in terms of trade in goods. Some regions established ties with the international market through specific products, while others, predominantly those situated on political borders, engaged in trade with neighboring countries. However, the outcomes varied due to the limited economic resources of these states. For some regions, selling their products to the Pampas region proved to be the most viable option.

Nonetheless, certain regions were unable to produce goods at a large scale, either for domestic consumption or foreign markets, and thus relied on state subsidies to sustain themselves. (Hora 2010)

The era of prosperity came to an end with the outbreak of World War I, ushering in subsequent periods of smaller and slower growth. The closing of borders, coupled with the exhaustion of available territories, limited the agricultural sector's expansion, which had previously acted as an

economic engine. Due to the resulting uncertainty, investors became hesitant about the future, leading to reduced capital inflow. The construction sector was particularly affected.

Argentina's economy had to shift its reliance toward other sectors more oriented toward the domestic market, particularly the manufacturing industry. However, these sectors proved to be less efficient, dynamic, and competitive, and as a result, they struggled to deliver substantial gains. Furthermore, economic conflicts intensified as debates centered around distributive struggles (Hora 2010).

Between the two world wars

After a period of uncertainty during the First World War, Argentina experienced a resurgence in economic growth, accompanied by a renewed sense of optimism in society regarding the future. Although this rebound did not reach the same levels observed at the beginning of the century, the slowdown was relatively modest and went largely unnoticed by contemporary observers (Gerghunoff and Aguirre 2006).

The subsequent tables, compiled from a re-analysis of data originally gathered by Maddison (2003), affirm the favorable economic situation in Argentina following the conclusion of the Great War. Notably, the disparity in GDP across various income levels remained modest. Furthermore, GDP per capita surpassed its early-century levels and exceeded that of all major global powers, with the exception of Brazil.

The long-term trend in GDP (as depicted in the third table) exhibited a marginal decrease of 1%, which remained one of the smallest declines among the world's leading economies.

Figure 1.20 GDP evolution, in levels, per capita and trend, 1900-1928 (Annual average growth rates, %).

(Average annual growth rates, %)

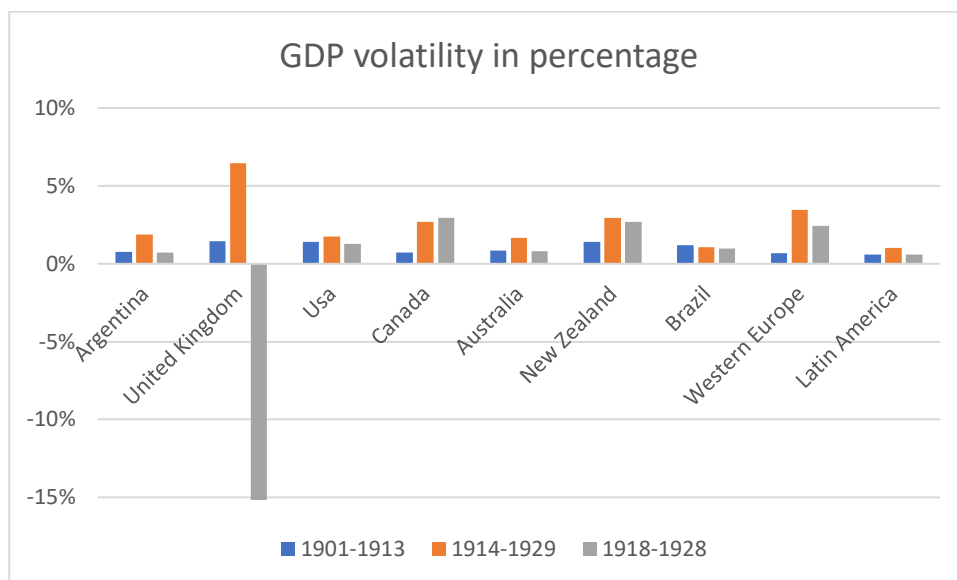
(to)	GDP measured in levels		
	Country	Belle époque 1900 / 1913	1918/1928
	Argentina	6.43	5.76
	United Kingdom	1.51	-0.40
	USA	3.95	2.95
	Canada	6.24	3.46
	Australia	3.96	4.03
	New Zealand	4.01	2.79
	Brazil	3.54	5.81
	Western Europe (12 countries)	2.29	2.52
	Latin America (8 largest economies)	4.04	4.59
(b)	GDP per capita		
	Country	Belle époque 1900 / 1913	1918/1928
	Argentina	2.50	2.83
	United Kingdom	0.70	-0.19
	USA	2.01	1.50
	Canada	3.31	1.54
	Australia	1.95	1.71
	New Zealand	1.40	0.46
	Brazil	1.38	3.67
	Western Europe (12 countries)	1.40	2.27
	Latin America (8 largest economies)	2.24	2.67
(c)	GDP trend		
	Country	Belle époque 1900 / 1913	1918/1928
	Argentina	5.72	4.91
	United Kingdom	1.62	0.40
	USA	3.35	3.26
	Canada	5.79	3.10
	Australia	3.98	2.66
	New Zealand	4.05	1.67
	Brazil	3.30	4.21
	Western Europe (12 countries)	1.93	2.11
	Latin America (8 largest economies)	3.59	3.92

Source: "La economía argentina entre la gran guerra y la gran depresión", Pablo Gerchunoff, Horacio Aguirre, 2006.

The subsequent graphs, derived from an analysis of Maddison's 2003 data, illustrate Argentina's favorable economic situation following the conclusion of the Great War. Notably, the GDP volatility increased primarily due to the impact of the Great War. However, significant disparities can be observed between the rates during the periods of 1914-1929 and 1918-1928. Argentina,

despite not experiencing critical conditions, managed to maintain a relatively low volatility rate, especially in comparison to other major global powers, most of which faced increased instability.

Figure 1.21 GDP volatility rate in percentage from 1901 to 1929 (coefficients of variation of annual growth rates).



Source: "La economía argentina entre la gran guerra y la gran depresión", Pablo Gerchunoff, Horacio Aguirre, 2006.

In just four years, Argentina managed to recover nearly the entire growth rate witnessed during its best period. Remarkably, this was achieved under entirely different circumstances, both domestically and internationally. Domestically, Argentina grappled with the depletion of available arable land, while internationally, terms of trade deteriorated, and incoming capital declined by 20% in the eight years following the outbreak of the war (Gerchunoff and Aguirre, 2006).

The relative prices of exported goods decreased, leading to a situation where Argentina's production, while still growing, decreased in value concerning foreign currencies due to the depreciation of the peso. The growth of exports also exhibited disparities; in the period of 1918-1928, they grew by 3%, whereas during the first two decades of the century, they had increased by

an average of 10%. However, the situation improved in 1923 when export prices began to recover, and foreign capital inflow resumed.

The Great War brought changes to Argentina's production system, as industrial production gained greater importance during the wartime disruption of trade flows, leading to the promotion of import substitution. Industrial growth rates had been higher than those of agriculture and livestock production for some time, and this trend continued. While agricultural and livestock sectors saw their gross product grow by almost 90% between 1900 and 1913, industrial production expanded by approximately 140% during the same period, although it started from a comparatively lower base (Gerchunoff and Aguirre, 2006).

Industrial production continued to thrive, even as agriculture rebounded, thanks to structural changes brought about by the second industrial revolution. Innovations like electricity and internal combustion engines introduced new production methods and previously unknown products, such as electrical appliances, which tripled from 1926 to 1929. The market also attracted foreign investments, with around 300 foreign companies establishing themselves from 1916 to 1929. Consumer preferences shifted towards luxury items like cars, phonographs, and radios, replacing generic goods (Gerchunoff and Aguirre, 2006).

In numerical terms, this shift is demonstrated by purchases from abroad as a percentage of final demand for industrial goods, which rose from approximately 60% in the pre-war years to nearly 40% in the last year of the conflict, ultimately stabilizing at around 50% in subsequent years.

Real wages initially decreased due to post-war inflation but subsequently increased as manufacturing activities boomed, construction recovered, and labor conflicts became more prominent. Over a five-year period from 1918 to 1923, real wages doubled, benefiting all segments of society, including the working class. Wages continued to increase by 20% over the following five years, thanks to government initiatives and a decrease in the cost of living. In

Buenos Aires, the working day even shortened from 9 to 8 hours, reflecting improvements in workers' living conditions.

The post-war period in Argentina is noteworthy because it achieved growth despite an adverse economic environment marked by contraction, exchange rate and price instability, which sharply contrasted with conditions at the beginning of the century. Just a few years later, Argentina appeared to have returned to a semblance of normality.

On the global stage, participating countries emerged from the war with various problems, including high inflation, volatile exchange rates, and industrial apparatus destruction in Europe. Central banks were also beginning to lose their independence, and trade unions gained importance, making it increasingly difficult to implement the deflationary adjustments that had provided flexibility to the gold standard.

However, after a decade of apparent normalcy, the world was hit by a severe economic crisis in 1929, with characteristics that would forever alter the landscape of the world economy. This crisis was marked by widespread deflation, which resulted in reduced prices, wages, and industrial production, thereby affecting international markets and the demand for raw materials.

Argentina faced two key issues during this period. Firstly, its balance of payments deteriorated due to falling export prices following a decline in overall price levels. Secondly, the country experienced an oversupply of agricultural products, as did many other nations. The price of wheat, for instance, decreased dramatically within a year, dropping by 30% from May 1928 to May 1929. This trend was mirrored across the entire rural market (O'Connell, Seibert).

Additional factors contributing to the crisis included a reduction in foreign capital inflow and losses in the 1929-1930 harvest. Argentine export prices fell by 64% from 1928 to 1932, accompanied by a corresponding drop in import prices, signaling a significant reduction in economic activity (O'Connell, Seibert).

Once again, Argentina initiated a process of import substitution to reduce dependence on foreign markets, emphasizing the importance of the industrial sector. This resulted in a smaller trade deficit and a shift in production structure, with industry playing an increasingly significant role. Textile and automotive industries grew, and road construction, household appliances, cables, and lamps witnessed expansion. Between 1935 and 1939, industrial GDP doubled, and a similar trend occurred during the Second World War. During this period, the country also experienced a growth in production plants and labor force. In 1944, industrial GDP surpassed agricultural GDP for the first time, prompting significant changes in Argentina's social structure and labor dynamics. The recovery of agricultural production during this period was comparatively slower. The social structure experienced a significant shift as the urban workforce expanded, leading to migrations from rural to urban areas (Rapoport, 2007).

In 1933-34, it appeared that Argentina had resolved its problems as export prices increased by 43%. Although this growth continued, albeit at a reduced rate, until 1937, the situation changed when a drought caused cereal prices to fall globally. Moreover, foreign capital, which had begun to return during the recovery, once again declined, causing the trade balance to turn negative and a slight dip in GDP (O'Connell, Seibert).

In 1939, the Second World War began, and Argentina initially declared itself neutral, as it had in previous major conflicts, such as the First World War and the Spanish Civil War. It wasn't until March 1945, under pressure from the Allies, that Argentina joined other Latin American countries in participating in the newly formed United Nations organization. It is important to note that Argentina's neutrality during this period did not extend to its economy. In fact, throughout the conflict, supplies to Great Britain continued, while trade with Axis countries ceased.

From peronism to the present

Following the conclusion of the Second World War, Argentina experienced a remarkable economic situation, driven primarily by its supply of food products to the participating countries in the conflict. Additionally, Argentina found itself in a favorable credit position when compared to other nations, particularly Great Britain. However, this period of economic prosperity marked a turning point for Argentina, as it soon encountered a period characterized by economic and political turbulence. This turbulent era eventually culminated in the heightened risk of bankruptcy in 1982 and the grappling with a formidable foreign debt burden (Silvestri 2004).

The subsequent decade came to be known as the era of 'Peronism,' named after its leader, Juan Domingo Perón. In a relatively short span of time, Perón transitioned from being a colonel to democratically elected President of the Republic. His ascendancy was notably supported by trade unions and the working classes, marking a historical milestone in Argentine politics.

With a surplus in its trade balance, substantial reserves of gold, and a robust employment landscape, Argentina appeared poised for a prosperous future. President Perón pursued a policy of economic nationalism, which involved a concerted effort to replace imports, with particular emphasis on the manufacturing and light industry sectors, often at the expense of heavy industry. This approach aimed to bolster domestic production and was partly motivated by concerns about potential repercussions in the event of a large-scale international conflict, which could disrupt international trade.

The preference for light industry was also rooted in its potential to alleviate unemployment and redistribute income favorably among urban working classes. During the period from 1946 to 1949, real income surged by 40% (Silvestri 2004). However, it's worth noting that these initiatives did not

prioritize long-term economic growth as an objective.

Consequently, these policies had unintended consequences, including escalating inflation, the growth of budget deficits, and the deterioration of the trade balance. Despite these challenges, they garnered support from economic classes that were primarily aligned with Perón.

The state expanded its role within the national economy by acquiring and nationalizing foreign companies, particularly those with monopolies over public utility services. For instance, the railway network, once owned by British companies, became a state-owned asset, albeit at a high cost for maintenance. A similar nationalization process applied to the telephone network, previously owned by an American company. The government also undertook initiatives to enhance state presence, including the construction of hydroelectric power plants, gas pipelines, urban transport services improvement, the establishment of a national airline (Aerolinea Argentinas), and involvement in the war industry. Notably, the most significant intervention involved the nationalization of the Banco Central. Furthermore, resources were redirected from the agricultural sector to the industrial sector. However, this strategy inadvertently reduced the efficiency of agricultural production, as prices failed to cover the rising labor costs. The cultivated surface area dwindled, exacerbating the trade balance woes. Although Argentina's GDP experienced a notable 29% increase from 1945 to 1948, vulnerabilities emerged, such as a fiscal deficit that reached 13.4% of GDP in 1948, the neglect of heavy industry intended for international markets, and the weakening of the agricultural sector (Silvestri 2004).

In 1949, this positive trajectory began to reverse. The trade balance registered a deficit, and the nation's dependence on raw materials resulted in escalating production costs and consumer prices. Inflation surged to 29%, leading the nation into a recession. Furthermore, Argentina faced challenges due to its strained relations with Western countries, particularly the United States.

Disagreements stemming from Argentina's neutrality during the Second World War and the

United States' imposition on all Marshall Plan countries not to purchase Argentine products exacerbated the country's economic predicament.

The crisis reached its zenith in 1952, marked by a 6% decline in GDP, an alarming inflation rate of 50%, a halving of exports compared to previous years, and a 20% decrease in real wages within four years (Silvestri 2004). During the same year, a plan was introduced to revitalize the primary sector, and efforts were made to attract foreign investments by moving closer to Western ideologies. Despite some success in reducing inflation and rebalancing the balance of payments, industrial production continued to decline. The recession persisted until 1954, at which point the country began to show signs of recovery, albeit without Perón, who was ousted the following year due to escalating political conflicts, particularly with the Catholic Church.

During Perón's tenure, the party veered towards increasing authoritarianism. Following his removal, Argentina experienced two decades of instability, marked by military coups that overthrew democratically elected governments. Notably, despite the ongoing political turmoil, the country still experienced economic growth, and income distribution did not worsen significantly.

This period of intense industrialization did not result in the typical debt accumulation seen in previous phases, but rather in balance of payments crises, driven by the expansion of the secondary sector. Argentina's economy became increasingly reliant on both domestic and international markets. However, as industrial production and local consumption surged, imports grew to acquire more capital goods, while exports declined due to rising wages and income levels.

The trade deficit and the depreciation of foreign currency values led to increased prices for agricultural export products, subsequently pushing the external sector into a crisis. This situation contributed to high inflation rates and the implementation of restrictive monetary policies.

The process of industrialization evolved between the 1950s and 1960s, shifting from solely catering to the domestic market to necessitating external capital. Consequently, Argentina began

efforts to export manufactured goods beyond satisfying domestic demand. The country experienced a growth pattern marked by economic expansion interrupted by inflationary episodes and balance of payments crises until 1963. After this point, Argentina entered a phase of uninterrupted growth, with an average annual growth rate of approximately 5% (Rapoport).

In 1976, the year the military dictatorship took office, proved to be a pivotal moment in Argentina's history. This marked not only a significant political and social shift, marked by the disappearance of over 30,000 people (desaparecidos), but also a pressing need to overhaul the existing economic structure. Despite the sustained economic growth of the preceding decade, the role of the state came under scrutiny, as it had been directly involved in economic activities.

This period witnessed the dismantling of key characteristics of the Argentine economy, including increased financial deregulation and openness to the global market, both of which negatively impacted the trade balance. The financial sector gained dominance in resource absorption and allocation, leading to a substantial rise in interest rates.

The beginning of the new decade coincided with a global recession following a substantial increase in interest rates (from 6% to 14%) aimed at countering rising fiscal deficits in the United States.

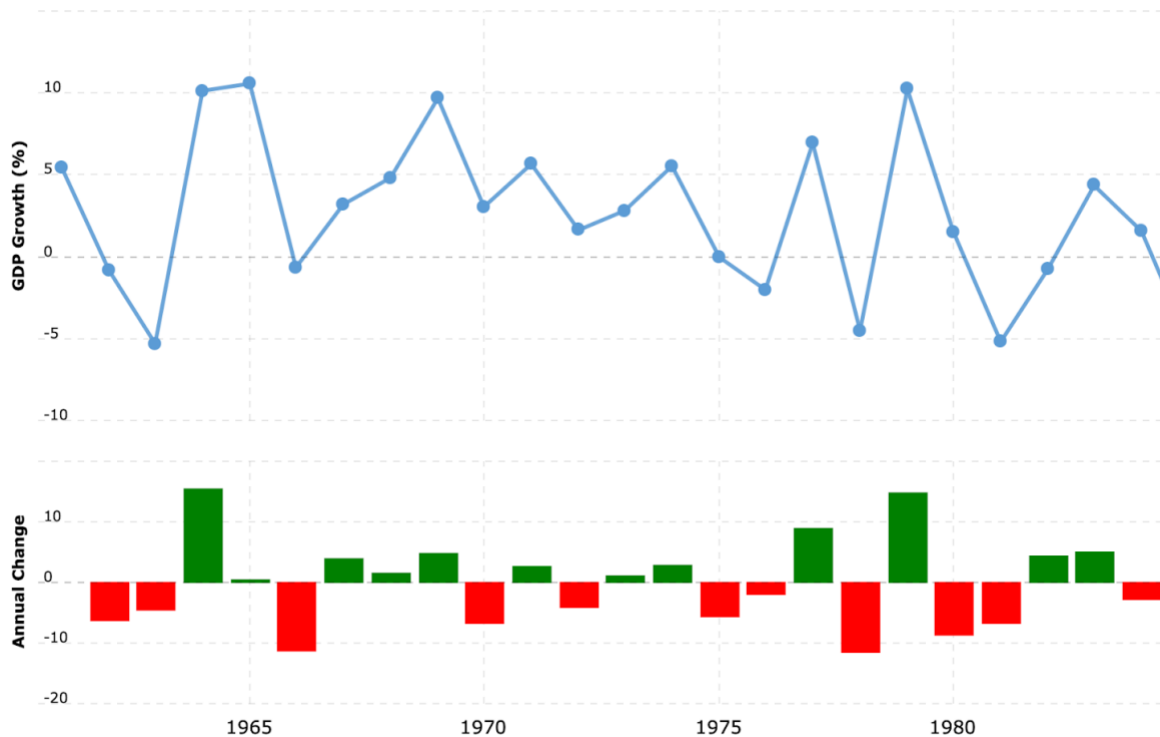
Latin American countries faced turmoil, having borrowed significant amounts of foreign capital, and now contending with substantially higher interest rates. Mexico was one of the first countries affected, declaring a moratorium in 1982. Argentina had already begun to experience adverse consequences the year prior, including a sharp devaluation of its currency, the resurgence of inflation, and an increase in foreign debt, which surged from 8 billion in 1975 to 45 billion in 1983.

These challenges were compounded by issues such as corruption and heightened military expenditures (Rapoport).

The graph below, sourced from "Macrotrends.net," underscores this period of instability by

illustrating GDP growth for each year and its annual variations, which lack a coherent trend, fluctuating between positive and negative values.

Figure 1.22 GDP growth for each year, nominal and in percentage (1962-1983).



Source: Macrotrends.net.

Following the military regime's defeat in the Falklands War, democracy was reinstated in Argentina. Despite the restoration of political stability, the costs and debt continued to escalate, dampening prospects for economic recovery. The new government pursued greater integration into the international market. In 1985, Argentina signed a regional integration agreement with Brazil, a precursor to the formation of the Southern Common Market (Mercosur) a decade later, involving Uruguay and Paraguay. This agreement expanded regional markets and strengthened ties between member states (Rapoport 2007).

The 1990s ushered in significant changes, characterized by the fall of the Berlin Wall, the dissolution of the Soviet bloc, technological advancements, and financial globalization, all of which

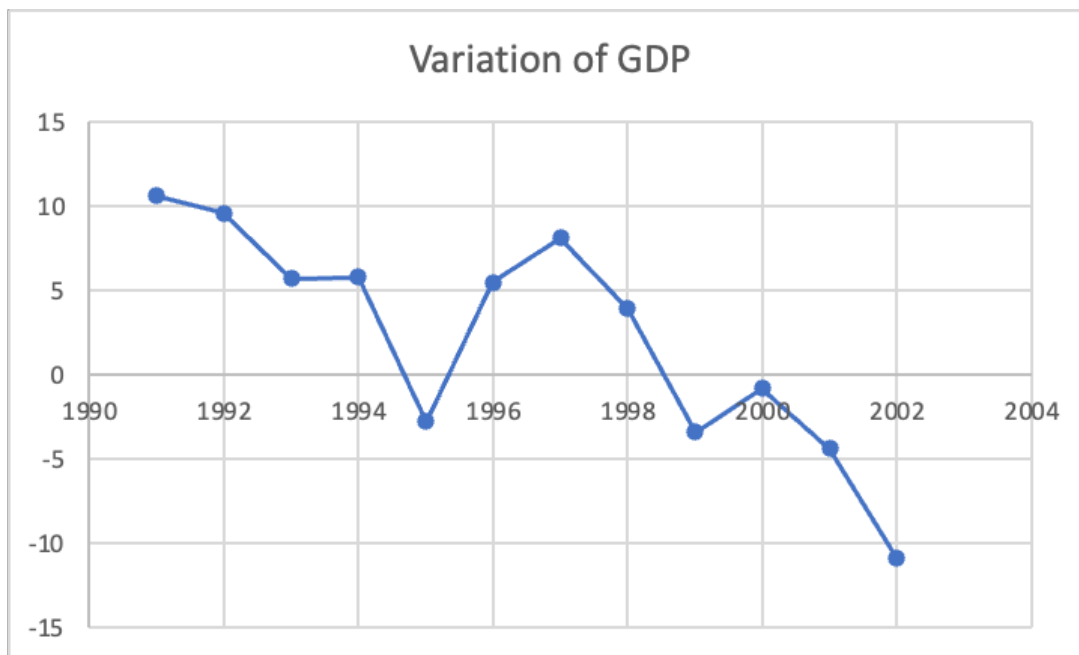
contributed to the expansion of international markets. Consequently, Argentina attracted substantial foreign capital, seeking higher returns without adequately considering its economic vulnerabilities. This influx of foreign capital resulted in an unmanageable external debt burden and a severe inflationary crisis (Rapoport 2007).

Efforts were made to address this challenging situation, including:

- The implementation of a convertibility system aimed at overvaluing the peso.
- Deregulation of the financial system.
- Extensive opening of the economy.
- Labor market flexibility and wage adjustments.
- Privatization of services previously under state control for nearly four decades, often marred by corruption.

However, these measures failed to enhance the country's productive capacity, benefiting only select sectors such as agriculture and the automotive industry. Conversely, other segments of the industrial sector faced substantial challenges, causing the sector's contribution to GDP to decline from 27% to 15% by 2002 (Rapoport 2007). While the initial years of the decade witnessed high growth rates, they proved fragile and unsustainable over time. The culmination of these economic issues occurred during the major collapse of 2001-2002, as depicted in the graph below, compiled from data provided by the "Ministero de Economía de la Nación."

Figure 1.23 Variation of GDP growth, in percentage (1991-2002).



Source: Ministerio de Economía de la Nación.

One adverse consequence of increased integration with international markets was the susceptibility to financial crises in Southeast Asia and Mexico, along with the devaluation of Brazil's currency. This led to a reduction in foreign capital inflows, which had been a crucial income source for the Argentine economy due to the reforms enacted in prior years, amounting to more than \$120 billion. These external factors halted economic growth, leading to further difficulties. Additionally, the IMF and other international financial institutions exerted pressure on the Argentine government to implement austerity measures, including salary and wage cuts, tax hikes, and interest payments on debt to reduce the deficit. However, the desired outcomes were not achieved. On the contrary, the banking system faced significant challenges, making it impossible for the public to access their savings. Widespread protests and demonstrations erupted, involving both unemployed individuals and the employed workforce. These factors eventually led to the

tragic events of 2001, during which a government fell for the first time without military intervention. Subsequent outcomes included currency devaluation and the suspension of foreign debt payments. Poverty rates rose from 32.2% in 1990 to 41.5% in 2002, and income inequality also escalated, with the wealthiest 10% of the population increasing their share from 34.8% in 1990 to 42.1% in 2002 (CEPAL 2002-2003). Unemployment rates surged significantly, as illustrated in the table below, compiled from data from the World Data Bank.

Figure 1.24 Unemployment rate in Argentina, in percentage (1991-2002).



Source: World Data Bank.

The period spanning from the conclusion of World War II to the significant crisis of 2001-2002 can be segmented into two distinct intervals. Between 1949 and 1974, Argentina experienced remarkable economic growth, with a 127% increase in its GDP and a staggering 232% expansion in industrial GDP. However, from 1974 to 1999, GDP exhibited only a modest 55% increment, while industrial GDP saw a meager 10% rise.

Subsequently, in the years 2003-2007, under a new government, the economic landscape exhibited signs of improvement. To stimulate consumption and mitigate economic challenges,

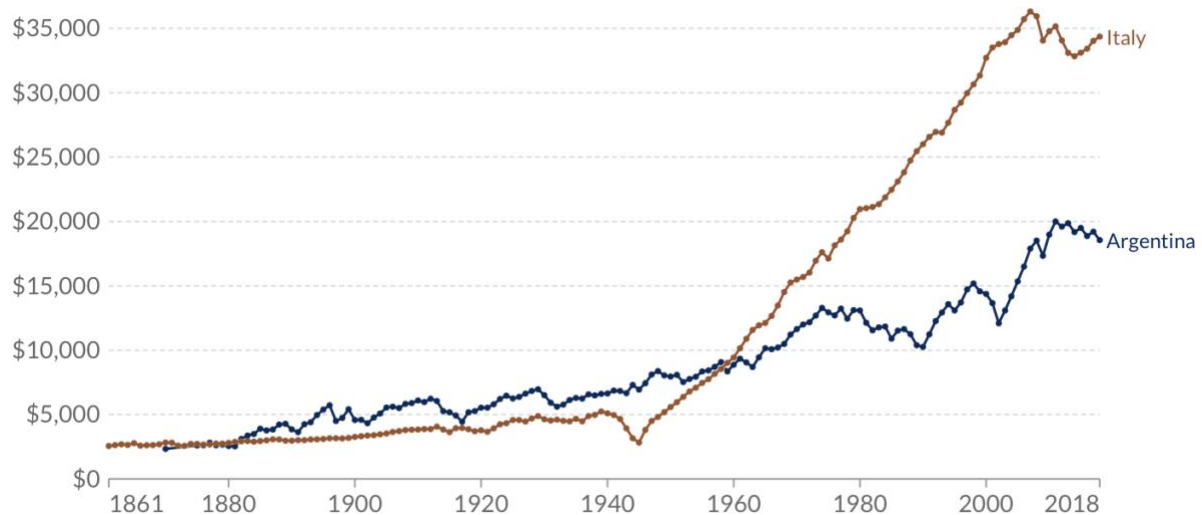
policies were enacted to raise wages. Additionally, enhanced regulatory measures were implemented, encompassing greater oversight of exchange rates and prices, with the aim of averting hyperinflation.

The result was a notable upturn in GDP, accompanied by reductions in unemployment and poverty rates. Concurrently, efforts were made to restructure the national debt, albeit its enduring magnitude. This restructuring sought to address the default situation by securing more favorable interest rates and extending the debt's maturity. Furthermore, the trade balance experienced positive developments due to amplified prices for exported goods and heightened international demand. The increase in wages further catalyzed consumption, synergizing with the augmented regulatory oversight of exchange rates and prices.

BETWEEN PAST AND PRESENT: DIFFERENCES AND SIMILARITIES BETWEEN ITALY AND ARGENTINA

"In summary of the preceding two sections, Italy and Argentina, though their histories were intertwined during periods of significant migration, exhibit distinct economic evolutions characterized by numerous disparities and few commonalities. To better dissect these trends, we turn to the following table, sourced from the 'Our World in Data' website and a reevaluation of data from the 'Maddison Project Database 2020'.

Figure 1.25 Evolution of GDP per capita from 1861 to 2018 of Italy and Argentina (in dollars).



Source: Our World in Data.

The table delineates the evolution of GDP per capita in both countries from 1861, marking Italy's declaration of independence, to 2018, the most recent year for which data is available. In the initial two decades, the economic trajectories of both nations exhibited substantial similarity. However, beginning in the 1980s, Argentina's economy embarked on an exponential growth trajectory, elevating it to one of the world's wealthiest nations. Conversely, Italy's growth lagged,

often slipping into negative territory. The shift in fortunes commenced following World War II. Italy witnessed an 'Economic Miracle,' becoming one of the world's fastest-growing economies. Conversely, Argentina sustained its growth, albeit at a decelerated pace relative to earlier decades. From the mid-1970s to the present, Argentina endured profound economic crises, resulting in a considerable divergence between the two nations.

These divergent trajectories are attributable to both internal and external factors, as well as the nations' adeptness at capitalizing on opportunities. Argentina's development is largely rooted in the exploitation of abundant natural resources, bolstered by a mild climate, fertile lands, and an influx of labor through immigration. This confluence facilitated robust growth via product exports, marked by their unique quality.

In contrast, Italy grappled with post-unification instability, stemming from stark regional disparities that had persisted until a few decades earlier. Additionally, Italy's involvement in both World Wars necessitated significant economic commitments and the diversion of resources to support war efforts. The era of fascism introduced further complications, exacerbated by the Wall Street stock market crash. During this period, ill-advised policies such as autarky strained an already limited industrial base, and military conflicts (e.g., the Invasion of Ethiopia, support for Franco in the Spanish Civil War, and the Albania Campaign) engendered economic sanctions and unnecessary expenditures.

As mentioned previously, the turning point occurred post-World War II, with international relationships playing a pivotal role. A significant catalyst for economic development was the Marshall Plan, representing U.S. economic aid aimed at averting future conflicts. This infusion propelled Italy's economy, while Argentina continued to grow, albeit at a reduced pace due to diminishing natural resources.

Furthermore, Argentina, as a Latin American nation, grappled with over four decades of political

instability, marked by numerous elected governments being overthrown by military coups, culminating in the establishment of a military dictatorship in 1976. This event triggered GDP declines and heightened volatility. The country's excessive reliance on foreign capital further exacerbated its economic fragility, with periods of capital inflow falling below expectations, precipitating economic crises in the 1990s and the severe default crisis of 2001-2002. A modest recovery ensued in the subsequent four years under a new government.

Presently, both nations confront challenging economic circumstances. Recent global economic crises, namely the 'Severe Economic Crisis of 2008' and the 'Covid-19' pandemic, have inflicted considerable setbacks on economies worldwide. Even today, the path to recovery remains slow and arduous."

CHAPTER 2: THE GREAT ITALIAN EMIGRATION TO ARGENTINA BETWEEN THE 19TH AND 20TH CENTURIES, CHARACTERISTICS AND DIMENSIONS OF THE FLOWS

INTRODUCTION

The second chapter delves into the significant migratory flows of Italian citizens who, starting in the last decades of the nineteenth century, left their homeland in search of opportunities in Argentina, a nation belonging to the New World, namely the American continent. The Italian migratory flow, and more broadly, the migration of all European citizens, holds great significance as it decisively contributed to shaping a new identity for Argentina, encompassing cultural, social, and economic aspects.

This chapter will be structured into several major subsections:

1. Exploring the motivations that drove many Italians to emigrate, as well as the reasons that rendered Argentina one of the most attractive and intriguing destinations not only for Italians but also for European laborers in general.
2. Analyzing the outcomes of migrations, beginning with an overview of how many Italians left their homeland in pursuit of a better life, followed by an examination of how many emigrants arrived in Argentina. Subsequently, there will be an in-depth discussion of the Italian immigrants who arrived in the South American nation, their preferred destinations, and the social, political, and economic implications arising from these substantial migration flows.

3. Investigating the reasons behind the decline in large migrations in the years following the end of the First World War and why the numerical scale of migrations did not remain the same.
4. To conclude the chapter, there will be a deep dive into subsequent migrations, elucidating their primary characteristics. Additionally, it will be discussed how the situation has reversed since the 1960s, with Italy becoming a destination for many Argentine emigrants due to different economic circumstances.

Through this chapter, a comprehensive understanding will be gained regarding the contribution of Italian migration flows to the formation of economic disparities in Argentina. This understanding will particularly revolve around the social transformation that the South American nation underwent following these significant changes. It's important to note that this discussion will be further developed in the final chapter.

THE PREVIOUS CONTEXT

Italian context

Italy's history of emigration is deeply rooted and intricately linked to the economic and geographical characteristics of the peninsula. Even before the country's unification in 1861, Italy experienced both internal and external migration flows, driven by various factors such as famines, itinerant labor, political exile, natural transformations, and cycles of economic expansion and depression.

Medieval migratory patterns in Italy exhibited four distinct traits, as identified by Colucci-Sanfilippo in 2010

- Temporary migrations from mountainous regions to the European and Italian plains.
- Predominance of skilled labor movements, albeit often related to low-skilled sectors of the labor market.
- The act of emigration did not appear to inflict significant trauma on those departing, even when motivated by political or religious exile.
- Emigration was not an individual endeavor; rather, it was a family decision often supported by social networks.

It is imperative to contextualize these four traits within the broader landscape where Italy lost its central position in the global economy. The establishment of numerous states, often under foreign rule, resulted in a depletion of resources, with only major cities such as Naples, Rome, Turin, and Venice maintaining their economic vitality. Consequently, these cities did not attract skilled labor. Instead, a valuable resource became emigration to European capitals like Vienna and Paris, where a perpetual demand for labor and services existed.

A consistent theme in the study of Italian emigration is its close correlation with economic and political shifts within the regions of origin. During the Modern Age, certain migratory strategies emerged, including sharecropping contracts, particularly when family sizes outstripped available resources. These moves typically spanned short to medium distances and were meticulously planned. In other cases, migrations were a consequence of population policies implemented by rulers, which involved longer-distance moves.

By the late 18th century, economic transformations in Southern Europe spurred different types of migration. Population growth outpaced agricultural production, resulting in definitive, rather than temporary, migrations. These migrations involved longer and more intricate journeys.

A significant turning point was the French Revolution and subsequent Napoleonic era, which engendered two distinct forms of migration: the emergence of political exile and the attraction of Italian workers to the North, drawn by the promise of employment in burgeoning public works projects.

In the decades leading up to Italian unification in 1861, the only form of migration emerged was the political exiles after the failure of revolutionary movements of 1848 (Colucci and Sanfilippo 2010).

Post-1861, Italy faced internal challenges, including the extension of the 'Statuto Albertino' constitution, economic repercussions of customs barrier reductions, negative impacts on sectors like cotton and silk due to increased competition, insufficient land reform, and fiscal constraints.

Within the Italian ruling class, the issue of emigration generated considerable debate. Some segments of public opinion sought government intervention to facilitate emigration.

However, the 'Circolare Lanza' of 1873 discouraged Italian emigration by imposing stringent conditions, including a requirement for emigrants to pledge to fund their return journey in case of repatriation. Local authorities were also instructed to discourage departures by any means

necessary.

In 1876, the 'Circolare Nicotera' sought to alleviate the impact of previous restrictions, demonstrating greater tolerance for emigration that was already underway. Finally, in 1888, the first emigration law was enacted, introducing several significant innovations. It granted full freedom to emigrate, with the exception of military obligations, and ensured health and hygienic care for emigrants throughout their journey.

Unfortunately, Italian authorities did not implement comprehensive policies to protect emigrants. In 1901, with Law No. 23 on Emigration, an attempt was made to coordinate related services by establishing the Commissariat of Emigration. However, this service was far from comprehensive; upon arriving at their destinations, emigrants received minimal assistance.

The only protected aspect was the sea voyage itself, while local consular authorities offered partial assistance to compatriots.

Argentinian context

Argentina, for three centuries, existed as a colony under the dominion of the Spanish Empire. During this period, the colonies were regarded as extensions of the empire rather than independent nations. However, this dynamic underwent significant transformation at the onset of the nineteenth century. In 1808, Spain was defeated and occupied by Napoleon Bonaparte's France. Consequently, in 1810, the Argentine War of Independence commenced, marked by the establishment of the "First Junta of Government," culminating in the formal declaration of independence on July 9, 1816.

Argentina, as a nation, was considered 'young,' and its path to consolidation spanned several decades. The population within the country exhibited distinct characteristics across coastal and inland provinces, each with varying economic interests. The coastal provinces leaned toward

European influences in immigration, culture (including art, architecture, and literature), whereas inland regions favored local traditions (Benitez 2044).

The local government actively encouraged immigration as it sought to address labor shortages. Argentina's vast expanse, nine times the size of Italy, was sparsely populated, with merely two million residents. The objective was to boost agricultural production by increasing immigrant inflows, particularly towards the less populated and more underdeveloped areas of the nation. This need played a pivotal role in the nation-building process.

Many liberal intellectuals championed immigration as it promised to usher in development and modernization. This era also witnessed the rise of positivist thought, which advocated for the scientific study of society and the application of universal social laws. According to positivists, the arrival of individuals from other nations would contribute to prosperity and progress (Benitez 2004).

Racial theories were prevalent during this period, often characterizing non-white populations as inferior and incapable of advancing the nation. In Argentina, the upper classes primarily comprised 'criollos,' individuals with Spanish ancestry, while the lower classes consisted of 'mestizos,' a mixed population of Spanish and indigenous ancestry. Consequently, intellectuals and policymakers saw the encouragement of European immigration as essential, given their perceived superiority.

Tensions arose between intellectuals and the government. Intellectuals pressed for policies to populate the less developed regions of Argentina, such as Patagonia, the North, and the West, while the government favored populating Buenos Aires and the coastal provinces. The divide also extended to disputes between coastal and inland provinces.

Two significant figures in Argentine history fervently advocated for immigration: Juan Bautista Alberdi and Domingo Faustino Sarmiento Albarracìn. Alberdi, a diplomat and writer, played a pivotal role in inspiring the Constitution of 1853. His foremost concerns encompassed race and

population, encapsulated in his famous phrase, "Gobernar es poblar" (To govern is to populate). His interests spanned various domains, including immigration, education, economic development, cultural advancement, and moral improvement. Alberdi shared the prevailing sentiment of Europeans as a superior race and did not favor the native population, which he regarded as 'barbaric. (Benitez 2004)'

Domingo Faustino Sarmiento, who served as President of the Republic from 1868 to 1874, also championed European immigration, emphasizing its potential to enrich art, architecture, culture, and the nation at large. His famous phrase, "to govern is to educate," underscored his vision for achieving economic, social, and political freedom, as well as social progress. He associated 'barbarism' with the Argentine Pampas and considered the Native American inhabitants as impediments to progress and order. Europe served as the model to emulate in building and solidifying the fledgling Argentine nation. Intellectuals aspired to align with the inhabitants of the Old World, symbolizing progress and civilization. Therefore, they endeavored to attract foreign citizens, distinguishing Argentina from its neighbor, Brazil, which still practiced slavery until its abolition in 1888.

Despite persistent disagreements between inland and coastal provinces, the overarching legislative framework favored immigration. The Constitution of 1853 laid down a lasting legal foundation friendly to European immigration. Subsequent legislation, such as the 1876 Law of Immigration and Colonization, further encouraged European immigration. Article 25 specifically promoted European immigration, offering various compensatory and dispensatory measures to facilitate the integration of newcomers, including loans to support settlement and initial work costs, along with tax exemptions and restrictions.

The establishment of 'La Comision de Inmigraciòn' aimed at boosting the rural population. In 1870, laws in the province of Buenos Aires allocated land to young couples for the construction of

housing and the initiation of agriculture at no cost. In 1876, the "Avellaneda Law 817," named in honor of President Nicolás Avellaneda, was enacted to allocate substantial funds to promote immigration. This law also encouraged immigration to Argentina's interior provinces to achieve a more even distribution of the population. It created various entities, including an immigration department, immigration agents in Europe, and a labor office. The law sought to restrict entry into the country to individuals without serious health issues or criminal backgrounds, as well as women deemed too young or elderly.

In 1878 and 1882, the enactment of two additional federal laws granted immigrants state lands at moderate prices and allocated 25 hectares of land to households free of charge. These laws were complemented by extensive propaganda efforts, including significant investments in advertising agencies to attract as many immigrants as possible. In contrast to the Brazilian government, the Argentine authorities did not employ the strategy of prepaying ship voyages.

In general, foreigners in Argentina were afforded certain rights, including freedom of movement, association, private property, profession, and religion. They were exempt from compulsory military service and could participate in municipal elections. Additionally, naturalization was straightforward, with low requirements (Benitez 2004).

RESULTS OF THE FLOWS

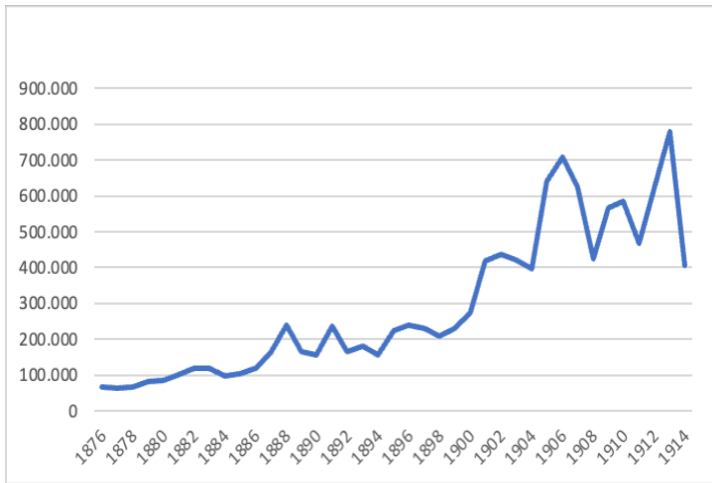
Results of the Italian emigration

Between the end of the 19th century and the beginning of the 20th century, a substantial number of Italians departed their homeland in pursuit of better living conditions, escaping economic hardship. They faced two primary alternatives: seeking opportunities in nearby countries such as Germany or France, an option often chosen by those who wished to remain in proximity to their families or embarking on a more extended journey to the 'Land of Opportunities'—the United States.

The Italian migration phenomenon during this period is nothing short of remarkable. Starting from the first official survey in 1876, it is estimated that a staggering 14 million Italians left their native land by 1914. This emigration rate exhibited a gradual increase over the years, surging from 3.83% in 1876 to 64% in 1900. The migration flows were so substantial that, by 1913, the net migration balance had turned negative, with 750,000 individuals, constituting 2% of the total population, departing the country (Istat 2022).

The following chart presents an analysis of data derived from CISEI (Centro Internazionale Studi Emigrazione Italiana) that depicts the total number of Italian immigrants in major destinations, affirming the exponential growth in migration during this period.

Figure 2.01 *Number of Italian emigrants for each year (1876-1914).*



Source: CISEI (*Centro Internazionale Studi Emigrazione Italiana*).

From 1876 to 1900, Northern Italy, particularly regions such as Veneto, Friuli-Venezia Giulia, and Piedmont, stood as the primary sources of emigrants. However, from 1901 onward, the South, especially Sicily, Campania, and Calabria, began to surpass the North in terms of emigration. Northern regions favored European destinations, whereas Southern regions were more inclined towards the Americas.

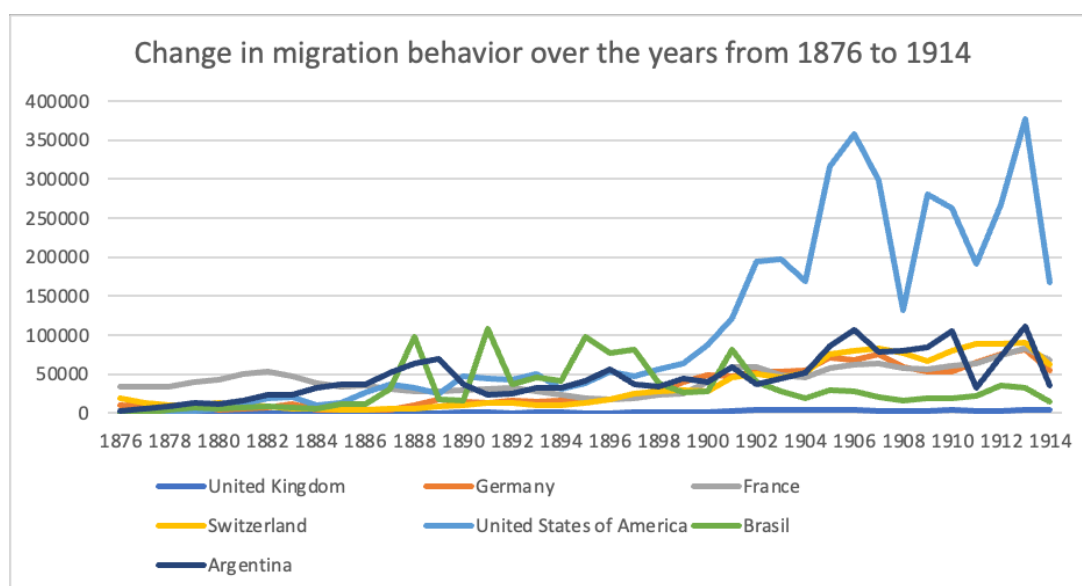
The key emigration regions from 1876 to 1913 included (CISEI):

- Veneto, with 1,822,000 emigrants.
- Piedmont, with 1,540,000 emigrants.
- Campania, with 1,475,000 emigrants.
- Venezia Giulia, with 1,407,000 emigrants.
- Sicily, with 1,352,000 emigrants.
- Lombardy, with 1,342,000 emigrants.

The most frequently chosen destinations were in the New World, with the United States of America being the foremost choice (with over 4 million migrants), followed by Argentina and France (each attracting more than 1.5 million migrants).

European destinations like Germany and Switzerland, as well as Brazil, received fewer migrants, approximately 1 million collectively (CISEI: Centro Internazionale Studi Emigrazione Italiana). Throughout this period, preferences and trends shifted. The following chart, also derived from CISEI data, illustrates these fluctuations from 1876 to 1914.

Figure 2.02 Favourite destinations of Italian emigrants over the years (1876-1914).



Source: CISEI (Centro Internazionale Studi Emigrazione Italiana).

Initially, European destinations comprised nearly three-quarters of the total emigrants. However, the situation changed over the decades, with European destinations accounting for only 40% of departures in the 1901-1910 decade and dropping to 25% in 1913. Until the end of the 19th century, Brazil was the most favored destination, followed by Argentina and the United States. In the early 20th century until 1951, the United States became the primary destination, followed by Argentina and Brazil. In Europe, France hosted around 1.4 million emigrants, Switzerland received nearly a million, and Germany attracted less than a million. Across the ocean, the United States received over 3 million Italians, Argentina over 1.5 million, and Brazil over 1.1 million.

In the early 20th century, emigration rates surged until the outbreak of World War I, prompting many Italians to return home to defend their homeland and due to the uncertainty surrounding their ability to return amidst the war. However, the migration phenomenon resurged after the war, only to decline in the 1920s due to restrictive laws in destination countries and the Great Depression of 1929

Results of the immigration in Argentina

Immigration to Argentina represents a remarkable success story, with numerous Europeans crossing the Atlantic Ocean in pursuit of economic prosperity, religious freedom, psychological well-being, and the opportunity for improved social status. This immigration pattern, often referred to as 'serial' or 'chain' migration, involved newcomers encouraging family members and friends to join them to partake in the same advantages they had experienced.

Argentina's immigration has become an integral part of its culture, further underscored by the limited remnants of pre-Columbian populations in the country. Indigenous Argentinians, if they exist at all, constitute a minority, estimated at just 2% of the population according to some historians. This scarcity of indigenous heritage differs significantly from other regions in Latin America, such as Mexico, Peru, Ecuador, and Bolivia, where abundant literature, monumental evidence of ancient civilizations, and cultural influences are evident. The absence of indigenous prominence in Argentina can be attributed to the prevalence of nomadic and primitive tribes rather than the existence of thriving civilizations akin to the Maya, Inca, and Aztec (Daccò 2016). The indigenous population resistance against the Spanish conquistadores, who had invaded their territories, eventually led to their extermination.

The most devastating episode was the 'Conquista del Desierto' between 1878 and 1885 when the Spanish and Argentine governments organized a military campaign against the remaining

indigenous communities (Daccò 2016). This campaign coincided with the onset of mass European emigration to Argentina. Consequently, the physical appearance of the Argentine population is predominantly characterized by Caucasian traits, reflecting their European origins. The notable exceptions are regions like Chaco in the North and Patagonia in the South, where indigenous features are more prevalent.

Upon their arrival in Argentina, immigrants encountered the 'criollos,' individuals of European descent born in Latin America, who effectively became the 'new natives.' As a result of these dynamics, the majority of Argentines today trace their ancestry back to Italy or Spain. A popular saying aptly captures this reality: 'Mexicans descend from the Aztecs, Peruvians from the Incas, Argentinians from the ships.' Argentina thus transitioned from a land inhabited by indigenous peoples to one predominantly comprised of criollos and subsequently Europeans.

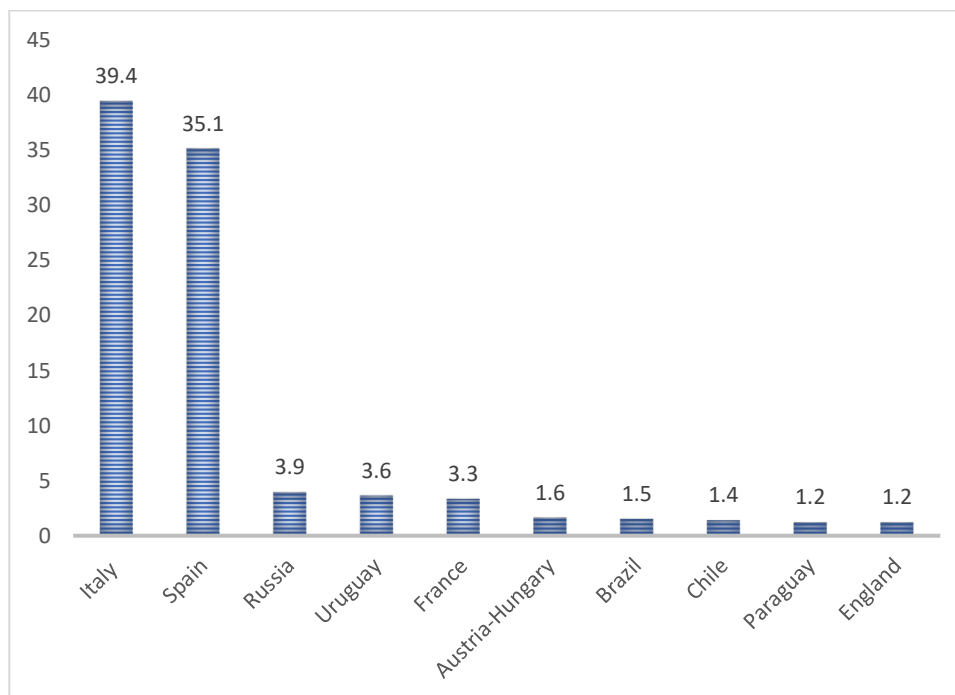
Argentina emerged as a preferred destination for immigrants alongside the United States, Brazil, and Canada, all nations boasting vast territories. Citizens from numerous European countries, including Spain, Italy, the Austro-Hungarian Empire, Ireland, and Portugal, sought refuge in Argentina, primarily driven by issues of overpopulation in their home states. The population growth in Europe during this period was staggering, surging from 1.8 million in 1869 to 4 million in 1895 and eventually reaching 8 million by 1914—a fivefold increase over just 45 years.

To comprehend the impact of immigration, we can examine data from the 1914 census. At that time, nearly one-third of Argentina's population—approximately 2.3 million individuals—were foreign-born residents. While the United States experienced a similar influx of immigrants, its impact was relatively smaller. In some major cities like Santa Fe and Córdoba, foreigners outnumbered native-born Argentines by a factor of two, while in Buenos Aires, three-quarters of the adult population consisted of foreigners. In 1914, foreign-born residents and their Argentine-born children constituted 58% of the population (Benitez 2014).

The predominant immigrant groups were Italians and Spaniards, collectively accounting for approximately 75% of all immigrants. Notably, many Spaniards hailed from Galicia, a region in the north that received less attention from scholars due to its cultural affinities with Argentina. Other ethnic groups from regions beyond Western Europe included Russians, primarily Jewish individuals fleeing religious persecution, and Germans from the Volga region in Russia, who faced challenges adapting to the local culture (Benitez 2014).

The table below, based on an analysis of INDEC National Census data from 2015, highlights the primary foreign groups present in Argentina in 1914

Figure 2.03 Argentine population born abroad according to their country of origin in 1914 (in percentage).

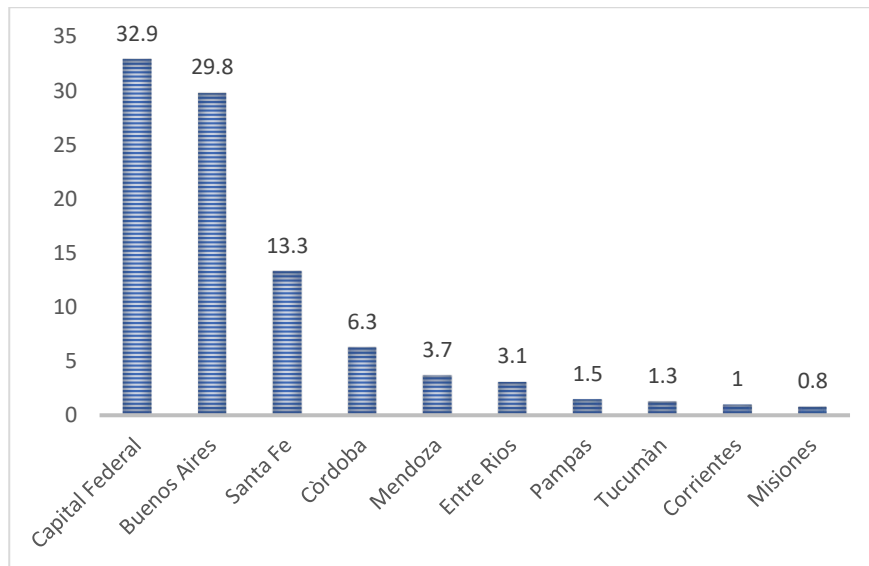


Source: INDEC National Censuses.

Immigrant distribution was uneven, with the majority settling in major cities such as Buenos Aires, Santa Fe, and Córdoba, resulting in rapid urbanization. Many immigrants occupied previously abandoned aristocratic homes, left vacant due to yellow fever epidemics. In contrast, the northwestern provinces experienced colonization efforts at a later stage, facilitated by both public

and private agricultural colonization programs, the next graph, taken from an elaboration of INDEC National Censuses data of 2015 confirms that.

Figure 2,04 Territorial distribution of the foreign born 1914 (in percentage).



Source: INDEC National Censuses.

Initially, the primary motive for migration was to enhance economic conditions and eventually return to the home country. This phenomenon was widespread, with 43 out of every 100 Europeans who arrived between 1857 and 1914 eventually returning home. Consequently, many immigrants were not inclined to seek Argentine nationality, a sentiment exacerbated by the Argentine political system's reluctance to welcome newcomers, as it feared a potential shift in political power (Benitez 2014).

This trend persisted until 1912 when Argentina implemented universal, secret, and compulsory voting. Subsequently, more Argentines began to pursue naturalization. Nonetheless, the percentage of naturalized citizens remained relatively low in comparison to the United States, where most immigrants adopted their new nationality.

Several factors contributed to Argentina's popularity as an immigration destination. These factors were associated with both the conditions in European states and the South American nation itself.

European governments actively encouraged emigration due to severe overpopulation. The development of steamships played a pivotal role in making travel faster and more affordable. Argentina's own government promoted immigration through campaigns and introduced 'Golondrina Immigration,' which offered seasonal work with considerably higher wages compared to European standards. The presence of temperate climate zones, particularly in the River Plate region, made Argentina particularly appealing for agriculture and productive land use.

While Argentina was generally hospitable towards immigrants, instances of prejudice did occur, often stemming from language barriers and unfounded fears of disease. During this period, from the late 1800s to the early 1900s, a global surge in nationalism occasionally resulted in contempt and discrimination towards foreigners by criollos. In the famous 'Martin Fierro,' considered Argentina's 'national book,' author Lugones wrote about an 'anti-immigrant gaucho nationalism,' with 'gringo' being the term used to refer to immigrants.

Integration challenges began to diminish in the early 20th century, particularly with the second generation—those born in Argentina—losing their ties to their countries of origin, including their native languages, and assimilating local customs and traditions. They began to embrace quintessentially Argentine practices such as drinking mate and preparing asado. Over time, the divide between 'gringos' and 'criollos' faded, ultimately giving rise to the 'new Argentina.'

Immigration played a pivotal role in shaping Argentina's political and social landscape, mirroring the experiences of many European countries.

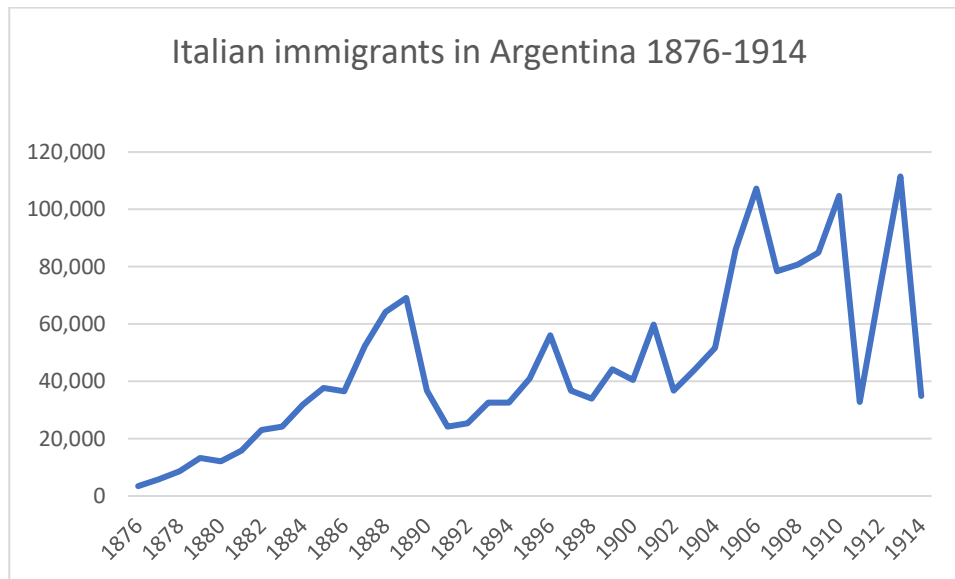
Result of the Italian emigration to Argentina

Argentina has historically been one of the preferred destinations for Italian emigrants, alongside the United States, Brazil, and Germany. While Italian immigration to Argentina is more recent than

in European countries such as France and England, it holds a significant place in the annals of global migration history.

A table representing Italian migration flows from 1876 to 1914, based on data from the International Center for Italian Emigration Studies (CISEI), is included below:

Figure 2.05 Number of Italian emigrants in Argentina (1876-1914).



Source: CISEI (*Centro Internazionale Studi Emigrazione Italiana*).

The flow of Italian emigrants to Argentina in the period from 1876 to 1914 had already been mentioned in Figure 2.2, it has now been reproduced alone to better see the changes. The table presented herein provides an overview of Italian immigration to Argentina spanning the years from 1876 to 1914.

The choice to commence the analysis from 1876 is grounded in the availability of data within our primary source, specifically the "International Center for Italian Emigration Studies." Conversely, the termination of this timeframe in 1914 corresponds to the outbreak of the Great War, which significantly influenced the ebb in migration flows.

The influx of Italian immigrants to Argentina exhibited a consistent upward trajectory throughout each decade, as indicated by the following average figures over discrete periods:

- From 1876 to 1880, the yearly average stood at 9,000 individuals.
- The subsequent decade, spanning from 1881 to 1890, witnessed an average increase to 39,000.
- -Between 1891 and 1900, the numbers remained relatively steady at approximately 37,000.
- A marked surge occurred from 1901 to 1910, with an average of approximately 73,000 immigrants annually.
- Notably, during the final years under consideration (1911-1914, the numbers decreased substantially.

Upon embarking on this arduous journey, our compatriots typically embarked on one of several prominent steamships, including but not limited to the North America, the King of Italy, the Umberto I, South America, the Sirius, the Perseus, and the Orion. These shipping companies garnered significant attention and promotion in both the Italian and Argentine press for their swiftness and efficiency. Initially, the voyage took roughly one month, but technological innovations in subsequent decades notably reduced the travel duration. By the turn of the 20th century, several ships were able to complete the voyage in as little as two weeks, halving the time compared to the initial migratory waves.

Upon arrival in Buenos Aires, the immigrants' journey was far from over, as they were required to obtain clearance from Argentine authorities. This clearance involved a medical examination conducted by a health commission to assess the passengers' well-being. Additionally, an administrative commission was responsible for documenting their details in the "Registro General

de los Inmigrantes," ensuring all documentation was in order.

Initially, these registration lists were somewhat chaotic, marred by various errors, such as incorrect gender assignments and transcription mistakes in names. Subsequently, a more efficient registration model, termed "Lista de Inmigrantes: entrada de Ultramar," was introduced. Under this system, passengers themselves completed the forms, providing key personal details, including first and last names, year of birth, marital status, gender, and educational background.

Simultaneously, the Board Commissioner was responsible for filling out forms pertaining to the ship, including its name, model, serial number, and the captain's name. The commissioners were also tasked with compiling a final report documenting the journey's progress, including any irregular passengers, births, deaths, and the duration of the voyage.

Unfortunately, the perils did not cease upon arrival, as Argentine authorities occasionally prevented ships from docking in the event of onboard epidemics. The notorious case of the "Scivia" in 1884 stands as a testament to this, as authorities attempted to prevent the ship from disembarking by deploying a gunboat that opened fire. The ship was ultimately compelled to land in Montevideo. Regrettably, many other Italian vessels were forced to return to Europe under similar circumstances (Daccò 2016).

In the early stages of emigration, individuals hailing from northern regions, such as Veneto (13%), Piemonte (11%), and Friuli (10%), comprised the majority of migrants. These individuals enjoyed proximity to the port of Genoa, facilitating their journey. Subsequently, the demographics shifted, with a surge in southern Italian immigrants. By the 1914 census, southern Italians constituted 40% of the total, with 10% originating from Campania, 15% from Calabria, 9% from Sicily, and 5% from Basilicata.

Predominantly, the immigrant population skewed male (81%), attributable to the greater mobility and propensity for men to cross borders repeatedly, thereby impacting survey results. The

immigrants spanned a spectrum of occupations, with the majority engaged in farming (68.9%), followed by artisans (18.7%), and day laborers (10.1%). However, Italians were active across diverse employment sectors, including industry, trade, services, and construction (Daccò 2016). Unlike migration flows to Brazil and the USA, which attracted a significant number of qualified and specialized immigrants, Argentina primarily welcomed young individuals. This was due, in part, to abundant opportunities across various sectors in Argentina following the near eradication of indigenous populations. Consequently, the Italian immigrants in Argentina largely comprised a young and adaptable workforce.

Despite occasional setbacks, such as the case of the "Scrvia," Italian immigrants generally received favorable treatment in Argentina. Authorities provided substantial assistance to newcomers, especially those lacking prior connections to friends or relatives in the country. This support encompassed logistical aid in two primary forms:

- Full coverage of travel expenses for those seeking to relocate to other cities.
- Provision of accommodation at the "Hotel de los Inmigrantes" for those opting to stay in Buenos Aires.

The "Hotel de los Inmigrantes," a four-story structure located near the port, was constructed in 1883 to accommodate immigrant populations. It was considered highly modern for its time, notably employing reinforced concrete, an innovative construction material at the period. Italian and Spanish immigrants were offered a five-day stay with complimentary meals and lodging, while individuals from other nationalities were permitted longer durations due to potential language barriers. The hotel initially functioned as a job placement agency, with employers leaving job offers at the establishment. Over time, this practice was supplanted by monthly job lists distributed via European consulates or by immigrants themselves, who independently sought

employment opportunities. Immigrants frequently advertised their availability for specific positions in newspapers such as "La Prensa" or "El Nacional."

The significance of the "Hotel de los Inmigrantes" extended beyond its role as a reception facility. It served as a propagandistic tool to promote a positive image of Argentina. Immigrants were treated exceptionally well, with a menu that often featured meat, a luxury many could not afford in their home countries. Moreover, various recreational films and courses were employed to aid the integration of newcomers into their new environment, reflecting the nation's desire to showcase itself positively to the world. Testimonies generally lauded the service, characterized by intelligent and courteous staff, and the quality of the food, with few negative comments, primarily stemming from a lack of maintenance and renovations in later years.

While Italian emigrants enjoyed support during their journey, assistance from the Italian state waned upon arrival in Argentina. Consequently, the Italian colony experienced a gradual development of national group consciousness. Notably, the circulation of Italian press in Argentina was limited, with only one periodical, "La Patria degli Italiani," in existence in 1900, boasting approximately 10,000 readers. This figure paled in comparison to local newspapers. Successively, the availability of Italian newspapers in Argentina expanded with the introduction of new periodicals such as "Il Corriere d'Italia" and "Il Giornale d'Italia," which came to represent the Italian colony. Despite achieving sales of up to 50,000 copies, this figure was deemed modest in relation to the Italian emigrant population (Daccò 2016).

Diplomatic representations were also sparse in Argentina, with minimal presence beyond the capital city. Consulates were established in La Plata, Córdoba, Mendoza, and Bahia, the latter serving as a vice-consulate. This paucity in numbers was compounded by challenges such as low remuneration, governmental neglect, and frequent relocations, which deterred representatives from carrying out their duties effectively.

However, alternative institutions emerged to supplant government support and serve as more or less specialized associations. By 1908, there were 317 such associations, uniting 125,736 members across various immigration centers. Notably, the "Patronato dell'Emigrazione" emerged as an institution partially replacing the role of the Italian government. It provided substantial financial and legal assistance to Italian laborers. In Buenos Aires, it facilitated job placement for 1,200 individuals, disbursed numerous subsidies, and offered legal protection to numerous Italians during trials. Additionally, the "Dante Alighieri" society played a pivotal role in the dissemination of Italian culture, particularly in regions with significant Italian settlements, providing education to many illiterate workers, with Rosario and Buenos Aires serving as major hubs.

Geographically, the regions most profoundly impacted by emigration included Buenos Aires, Santa Fe, Córdoba, and the province of Entre Ríos. However, over subsequent years, migration flows shifted from these interior provinces to more peripheral regions. Conversely, regions like Patagonia and northern cities such as Salta, Tucumán, Jujuy, or La Rioja attracted fewer immigrants due to economic constraints. Consequently, these areas also suffered from a scarcity of essential services such as hospitals, schools, and cultural activities that typically accompanied European immigration (Daccò 2016).

Regarding settlement patterns, Italians initially concentrated in specific neighborhoods, including La Boca, San Telmo, Barrancas, and San Cristobal. This tendency was driven by factors such as prohibitive rental costs and a predilection for living among fellow compatriots. By 1887, Italians constituted at least 25% of the population in nearly all neighborhoods, with La Boca standing out with 53% Italian population. Notably, living conditions in La Boca were challenging, characterized by dwellings known as "conventillos," which were painted in vivid colors using surplus paints from Ligurian ships. These structures, constructed with cost-effective materials, faced issues such as recurrent flooding, resulting in health hazards.

Italian immigrants fostered a sense of community through various associations, including the prominent "Società Ligure di Mutuo Soccorso," dedicated to aiding Ligurians in the capital, particularly with medical care. Numerous other associations emerged with diverse purposes, ranging from educational and recreational activities to sports and cultural events. These organizations played a vital role in providing mutual support and preserving the Italian identity in the face of new challenges.

Italian immigrants significantly influenced Argentine culture, leaving an indelible mark on language, cuisine, and religious practices. They introduced Italian terms into the local vernacular and ingrained Italian culinary traditions into Argentine society, with dishes like pizza, pasta, and focaccia becoming staples. Religious festivals from Italy were celebrated, offering a sense of home and belonging to homesick immigrants.

In summary, Italian immigration to Argentina brought forth a diverse and dynamic community that overcame challenges and made substantial contributions to the nation's development. The enduring legacy of Italian immigration continues to shape Argentina's cultural tapestry and serves as a testament to the resilience and adaptability of immigrants in a new land (Daccò 2016).

THE REVERSAL OF THE SITUATION

After the First World War, the context and the world in general changed, also for some relevant historical events, like the 1929 economic crisis and second World War, the World followed a period of instability for almost 30 years that led to highly restrictive migration policies.

Moreover, Argentine confronted an economic predicament even more severe than that witnessed in the decades spanning the late nineteenth to early twentieth century. The nation grappled with a scarcity of employment opportunities, declining wage levels, and an escalating cost of living.

In response to these challenges, the Argentine government enacted the “Defense of Argentine Workers” decree, aimed at suspending landing permits for immigrants lacking guaranteed employment. Consequently, the migration rate decreased further, exacerbated by the onset of the Second World War. The limitation on human capital mobility during this time, coupled with the immobility of assets and other productive factors, exacerbated economic hardships (Maurizio 2014).

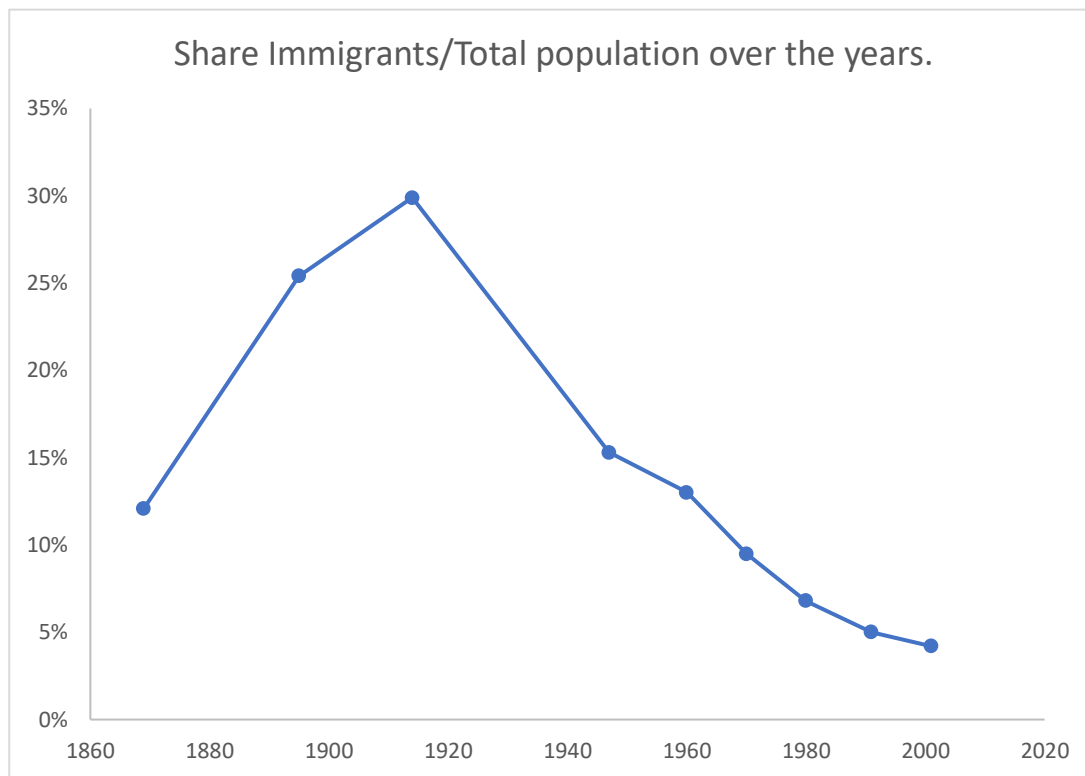
However, at the conclusion of the Second World War, given the dire conditions prevailing in Europe, a cohort of individuals from the old continent made the decisions to depart from their homelands in pursuit of improved prospects. Argentina once again emerged as one of the most sought-after destinations, driven in part by the networks established during previous waves of migration. This period can be regarded as the final chapter in the European migration saga.

The following graph, obtained through a reevaluation of data collected from various national censuses, confirms this trend, showing the percentage of foreign-born individuals in relation to the total population.

in the first censuses the percentage steadily increased, reaching its peak in 1914, when it

constituted nearly one-third of the total population, subsequently this proportion declined, ultimately reaching a modest 4% by 2001.

Figure 2.06 Share immigrants / Total population from 1860 to 2001.

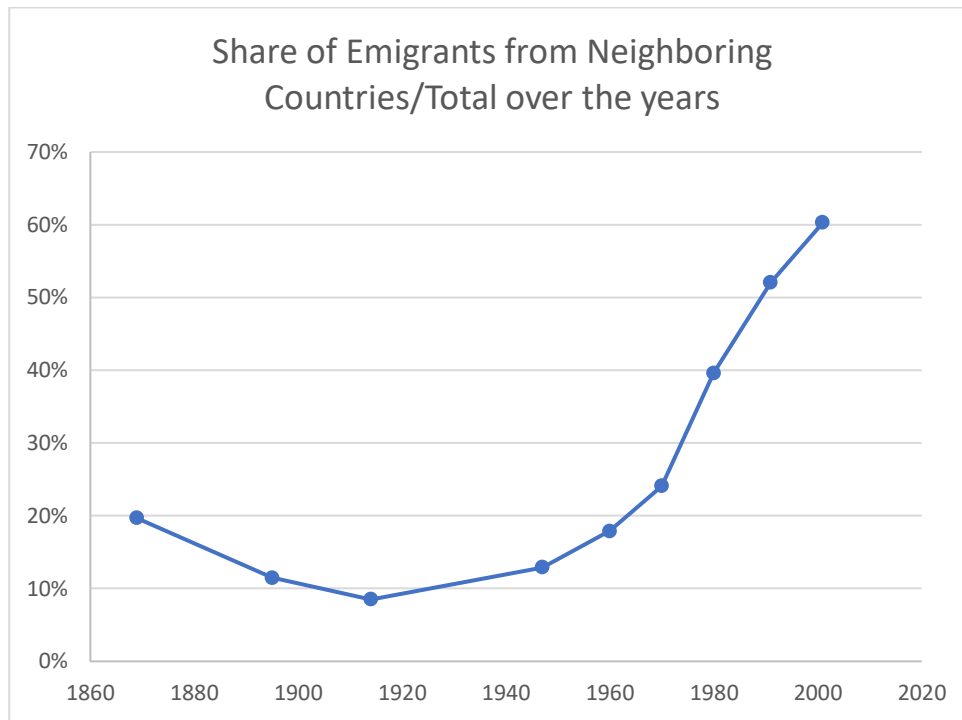


Source: "Determinants of international migration in Argentina: differences between European and Latin American flows", Roxana Maurizio, 2011.

Starting in the 1950s, the political and economic landscape facilitated a new wave of migration, primarily from neighboring countries. Consequently, there was an increase in the rates of entry for individuals from nearby nations such as Paraguay, Chile and Bolivia.

The subsequent chart, derived from the analysis of census data, illustrates the increase in Latin American immigrants relative to the total immigrant population. It is evident that the proportion of Latin America immigrants within the total population is continually on the rise.

Figure 2.07 Share of Emigrants from Neighboring Countries / Total from 1860 to 2001.



Source: "Determinants of international migration in Argentina: differences between European and Latin American flows", Roxana Maurizio, 2011.

These migrations flows have been historically present, but now have adopted new destinations, transitioning from rural areas bordering their countries of origin to urban centers, notably the capital, Buenos Aires, and its metropolitan area.

An impetus driving these groups to leave their home countries pertains to the economic, and more significantly, political circumstances, as nearly all these nations have experiences dictatorships at different junctures.

However, even during period when Argentine politics were unfavourable with numerous law limiting the entry of foreigners, such as the Migration Law of 1981, which discourages arrivals from neighboring countries by prohibiting them from engaging in economic activities, there have

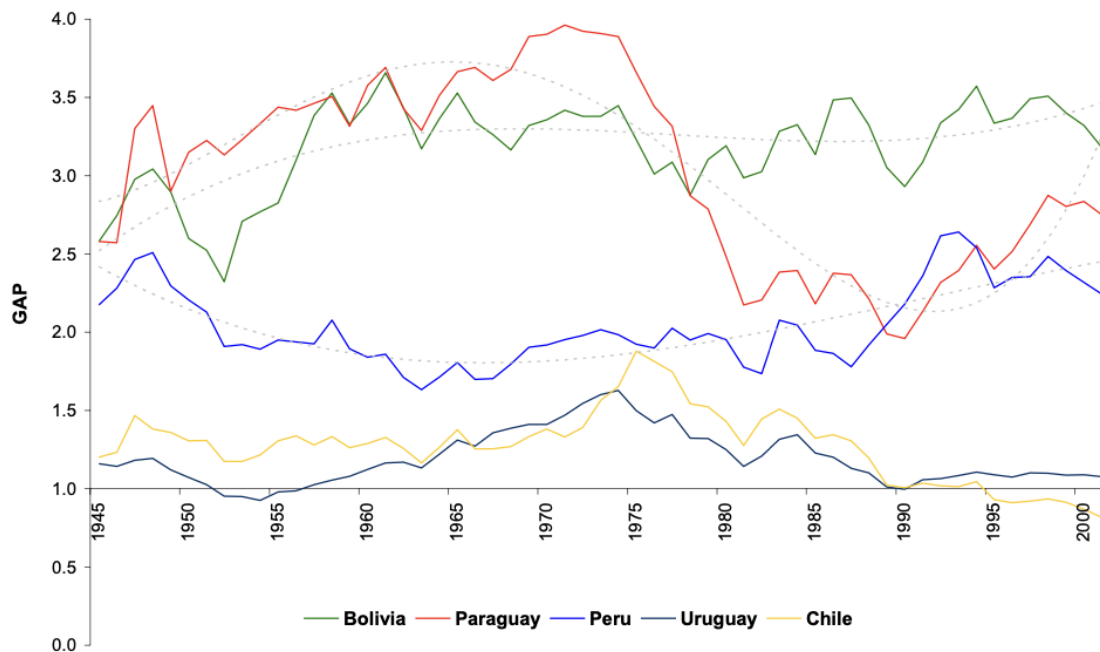
been both amnesty concession and restrictions at different times.

Despite this context, the income gap between Argentina and other Latin American countries has been so substantial that it has continued to encourage migratory flows, even during critical phases of the Argentine economy, such as the late 1990s. Argentina has evolved into the primary destination for South American migrants, along with Venezuela (CELADE 1998).

According to the economist Solimano, the income disparity between Argentina and other countries has widened as a consequence of these migrations. In fact, from 1950 to 2000, Argentina's per capita GDP doubled that of Bolivia, Paraguay, and Peru, although it remained lower than that of nations like Chile, Uruguay and Brazil.

The next graph, taken from Maddison's data of 2003, shows GDP per capita gaps of Argentina in relation to some Latin American countries from 1945 to 2001.

Figure 2,08 GDP per capita gap of Argentina with some Latin American countries (Bolivia, Paraguay, Perú, Uruguay and Chile) from 1945 to 2001.



Source: "Determinants of international migration in Argentina: differences between European and Latin American flows", Roxana Maurizio, 2011.

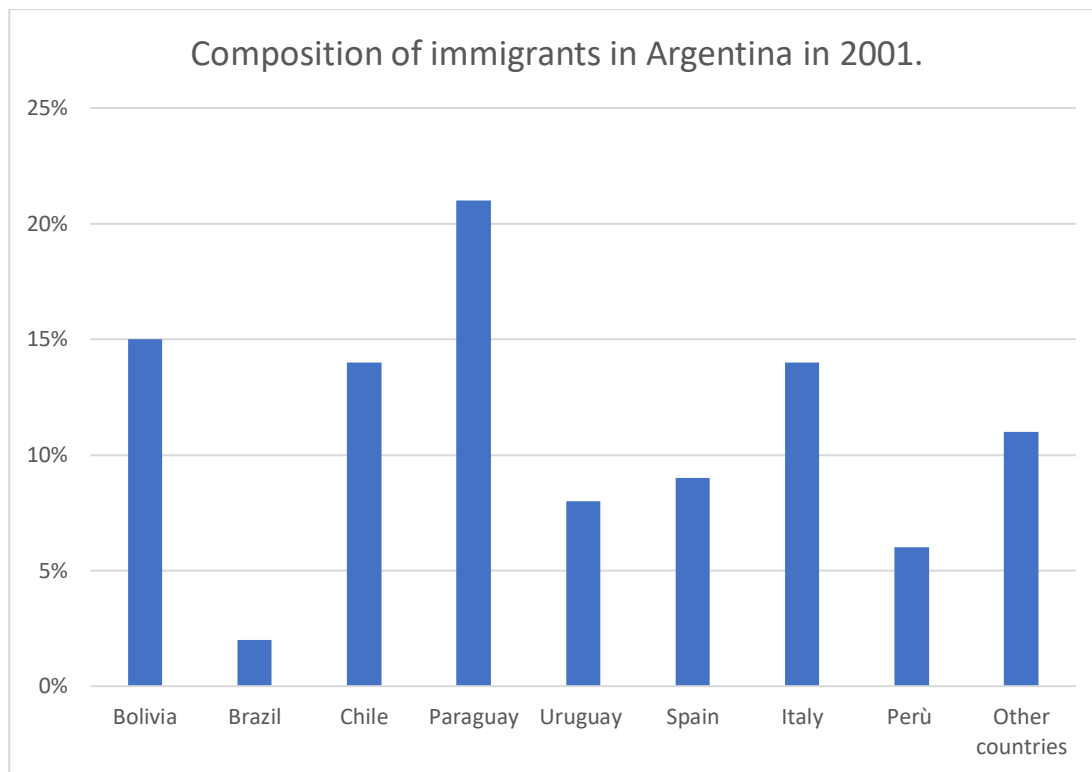
This trend persisted even in the later years of the 20th century, despite worsening economic conditions in Argentina. The reason behind this can be attributed to the presence of more favorable structural conditions, especially in the capital city, compared to other countries in the region, and the availability of some social services such as education and healthcare.

In the 2021 Argentine population census, approximately 1.5 million foreign residents were recorded, with 60% originating from neighboring countries. The most prominent among these were Paraguay, Bolivia and Chile.

The subsequent graph, also derived from a compilation of data obtained from various national censuses, illustrates the dominant nationalities of immigrants in Argentina in 2001, there is still a

share of Italians.

Figure 2,09 Composition of immigrants in Argentina in 2001.



Source: “Determinants of international migration in Argentina: differences between European and Latin American flows”, Roxana Maurizio, 2011.

The migration wave marked a turning point both due to the slowdown in Argentina’s economic growth and the remarkable resurgence of European countries during this era. In fact, from the 1960s onwards, wages in Italy and Spain exceeded those in Argentina, with the disparity increasing in the subsequent decades.

The reason behind this shift in attraction towards Argentina have been previously discussed.

Conversely, it is essential to understand the factors prompting many Argentines to leave their homeland.

Parallel to the Italian experience of the previous century, the initial wave of emigration from Argentina in the 1960s primarily consisted of artists, intellectuals, and university professors.

This exodus was a response to the various military governments that came to power during that period and the consequent repression of dissenting voices. The situation escalated in the following decade, particularly in 1976, with the ascent of the military dictatorship led by Videla, resulting in increased emigration.

During these first two decades, the number of Argentinean emigrants amounted to 185,000 in the 1960-1970 period and 200,000 in the subsequent decade (Novick). Alongside scientists and professionals, many technicians and skilled workers chose to leave their homeland. Their preferred destinations included North America and European countries such as Spain, France, and Sweden. Italy, however, was perceived as less welcoming due to the government's opposition to the "geographical reservation" policy, a law that limited assistance to exiles exclusively to those fleeing Eastern Europe and Chile. Consequently, the number of immigrants arriving from the Italian peninsula during this period was relatively small, despite the advantage that many Argentines had Italian ancestry, which facilitated the acquisition of citizenship.

With the return of democracy in 1983, emigration flows diminished for a brief period. Towards the end of the decade, however, as the country grappled with an economic crisis, migratory patterns intensified once more. This time, the motivations behind emigration shifted from political and ideological factors to economic considerations. Approximately one million Argentines left their homeland, and by 1991, Italy hosted 64,586 Argentine residents, with more than 60% of them holding dual citizenship. Italian citizenship was viewed as a valuable resource, as it provided access to settlement within European Union countries and enhanced professional opportunities.

Nonetheless, around 30,000 Argentines returned home as the economy began to recover at the end of the decade.

The most recent wave of emigration was triggered by the economic crisis of 2001/2002. Preferred destinations included Spain, Italy, Canada, and Germany. This phase of emigration primarily

involved skilled workers and individuals seeking to further their education. Despite these trends, the number of Argentine immigrants in Italy remained lower than anticipated, partly due to logistical issues such as delays in the issuance of Italian passports and concerns stemming from past migration experiences.

As of 2008, Italy was home to 17,895 Argentine residents (Caritas Migrantes).

CHAPTER 3: DIFFERENCES IN INEQUALITY, OVERALL AND REGIONAL INEQUALITY

INTRODUCTION

The third and final chapter can be considered the centerpiece of this thesis, as it conducts an analysis of the disparities between Italy and Argentina. Following a brief introduction to the concept of inequality, various forms of inequalities will be explored. First, economic inequalities will be examined, followed by an exploration of their underlying causes and the policies implemented in response. Subsequently, other types of inequalities related more to the social sphere will be discussed, culminating in a comparative analysis between the two nations.

This chapter is divided into the following subsections:

1. General Introduction to the Concept of Inequality: This section will provide an overview of the concept of inequality and the primary indices used to calculate and compare it across different nations or regions worldwide.
2. In-depth Analysis of Major Inequalities in Italy: This part will delve into the key economic inequalities present in Italy.
3. In-depth Analysis of Major Inequalities in Argentina: This section will similarly focus on the principal economic inequalities in Argentina.
4. Comparison of Results between the Two States: This subsection will synthesize the findings from Italy and Argentina, allowing for a comprehensive comparative assessment.

The structure of the second and third paragraphs will be consistent, involving:

1. **Development of Economic Inequalities:** This section will explore the economic disparities within each state, employing various statistical indices such as the Gini index.
2. **Identification of Key Causes:** It will identify the primary factors contributing to the substantial disparities.
3. **Identification of Key Causes:** It will identify the primary factors contributing to the substantial disparities.
4. **Examination of Implemented Policies:** This part will assess the policies enacted to address the situation and their effectiveness.
5. **Regional Disparities:** An examination of potential regional disparities within each country.
6. **Transition to Social Inequalities:** Shifting the focus to social inequalities, firstly addressing gender disparities.
7. **Education Accessibility:** An in-depth exploration of access to education, connected to generational inequalities.

This chapter provides a comprehensive picture of the inequalities between Italy and Argentina.

When combined with the insights from the preceding chapters, it offers a profound understanding of the economic and social dynamics characterizing these two countries. Additionally, it elucidates the causes contributing to this situation and allows for various comparisons between the European and South American states.

GENERAL OVERVIEW OF ECONOMIC INEQUALITY

Economic inequality denotes the uneven distribution of income and wealth among individuals, regions, and nations. This concept is intricately linked with the notion of concentration and is subject to fluctuation over time due to a myriad of factors, encompassing both individual attributes and external determinants, such as geographical location, gender, age, ethnicity, and more (Treccani, 2012).

While the last three decades have witnessed the emergence of over one billion individuals from extreme poverty, a remarkable feat in human progress, the same cannot be asserted regarding the equitable distribution of income. Astonishingly, the percentage of income held by the poorest half of the population has remained static despite the tripling of global economic output (The World Bank, 2022).

Notwithstanding the perspective held by some scholars, which posits that inequality may serve as a catalyst for economic growth by challenging excessive egalitarianism, an overabundance of economic concentration precipitates a slew of adverse consequences:

- Economic inequality transcends the realm of purchasing power, exerting its influence on broader facets of life, including individuals' quality of life and access to basic, yet indispensable services such as clean water, education, sanitation, and healthcare. Moreover, it encroaches upon fundamental human rights, fostering discrimination, abuse, and restricted access to justice.
- Heightened levels of uncertainty directed at institutions and governments often culminate in social tensions, and in the most dire of circumstances, violence and conflict. Ample

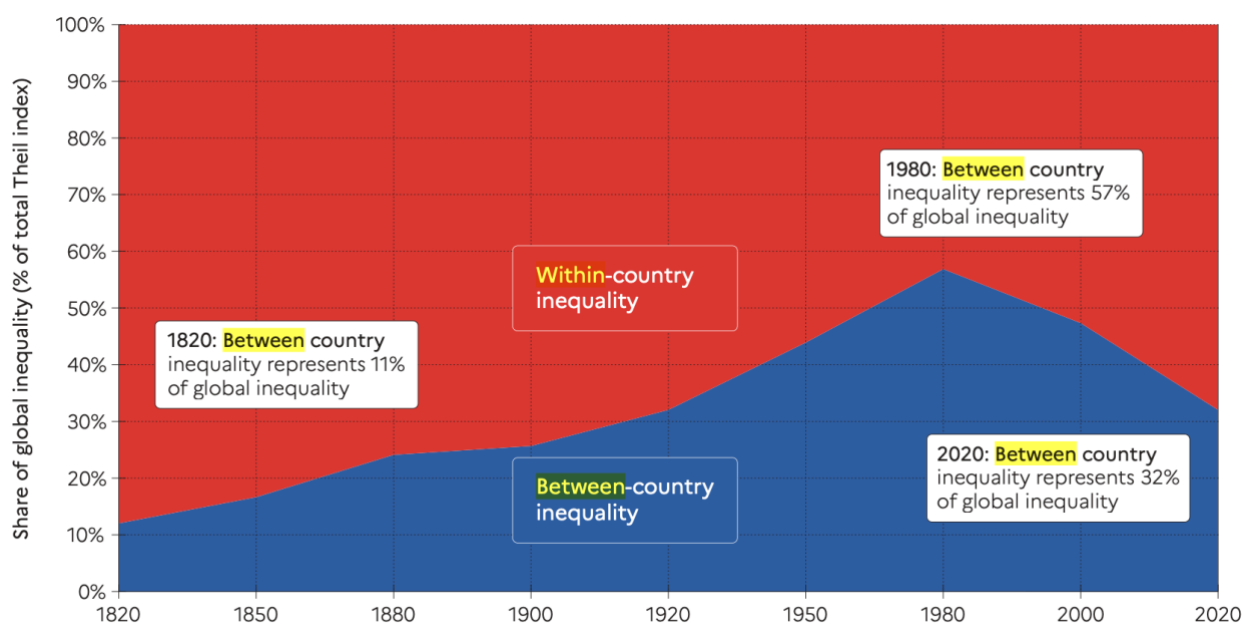
evidence corroborates that elevated levels of inequality tend to breed extreme forms of nationalism (UN Regional Information Centre, 2020).

The subject of economic inequality has garnered substantial international attention. Notably, member countries of the United Nations have committed to the '2030 Agenda,' which encompasses 17 Sustainable Development Goals. Among these goals is the imperative to reduce inequality within and among nations. To attain this objective, the agenda calls for the eradication of discriminatory laws and policies, the enhancement of global financial market regulations, the bolstering of inclusive decision-making processes, and the facilitation of regular migration. Nonetheless, tackling economic inequality poses a formidable challenge due to its diverse manifestations and variances among nations. As such, bespoke guidelines, rather than a universal strategy, must be formulated for each country.

Global inequality is characterized by two distinct components. The first pertains to income disparities within individual nations, signifying the differences between various income strata within a given country, often referred to as "within inequality." This composition of inequality has undergone notable transformations over the years. In 1820, the "between inequality" accounted for a mere 11%, but in subsequent decades, it burgeoned, reaching its zenith in 1980 at 57%. Subsequently, it embarked on a declining trajectory, with 2020 witnessing a representation of only 32% (World Inequality Report, 2022).

The ensuing graph, extracted from the World Inequality Report of 2022, illustrates the temporal evolution of these two components over the course of the last two centuries.

Figure 3,01 Evolution of the two components of the inequality from 1820 to 2020.



Source: World Inequality Report 2022.

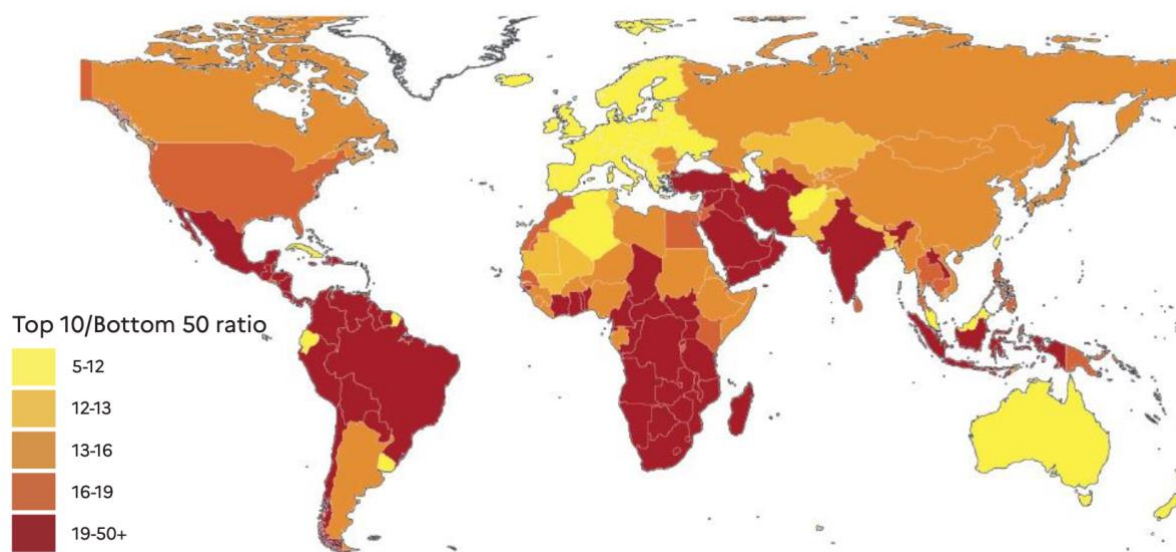
This comprehensive overview underscores the multifaceted nature of economic inequality and its far-reaching implications, thereby warranting concerted efforts on both national and international fronts to mitigate its effects and foster a more equitable global economic landscape.

The shift in inequality trends can be attributed primarily to the substantial economic growth experienced by certain emerging economies, most notably China and India. This growth has triggered a catch-up process with more advanced nations. Moreover, the trajectory of "within inequality" has exhibited a converse pattern, characterized by a notable upsurge in recent years, possibly attributable to the aforementioned factors. Indeed, this development has repositioned "within inequality" as the predominant component of overall inequality.

One of the most prevalent methods for gauging "within inequality" involves examining the income share of the wealthiest 10%, often juxtaposed against that of the poorest 50%. This index provides a concise depiction of income distribution within a society, shedding light on how frequently the affluent outlearn the less affluent half of the population.

The ensuing graph, sourced from the World Inequality Report of 2022, delineates the global landscape in 2021. It offers insights into regions with lower levels of inequality, such as Europe, Australia, Canada, and select areas of Asia, where the values range from 10 to 17. Conversely, the Middle East, Sub-Saharan Africa, and Latin America exhibit higher inequality levels, with average values spanning from 27 to 32. According to numerous experts, inequality reaches an extreme level when the index surpasses the threshold of 20.

Figure 3,02 Top 10/Bottom 50 ratio over the World in 2021.



Source: World Inequality Report 2022.

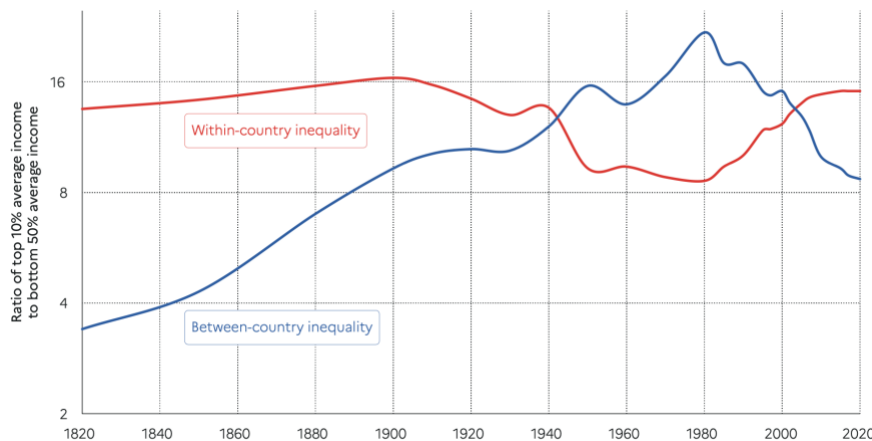
This analysis underscores the evolving dynamics of inequality, precipitated by the meteoric rise of emerging economies and the concomitant resurgence of "within inequality," underscoring the imperative for targeted policy interventions and international cooperation to address the multifaceted challenge of global income disparity.

The subsequent graph, derived from the World Inequality Report 2022, aligns with the overarching trend observed in the distribution of the two components of inequality. It presents a lucid

depiction of the evolution of economic disparities spanning the past two centuries, a period that can be dissected into distinct intervals:

- 1820-1910: During this phase, both components of inequality exhibited an upward trajectory. Western nations consolidated their dominance through colonialism, fostering an economic and political system characterized by hierarchy, which predominantly favored specific social strata.
- 1910-1980: This era witnessed the initiation of a decline in "within inequality" attributable to heightened social expenditure and progressive tax policies. Nevertheless, "between inequality" continued its ascent.
- 1980-2020: This period marked a reversal in the prevailing trends.

Figure 3.03 Distribution of economic disparities from 1820 to 2020.



Source: World Inequality Report 2022.

This graphical representation provides a comprehensive insight into the historical transformation of economic disparities and underscores the pivotal role played by shifting economic, political, and

social dynamics in shaping the contours of inequality over time.

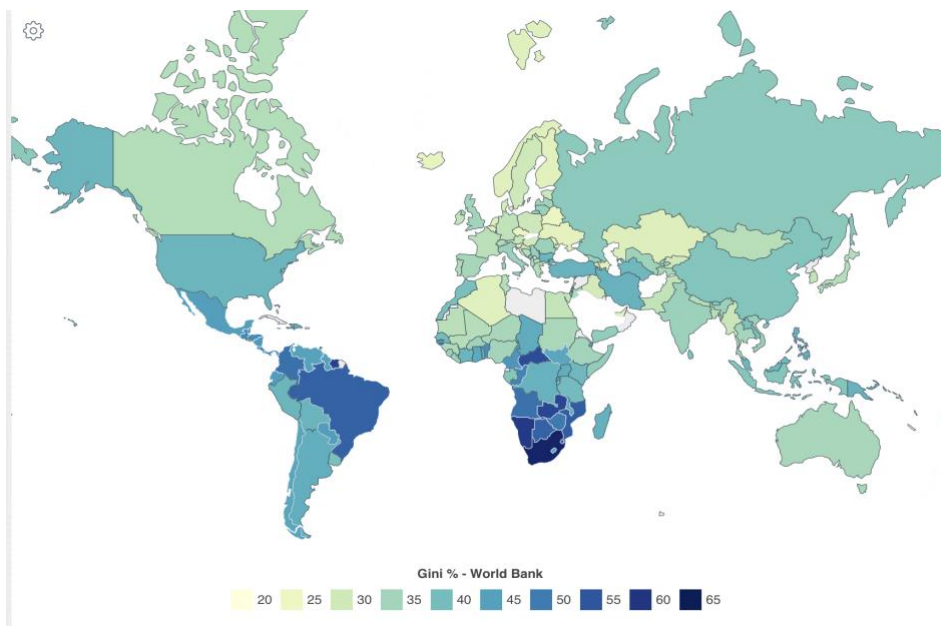
One widely used metric for quantifying economic inequality is the Gini index, a scale that ranges from 0 to 1. A Gini index of 0 signifies a perfectly equal distribution of wealth, where every individual receives the same income. Conversely, a Gini index of 1 represents maximum concentration and inequality, where a single individual possesses all wealth. Consequently, the closer the Gini index approaches 1, the wider the income disparity between a country's wealthiest and most impoverished citizens. Frequently, this index is multiplied by 100, rendering values within the more intuitive range of 0 to 100 for easier visualization and interpretation.

According to the 'World Inequality Report 2022,' global economic inequality has surged over the past three decades, albeit with notable variations in individual regions. The most unequal regions include Sub-Saharan Africa and LATAM (Central and South America), where the majority of countries exhibit Gini indices ranging between 50 and 40. Conversely, nations characterized by more equitable wealth distribution are located in Central and Northern Europe, alongside select former Soviet republics, boasting Gini indices between 20 and 25.

Moreover, the report posits that while inequalities within countries have been on the rise, inequalities between nations have witnessed a decline. This trend is primarily attributed to globalization, which has spurred substantial economic growth in countries like India, China, and other emerging Asian economies. An exceptional case is the United States, where the Gini coefficient stands at a staggering 41.1, signifying a remarkably high level of income inequality.

The subsequent map, sourced from worldpopulationreview.com, provides a global overview of Gini coefficients for all countries. Darker colors indicate higher levels of inequality, reaffirming the presence of more pronounced wealth disparities in Sub-Saharan Africa and Central and South America, characterized by the darker shades, while the lighter hues in Central and Northern Europe signify relatively narrower income gaps.

Figure 3,04 Gini Index over the World in 2021.

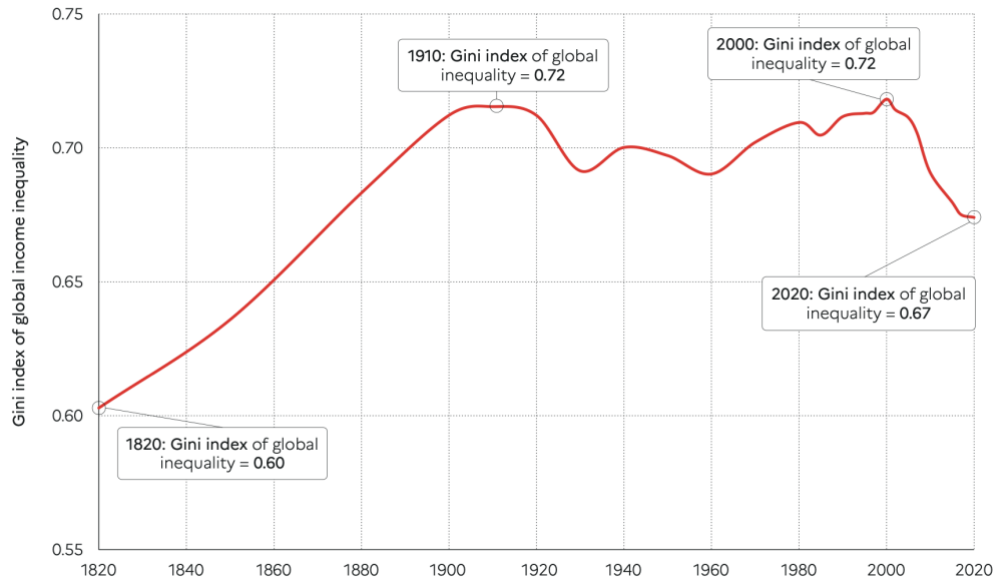


Source: *World Inequality Report 2022*.

This mapping of the Gini coefficient underscores the pervasive nature of economic inequality worldwide, with regional disparities and globalization playing pivotal roles in shaping the contemporary landscape of wealth distribution. Broadly, the global Gini coefficient stands at 0.67, a figure indicative of pronounced income inequality. It is worth noting that while the peak of this index occurred in 2000, a comparable high was observed in 1910.

The 'World Inequality Report of 2022' offers a comprehensive perspective on the evolution of this index from 1820 to the present day, as depicted in the subsequent chart, sourced from the same report. Strikingly, the contemporary Gini coefficient remains nearly on par with its level a century ago, marking a significant increase from the figures recorded in 1820.

Figure 3,05 Evolution of Gini Index from 1820 to 2020.



Source: *World Inequality Report of 2022*

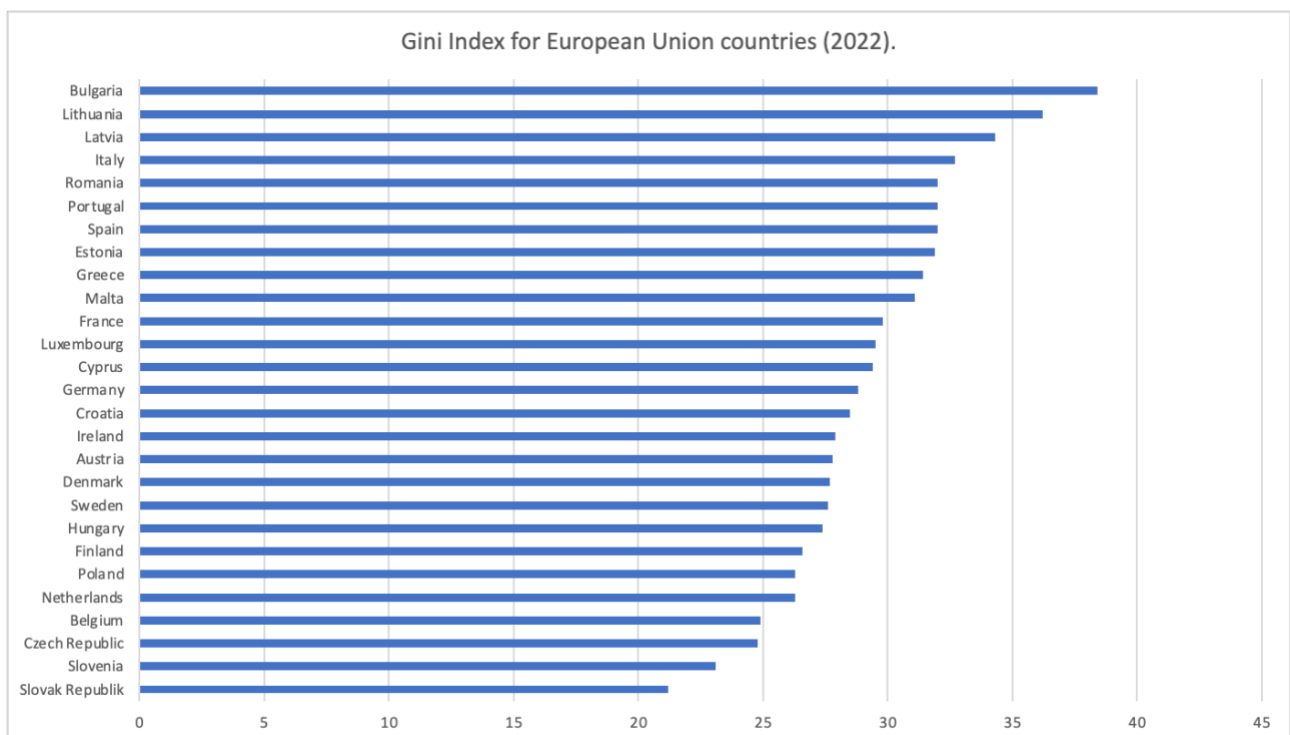
This analysis underscores the persistent and substantial nature of global income inequality, with historical data revealing that contemporary levels are not only reminiscent of the past century but also considerably higher than those recorded in the early 19th century.

ITALY

Economic inequalities

The most recent Gini coefficient for Italy stands at 32.7. While this value is lower than that observed in certain larger nations such as the United States and Australia, it positions Italy among the European countries with one of the highest levels of income inequality. This distinction becomes evident upon consulting the graph presented below, which has been derived from a reevaluation of Eurostat data from the year 2022.

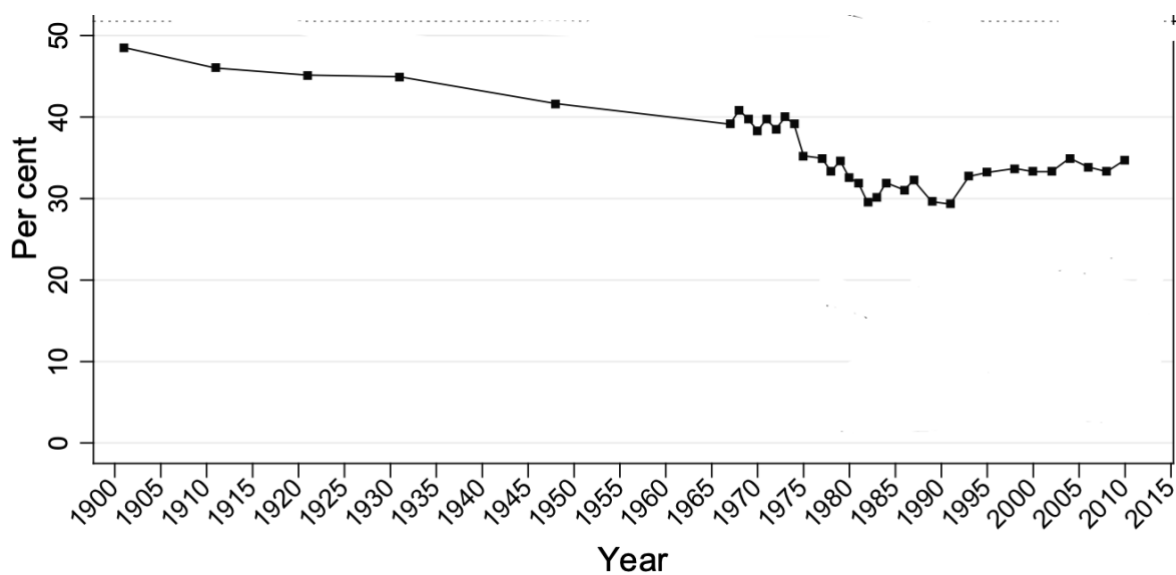
Figure 3,06 Gini Index for European Countries in 2022



Source: Eurostat.

This data underscores Italy's notable position within the European context, as it grapples with a relatively high Gini coefficient, signifying a substantial degree of income inequality within the nation. The Gini index exhibited even higher values in preceding decades, as illustrated in the subsequent graph extracted from "Chartbook of Economic Inequality" authored by Anthony B. Atkinson and Salvatore Morelli. During the first half of the 20th century, it ranged between 50 and 40 percent. However, beginning in the 1960s, and partially attributed to the economic miracle, the index commenced a gradual descent. By the 1970s, it witnessed a marked decline of 10 percent. Subsequently, from the 1980s onward, the Gini index has exhibited a more erratic pattern, characterized by fluctuations and deviations in consecutive years, while consistently remaining within the range of 30 to 35 percent.

Figure 3,07 Evolution of Gini Index in Italy from the 20th to the present.

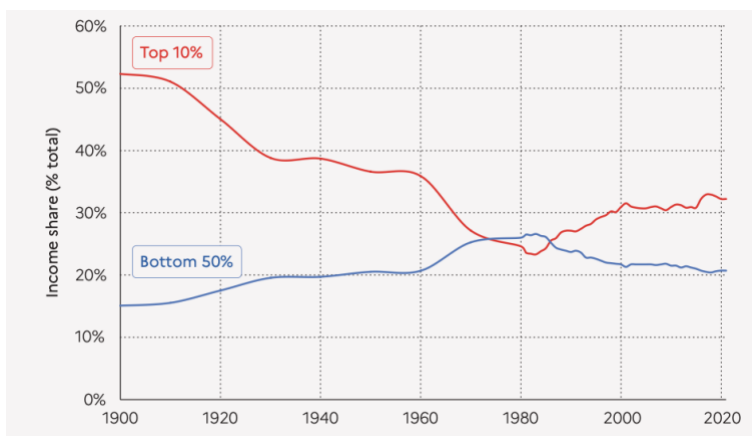


Source: *Chartbook of Economic Inequality*, Anthony B. Atkinson and Salvatore Morelli, 2014.

This historical analysis underscores the shifting dynamics of income inequality in Italy over the past century, as it traversed from higher levels towards a more varied and oscillatory trajectory in recent years, settling within the range.

Another pertinent index employed by economists involves the comparison of income held by the wealthiest 10% of a country with that held by the bottom 50%. The ensuing graph, sourced from the "World Inequality Report 2022," reveals a discernible trend. Since the 1980s, the portion of income controlled by the top 10% has experienced an increment of approximately 8/10%, whereas the portion held by the poorest half of the population has declined from 27% to 21%. This reduction can be attributed in part to policy measures implemented in response to the financial crisis and the European debt crisis.

Figure 3,08 Evolution of Top 10% and Bottom 50% income share in Italy from 1900 to 2020.



Source: World Inequality Report 2022.

This data illustrates the shifting dynamics of income distribution, spotlighting the increasing share commanded by the wealthiest 10% and the corresponding decline in the share held by the least affluent half of the population. These trends have been influenced, to some extent, by policy responses to economic challenges, further underscoring the complexity of income inequality dynamics.

Main reasons

Beneath these relatively pronounced disparities in income lie a series of policy decisions that have given rise to significant consequences, the main have been explained by the European Environmental Bureau in 2020 :

- **Technological Shifts Favoring Short-Term Gains Over Social Equity:** Technological advancements have increasingly prioritized immediate profits at the expense of broader considerations of social justice.
- **Enhanced Tax Evasion Opportunities for the Wealthy:** Policies have inadvertently facilitated tax avoidance among the affluent, exacerbating the income gap.
- **Social Exclusion on a Large Scale:** A substantial portion of society finds itself marginalized, excluded from active participation in social life.
- **Erosion of Social Mobility:** Social mobility has experienced a precipitous decline, impeding individuals' ability to transcend their socio-economic backgrounds.

Moreover, two recent developments have further compounded the situation:

- **Technological Unemployment Due to Robotization:** The proliferation of automation has led to widespread technological unemployment, particularly affecting precarious workers, such as the youth and migrants, who face an elevated risk of impoverishment.
- **Digital Revolution's Potential for Exacerbating Inequality:** The ongoing digital revolution harbors the risk of deepening exclusion and inequality, particularly if conducted without adhering to the principles of social justice.

Additionally, historical factors contribute to severe social and economic degradation. These factors encompass organized crime's ascension to economic and political power, initially limited to the

southern regions but increasingly permeating the rest of the peninsula. Other contributing elements entail a cultural disposition favoring discrimination against women, migrants, and minority groups. Furthermore, the unsustainable exploitation of natural resources persists, with the economy remaining distanced from the ideals of a circular model.

The intensification of globalization has rendered each nation highly interdependent on external events and specific policy choices, with implications for income inequality. Currently, four transnational factors warrant consideration:

- Trade Flows: While generating extensive value chains between Italy and its trade partners, trade flows frequently sideline workers' rights in the face of mounting competition. The modern fashion industry, for instance, demands more frequent collection turnovers to entice an already saturated customer base. The ensuing surge in production runs counter to workers' rights, resulting in shorter lead times and dwindling prices. Furthermore, production is often dispersed across different countries to capitalize on the most favorable opportunities, thereby exacerbating income inequality through poorly remunerated jobs.
- Migration: As an outgrowth of income disparities between affluent and impoverished nations, immigrants often face discrimination and exclusion, being unfairly attributed as catalysts for economic and social crises.

These multifaceted issues underscore the intricate interplay between policy choices, technological advancements, historical factors, and globalization in shaping income inequality dynamics, necessitating a comprehensive and multifaceted approach to address these challenges.

Solutions to reduce the gap

In spite of the profound shifts discussed in the preceding section, including technological advancements and globalization, which would seemingly necessitate new regulatory and policy frameworks geared towards systematic reduction of income inequality, substantial progress on this front remains elusive. While Italy formulated a national strategy for sustainable development in 2017, the absence of a concrete implementation plan remains conspicuous.

Broadly, the initiatives developed in response to these challenges include:

- The "Dignity Decree" of 2018: This legislative measure sought to mitigate the precariousness of the labor market by imposing limits on the duration of fixed-term contracts and addressing cases of wrongful dismissal. Nevertheless, many economists contend that it falls short of effectively addressing labor market instability.
- Introduction of the Citizenship Income in 2018: This program was established with the aim of combatting poverty. However, its efficacy is likely to be hampered by conditionalities, such as the obligation to accept job offers, and the intricate nature of its implementation, which necessitates the strengthening of Job Centers.
- The National Strategy for Inner Areas (SNAI): Implemented since 2013, this strategy endeavors to diminish disparities in access to essential services across 72 areas distant from major service centers.
- The 2018 Security Decree: This legislative measure brought about modifications to Italy's reception system for asylum seekers. It introduced limitations on asylum applications and imposed detention for identification purposes. Additionally, it curtailed reception services while expanding restrictive border procedures. Consequently, this has engendered heightened insecurity and increased the risk of exacerbating inequalities.

These policy initiatives represent noteworthy attempts to address pressing issues related to income inequality, labor market instability, poverty, and social disparities in Italy. However, it is evident that there remains ample room for comprehensive and effective policy measures that can adequately respond to the multifaceted challenges posed by contemporary economic and societal transformations.

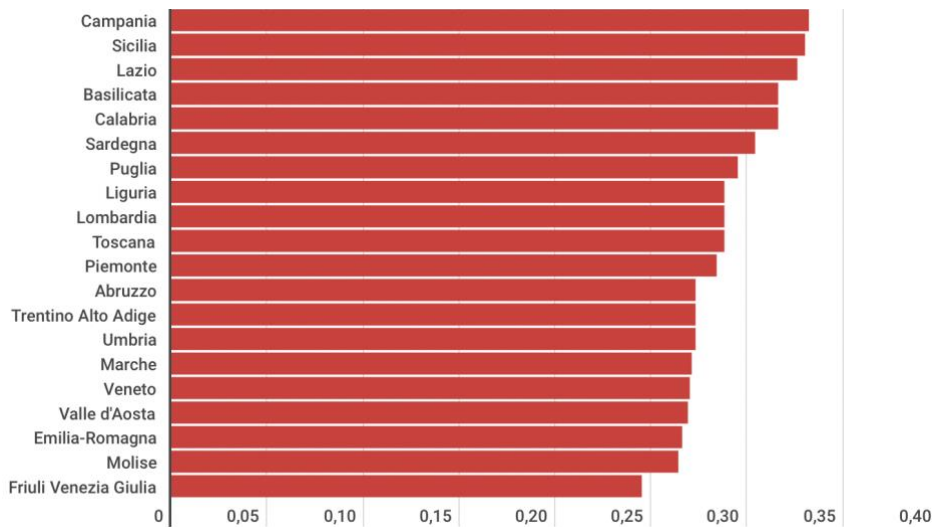
Geographical inequalities

Income distribution across various regions within Italy exhibits notable disparities, with certain regions demonstrating a higher degree of income concentration than others. Specifically, Sicily and Campania emerge as regions where incomes are most heavily concentrated among a select few. This pattern is mirrored in other regions within the central and southern parts of the country, including Latium, Basilicata, and Calabria. Within this geographical area, challenges associated with unemployment and income deficiency disproportionately affect segments of the population, such as women, youth, and single-income families.

The subsequent graph, derived from a comprehensive reevaluation of pertinent data sourced from ISTAT, offers a visual representation of the Gini index for each Italian region. Notably, regions in the northern part of the country tend to exhibit lower levels of income inequality, with Friuli Venezia Giulia, for instance, recording a Gini index below 0.30.

These regional disparities underscore the imperative for targeted policies and interventions that can effectively address the unique challenges and dynamics at play within different areas of Italy. Achieving more equitable income distribution is not only an economic objective but also a means of fostering social cohesion and well-being across the nation.

Figure 3,09 Gini Index for any Italian region in 2020.



Source: Istat.

Another dimension of territorial inequality within the country pertains to the inhabitants of suburban and remote rural areas, often situated far from major urban centers, which are frequently regarded as the sole bastions of innovation and future opportunities. Conversely, rural regions exhibit a confluence of challenges symptomatic of a severe crisis. These challenges include depopulation, particularly among the youth demographic, an aging populace, declining soil maintenance leading to a heightened vulnerability to natural disasters such as floods, earthquakes, and droughts, as well as the abandonment or deterioration of public services. The root cause of these issues lies in the failure to recognize and address the unique characteristics and needs of these territories.

The persistent neglect of these regions poses a multifaceted challenge, necessitating a comprehensive policy approach that acknowledges and rectifies the structural imbalances that contribute to territorial disparities. Such an approach is essential for ensuring that suburban and rural areas also benefit from the opportunities and resources necessary for sustainable development and quality of life enhancement.

Gender inequalities

In addition to geographical disparities, there exists another dimension of inequality that is distinct yet equally pressing—gender inequality. Despite women outperforming men in education, significant differences persist in their participation in the workforce. This disparity is apparent both post-graduation (38.7% vs. 50.8%) and at the graduate level (59.2% vs. 64.8%), as indicated by data from Istat in 2017.

One of the primary factors contributing to this substantial gender gap is the traditional allocation of family responsibilities, which disproportionately burden women. This situation often compels women to opt for part-time or occasional employment, thereby impeding the continuity of their careers. Istat data corroborates this trend, revealing that the employment rate for individuals aged 25-49 stands at 81% for those living alone but drops to 70% for those in childless couples, and further plummets to 56% for those with children (Istat 2017).

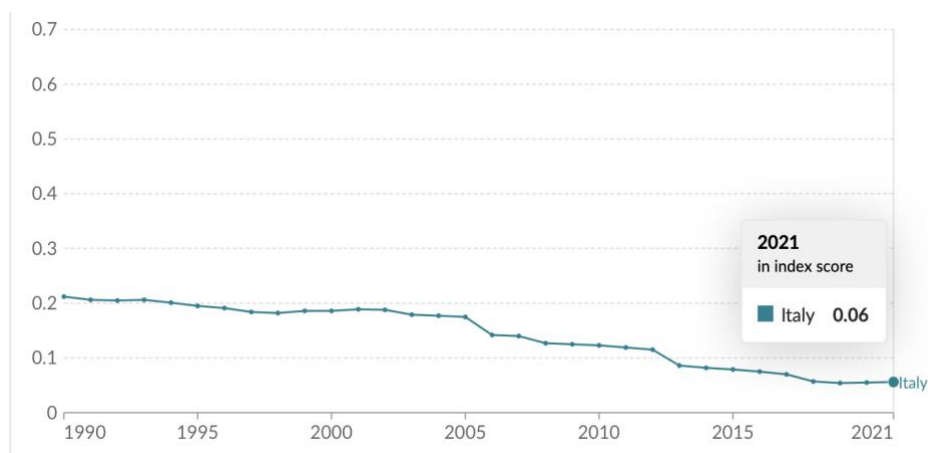
Over the past few decades, thanks to a myriad of factors including cultural shifts and enhanced educational attainment, the female employment rate has surged by 15% (from 33.5% to 48.1%), as per Istat data from 2017. Nevertheless, the gender gap remains substantial, with women lagging behind men by 18%, marking the second-highest disparity in the European Union after Greece. Significant regional disparities persist as well. For instance, the employment rate for women has risen by 6.7% in southern regions, while it has surged by 20% in northern ones. In the former, the share of employed women stands at 60%, mirroring the European average. Conversely, in the latter, the rate is nearly half that, at 32%. Furthermore, considerable income disparities persist, with women earning on average 24% less than their male counterparts (Istat 2014).

Quantitatively, the Gender Inequality Index serves as an illuminating gauge of gender disparities. It encompasses three overarching dimensions:

- Reproductive Health: This dimension takes into account indicators such as the maternal mortality rate and adolescent fertility rate.
- Empowerment: Empowerment is gauged by considering the representation of each gender in political spheres, such as the share of female MPs.
- Labour: This dimension evaluates female participation in the labor force.

The index values can range from 0, denoting the absence of inequalities, to 1, indicative of a starkly unequal scenario. The subsequent table, extracted from Our World in Data, illustrates the evolution of this index from 1990 to 2021, with the value standing at 0.06. Over the past three decades, the index has registered a 1.5% decline, signaling progress in the fight against gender inequality.

Figure 3,10 Evolution of Gender Inequality Index in Italy from 1990 to 2021, and the current value.



Source: Our World in Data.

This comprehensive analysis underscores the multifaceted nature of gender inequality, necessitating ongoing efforts and policy interventions to bridge the gender gap in various dimensions of society.

Contrastingly, the following graph, sourced from the Human Development Report, provides a granular perspective by dissecting the three primary dimensions of the Gender Inequality Index

and delineating changes since the preceding year. A salient observation from this analysis is the pronounced disparity in parliamentary representation, approaching nearly 30%. Furthermore, there is a noteworthy gender gap in labor force participation, nearing 18%.

Figure 3,11 Division for Dimensions of the Italian Gender Inequality Index in 2021.

Italy			
2021 GII value	0,056		
GII change from 2020	+0,001		
Maternal Mortality Ratio	2,0 death/100,000 live births		
Adolescent Birth Rate	4,0 births/1,000 women age 15-19		
	Female	Male	Gender gap
Share of seats in parliament	35,3%	64,7%	-29,5%
Population with at least some secondary education (age 25 and older)	78,6%	86,1%	-7,5%
Labour force participation rate (age 15 and older)	39,9%	57,6%	-17,7%

Source: Human Development Report.

This comprehensive breakdown offers valuable insights into the specific facets of gender inequality, highlighting substantial disparities in political representation and labor force engagement. These dimensions represent pivotal arenas for targeted policy measures aimed at advancing gender equity.

Lastly, the ensuing graph, likewise sourced from Our World in Data, sheds light on nations boasting the lowest index values. Unsurprisingly, Scandinavian countries, along with several Central European nations, consistently occupy the top positions in terms of gender equality. Notably, Italy finds itself in a commendable position within this global context.

Figure 3,12: Countries with the lowest Gender Inequality Index in 2021.

Country or region	Gender Inequality Index (index score) • 2021
Denmark	0.01
Norway	0.02
Switzerland	0.02
Sweden	0.02
Netherlands	0.03
Finland	0.03
Singapore	0.04
Iceland	0.04
Luxembourg	0.04
Belgium	0.05
United Arab Emirates	0.05
Austria	0.05
Italy	0.06
Spain	0.06
South Korea	0.07
Portugal	0.07

Source: Our World in Data.

This international perspective underscores the exemplary achievements of Scandinavian and Central European countries in the realm of gender equality, while simultaneously acknowledging Italy's commendable standing among nations committed to advancing gender equity.

Generational inequalities

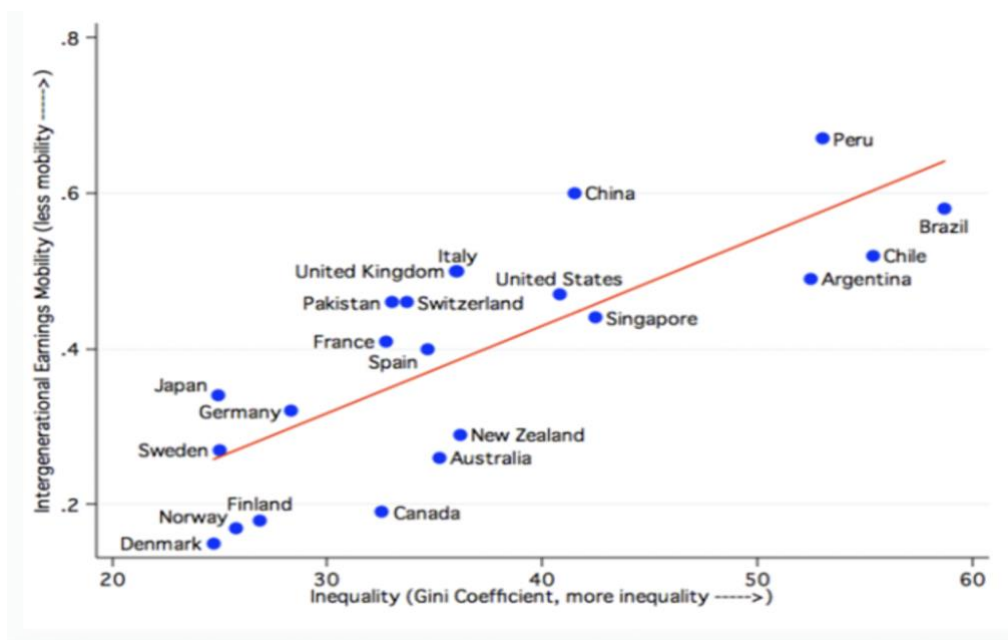
The final facet of inequality to be addressed pertains to disparities between generations, closely intertwined with diminished social mobility. This phenomenon implies that individuals are increasingly less likely to surpass their parents in terms of both financial prosperity and social status. The persistence of inequality across generations is a salient characteristic, notably exacerbated in Italy by the influence of relational networks. Families from certain backgrounds possess a reservoir of knowledge so extensive that it propels future generations into advantageous workplace positions. Social mobility, an essential determinant, has historically thrived during periods of economic growth.

For the first time in over a century, individuals aged between 25 and 40 find themselves unable to

advance their socio-economic standing compared to preceding generations, as reported by Istat in 2017.

Numerous scholars have asserted a robust correlation between intergenerational mobility and the level of economic inequality. One prominent model utilized to depict this relationship is the 'Great Gatsby Curve,' depicted in the subsequent figure sourced from Corak (2013) and referenced by Krueger (2012).

Figure 3,13 Great Gatsby Curve in 2013.



Source: Corak, 2013.

This curve signifies a pivotal tool in understanding the intricate interplay between economic inequality and intergenerational mobility, spotlighting the challenges faced by contemporary generations striving for upward mobility in the face of mounting disparities.

Italy exhibits a notably lower rate of intergenerational mobility in comparison to other countries, including Scandinavia, Canada, Germany, Japan, and Australia.

In recent years, extensive research efforts have been dedicated to exploring the dynamics of

intergenerational mobility. The subsequent table, assembled through the reanalysis of data administered by the Department of Finance of the Ministry of Economy and Finance, features a sample of 100 father-son pairs.

The data that have been used are cohorts of Italians born between 1942-1963 (parents) and 1979-1983 (children), respectively. Parents and children were accurately matched through income tax declarations, with the dataset anonymized to protect privacy. Our final dataset comprises 1.7 million parent-child pairs, providing detailed income information for the parents during the years 1998-2000 and for the children during the years 2016-2018, when they reached the age of 34-38. This table elucidates the father's quintile of socio-economic status and whether the son's quintile has experienced any change or remained consistent.

Figure 3,14 Estimated transition matrix between income quintiles in Italy.

Quintile of parents	Quintile child				
	First (Poorest)	Second	Third	Fourth	Fifth (Richest)
First (Poorest)	28,9	25,5	19,5	16	11,2
Second	21,7	22,2	21,7	20,1	14,3
Third	18,3	20	21,3	21,9	18,5
Fourth	16	18,1	20,9	22,6	22,5
Fifth (Richest)	15,1	15,3	16,7	19,4	33,5

Source: Dipartimento delle Finanze del Ministero dell'Economia e delle Finanze, 2018

This empirical data provides valuable insights into the persistence or transformation of socio-economic status across generations within Italy, contributing to a more nuanced understanding of

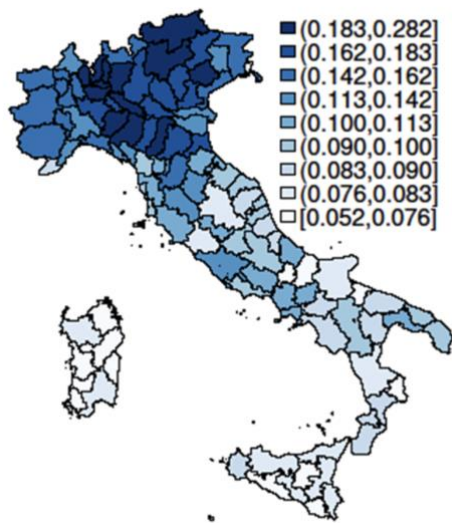
intergenerational mobility patterns.

Several noteworthy findings emerge from the analysis, highlighting distinctive trends in intergenerational mobility:

- Only 10% of children born to parents in the lowest quintile manage to ascend to the wealthiest 20%, whereas 33% of offspring born into the highest quintile remain in the same socio-economic class. Notably, across all quintiles (excluding the third quintile), the most prevalent outcome is children maintaining the same quintile as their parents.
- Within Italy, as in the case of the previously discussed forms of inequality, stark disparities exist between the North and South. The Northern regions exhibit a higher likelihood of upward mobility, akin to the outcomes observed in Scandinavian countries. Conversely, the Southern regions yield less favorable results, reflecting an opposite trend.

The subsequent map, derived from a reevaluation of data from the Department of Finance of the Ministry of Economy and Finance, presents a comprehensive overview of intergenerational mobility across the 110 provinces of Italy. Notably, the map accentuates the pronounced disparities between the two geographical regions within Italy. A darker shading within a province signifies a greater probability of intergenerational mobility. Various factors contribute to these divergent mobility patterns, encompassing local labor market conditions, educational quality, and indicators associated with family stability, as posited by Acciari, Polo, and Violante in 2022.

Figure 3,15: Intergenerational Mobility in every Province of Italy in 2022.



Source: “Eppur si muove, mobilità intergenerazionale in Italia”, Paolo Acciari, Alberto Polo and Gianluca Violante, 2022.

These findings underscore the intricate interplay of factors that shape intergenerational mobility patterns and underscore the challenges faced by individuals seeking upward socio-economic mobility, especially in regions with less favorable conditions.

Access to education

The last dimension to be considered is access to education, which is considered a fundamental resource for both individuals and societies, so much so that it is often not only considered a right but also a duty, as individuals are also required by law to attain a certain level of basic education. A better education leads to a higher individual income and contributes to long-term economic growth and consequently to a reduction in inequalities.

General regulations on the right to education include compulsory education for a period of ten years and the obligation to receive education until the age of 18, thus obtaining a high school diploma or a vocational qualification after at least three years of education.

Article 34 of the Italian Constitution states that 'educational institutions are open to all', recognising the right to education as a fundamental principle of equality between Italian and foreign citizens.

However, Italy is one of the most delicate countries in the European Union, Italy invests fewer resources than other EU countries and achieves lower results. This situation, among other factors, puts Italy at risk of losing one million students in the next ten years, from 9 to 8 million in total.

Early school leaving is one of the most serious problems, in 2016, the average dropout rate in the EU stands at 10.7 per cent, down 0.3 per cent from 2015, Italy is above the average, with a dropout rate from the education and training system that increased in the previous two years, reaching 14.5 per cent in 2018.

There are also significant differences in skills and educational attainment compared to the rest of Europe. In Italy, 27.9 per cent of 30–34-year-olds have a tertiary degree, thus exceeding the target set by Europe 2020 (26-27 per cent). However, our level still remains significantly below the European average, ranking just above Romania. In detail, the percentage of women aged between 30 and 34 with a university degree stands at 34%, while for men it is 21.7%.

Italy ranks third in Europe for the number of workers with skills lower than those required by their jobs and seventh for workers with skills higher than those required by their jobs. Some 6% of Italian workers have skills below the level of their jobs, while 21% are underqualified. Curiously, despite the low skill levels in the country, there are many cases where employees possess skills above those required by their jobs, reflecting the low demand for skills in Italy. In particular, employees with extra skills and over-skilled employees represent a significant proportion of the Italian workforce, at 11.7% and 18% respectively. Around 35% of workers work in sectors other than those for which they studied.

Italy invests fewer resources than other countries in education, with lower per capita spending

and a below-average percentage of GDP allocated to education. This is also reflected in the salaries of Italian teachers, who, at the peak of their careers, earn between 79% (primary school) and 86% (pre-school) compared to the OECD average (Morning Future).

Access to the sanity

Access to quality healthcare is a fundamental right for every individual, regardless of their social or economic status. It involves providing care that meets patients' needs and promotes their overall well-being. Quality healthcare is crucial for a healthy society as it benefits individuals, families, and communities.

Access to quality healthcare is essential for maintaining and improving individual health, including preventive services, early diagnosis, and chronic condition management. The quality of care depends on factors like healthcare professionals' competence and available resources.

Quality healthcare is not just about advanced facilities but also treating patients with dignity and considering their social, emotional, and psychological well-being. It has a significant impact on overall well-being, leading to longer, healthier lives and active community participation.

However, access to quality healthcare can be challenging for marginalized or economically disadvantaged individuals due to barriers like lack of insurance and limited resources.

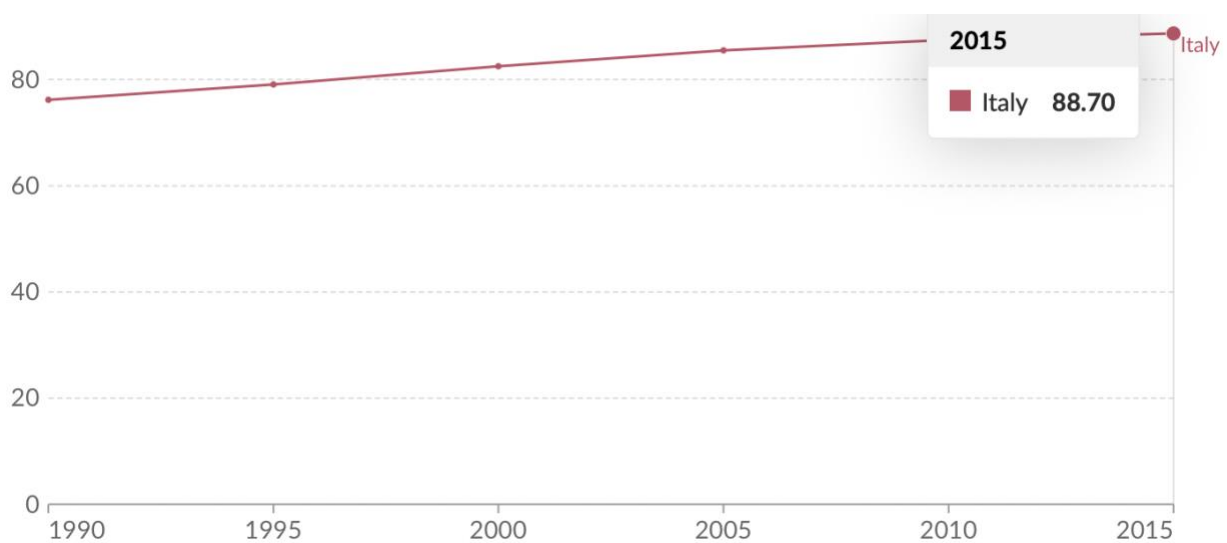
Collaboration between governments, healthcare providers, and stakeholders is crucial to ensure equitable access to quality healthcare for all.

One of the indices employed to assess healthcare access across different countries is the 'Healthcare Access and Quality Index.' It is measured on a scale ranging from 0 (indicating the lowest) to 100 (representing the highest) and is based on mortality rates attributed to 32 specific causes of death that could potentially be prevented through timely and effective medical care, commonly referred to as 'amenable mortality.'

Italy boasts a score that approaches the 90 mark, as evidenced in the graph below, sourced from 'Our World in Data.' The graph illustrates the evolution of this index from 1990 to 2015, revealing a notable growth of nearly 10% over the course of approximately 25 years.

Italy holds a prominent position in this ranking, sharing the upper echelons with fellow European Union countries and Japan (Our World in Data, 2017).

Figure 3,16 Healthcare Access and Quality Index of Italy from 1990 to 2015.



Source: Our World in Data.

In 1978, Italy introduced the National Health Service (Servizio Sanitario Nazionale or SSN), which automatically covers all Italian citizens and legal resident foreigners. It provides an extensive range of healthcare services free of charge, based on the principles of universal coverage, solidarity, human dignity, and health. The SSN operates as a public healthcare system.

The Italian healthcare system operates on a regional basis, granting regions significant autonomy to determine their healthcare objectives flexibly. Regional entities are responsible for delivering various healthcare services through local health units. Consequently, the quality of healthcare systems can vary across different regions of Italy.

The Italian public healthcare system receives positive evaluations from various international organizations:

- The World Health Organization ranks the Italian Healthcare System as the second-best in the world.
- The OECD (Organisation for Economic Co-operation and Development) assesses Italy as a country with high life expectancy, low infant mortality rates, and relatively low healthcare expenditures.

Hospital and primary care services are indeed provided free of charge, while the cost of insurance premiums remains comparatively low. The SSN is funded through a combination of national and regional taxes, along with private expenditures and insurance plans.

One of Italy's current challenges is financially sustaining an increasingly aging population. Italy faces the task of funding additional programs to cater to its rapidly aging populace.

As previously mentioned, the quality of public healthcare facilities in Italy varies by region.

Challenges include hospital overcrowding and long waiting times, as outpatient services typically do not operate on appointment schedules and patients are seen on a first-come, first-served basis. Additionally, waiting times for specialist appointments can be several months long.

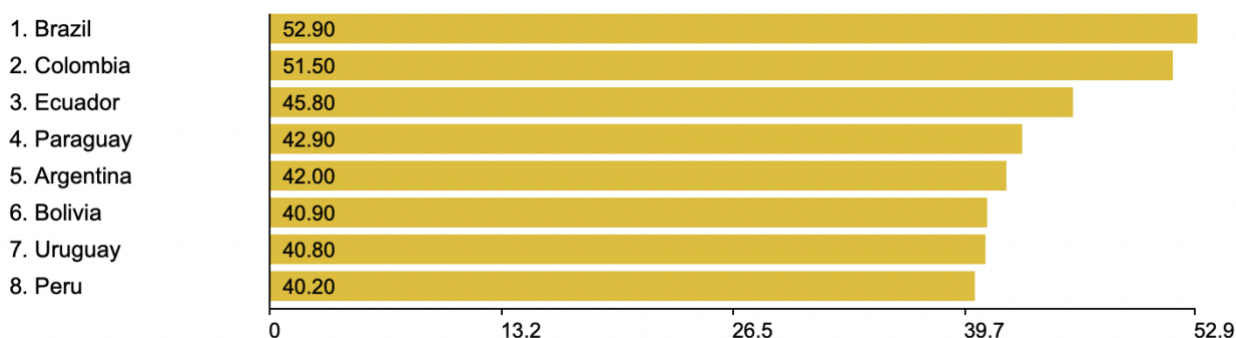
In addition to Italian citizens and legal residents, citizens of European Union member states can also benefit from the Italian healthcare system.

ARGENTINA

Economic inequalities

In stark contrast to Italy, Argentina's Gini index ranks among the lowest within its region, Latin America. This observation is evident from the subsequent graph, generated through the reanalysis of data retrieved from the World Data Centre. Nonetheless, it is imperative to note that despite Argentina's relatively lower Gini index, South America as a whole grapples with some of the highest levels of income inequality globally, placing its index within the critical range of 40 to 50.

Figure 3,17 Gini Index of most important South American countries in 2021.



Source: World Data Centre.

This comparative analysis underscores the unique position of Argentina within the context of Latin America, highlighting the intricacies of inequality dynamics in the region and the critical need for targeted policy measures to address these disparities.

Regrettably, due to the unavailability of historical data spanning previous decades, it is impossible to trace the evolution of the Index from the early 20th century, as was previously undertaken for Italy. Nevertheless, this gap can be addressed through alternative measurement methods.

To bridge this data void, we will rely on the examination of the share of income held by the

wealthiest 10% of the country, juxtaposed with that held by the poorest half of the population.

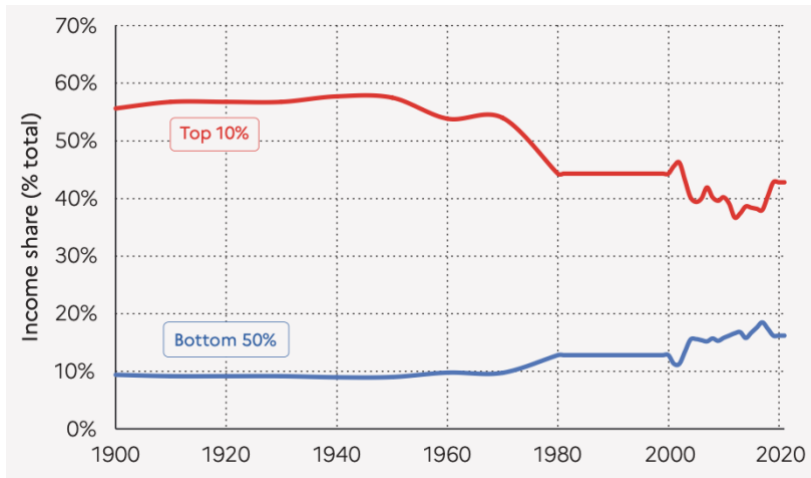
This analysis is facilitated by a graph sourced from the 'World Inequality Report 2022.'

Historically, the share of income held by the wealthiest echelons of the country remained consistently within the range of 50% to 60% during the first half of the 20th century. A slight uptick was noted following the Wall Street crisis of 1929. Subsequently, a downward trajectory commenced in the mid-20th century, catalyzed by redistributive policies implemented during Perón's tenure. These policies primarily sought to bolster the segments of the population that supported his leadership. The decline persisted through the late 1970s, coinciding with the emergence of the military dictatorship.

In the two decades following this period of stability, the share exhibited oscillatory behavior, characterized by annual fluctuations between increases and decreases. However, the poorest half of the country's population did not substantially benefit from these transformative changes over the century. Their share witnessed only a modest increase of 4% throughout the past century. It is worth noting that a more substantial uptick occurred in the years subsequent to the severe economic crisis of 2001-2002.

This alternative approach provides valuable insights into income distribution dynamics in Argentina over the course of the 20th century, despite the unavailability of extensive historical data.

Figure 3,18 Evolution of Top 10% and Bottom 50% income share in Argentina from 1900 to 2020.

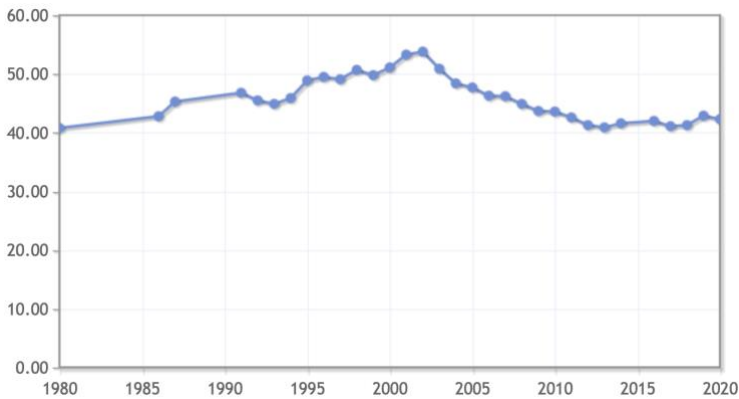


Source: World Inequality Report 2022.

The first available Gini index data emerges from the late 1970s and early 1980s, offering insight into income inequality trends during the final two decades of the 20th century. A notable uptick in the index is observed during this period, culminating in its zenith in 2001, registering at 52%. Subsequently, a discernible decline ensued, persisting until 2021. This trajectory reflects an overall reduction of 8%.

This data has been compiled through meticulous reanalysis of information retrieved from 'Indexmundi.' Importantly, it aligns with the trends delineated in the distribution of income, as observed in the shares held by the wealthiest 10% of the population and the poorest 50%.

Figure 3,19: Evolution of Gini Index in Argentina from 1980 to 2020.



Source: *Indexmundi*.

These Gini index trends provide a comprehensive retrospective perspective on income inequality dynamics in Argentina, shedding light on significant fluctuations during the latter part of the 20th century and the early 21st century.

Despite the sustained economic growth experienced by Argentina in recent years, as evidenced by the consistent rise in GDP per capita post the 2001-2002 crisis, with the exception of the years marked by the 2008 financial crisis and the onset of the COVID-19 pandemic (World Data Bank), persistent income inequality remains a prominent issue. The country has made substantial progress in other dimensions, notably witnessing a significant improvement in life expectancy, surging from 66 years in 1970 to over 76 years in recent times. This progress brings Argentina closer to the standards observed in Western countries and Japan. Moreover, the literacy rate is impressively high, hovering at approximately 99% (Tully 2023).

While these positive indicators underscore Argentina's advancements in various aspects, it is essential to acknowledge that substantial disparities continue to exist within the country's social and economic fabric.

Main reasons

Several multifaceted reasons can elucidate the persistently high levels of inequality within

Argentina:

- Labor Market Dynamics: Inequities within the labor market play a pivotal role, with factors such as job precariousness, inadequate recognition within the official system, and a dearth of labor rights disproportionately impacting specific segments of the workforce, particularly women.
- Family Composition and Poverty: Poverty tends to be associated with specific family structures, notably extended or single-parent families. It is noteworthy that a substantial 75% of individuals living in precarious economic conditions are below the age of 26. This demographic facet assumes added significance as children in such families often encounter barriers to accessing primary education, potentially exacerbating the inequality gap in the future.
- Digital Divide: Disparities in access to information and communication technology further contribute to inequality. The high costs associated with internet services, coupled with suboptimal service quality and infrastructure, lead to differential access among households.
- Geographical Concentration of Economic Activity: Argentina's economic activities are predominantly concentrated within select regions due to historical and geographical factors. The Pampa and Buenos Aires regions boast fertile terrains, in contrast to the less accessible North, South, and West regions:
 1. Western Region: Geographical challenges stemming from the Andes Mountains hinder accessibility to the border regions.

2. Northern Region: The arid plains and challenging physical conditions render it one of the least densely inhabited areas in the nation.
 3. Southern Region: Harsh climatic conditions marked by extreme cold, aridity, and strong winds further limit economic activities in this area.
- Infrastructure Gaps: Insufficient connective infrastructures impede integration between different regions, with notably longer travel times and low road accessibility, particularly affecting the Northern region. The Northern provinces, often the nation's poorest, grapple with pronounced criticality in terms of access to essential services, including healthcare, primary, and secondary education.

These multifarious factors collectively contribute to the enduring inequalities within Argentina, warranting targeted policy measures and initiatives to address the underlying disparities and foster more equitable development (Gonzalez and Cacaes 2017).

Solutions to reduce the gap

In an earnest endeavor to ameliorate the prevailing disparities, the Argentine government has introduced a series of initiatives in the early 21st century. These initiatives span various age groups, encompassing the following dimensions:

- Children: Policies targeting children encompass critical areas such as nutrition, childcare facilities, literacy, and direct income transfers. However, a considerable segment of the child population remains underserved by these welfare measures. Of note, the program has faced substantial funding reductions since 2015, thereby limiting its overall effectiveness.
- Adolescents: Initiatives directed at adolescents encompass a continuum of earlier policies, coupled with additional programs facilitating the transition into employment and

education. Special attention is devoted to early school leavers, including measures designed to raise awareness, prevent unintended pregnancies, and combat sexual abuse.

- Adulthood: Policies geared towards adults primarily revolve around income support mechanisms. This includes assistance for those unfairly dismissed, complemented by re-employment activities and incentives for employers engaged in hiring and training workers. The overarching goal of these policies is to provide targeted aid to the most marginalized and vulnerable segments of society.
- Elderly Population: Notably, the government has democratized access to the pension system for the elderly population, leading to a reduction in poverty rates. However, a sustainability challenge looms on the medium to long-term horizon.

Additionally, in 2020, a progressive tax was introduced, targeting the wealthiest individuals in the country, specifically those with assets exceeding \$2.5 million. The tax proceeds are allocated across various sectors as follows:

- 20% allocated to medical supplies.
- 20% earmarked for small and medium-sized enterprises.
- 20% allocated to educational assistance for students.
- 15% directed towards social development initiatives.
- 25% designated for projects within the natural gas sector.

While these measures have generated redistributive effects, there persists a recognition that more comprehensive actions may be necessary to meaningfully address the prevailing inequality in Argentina.

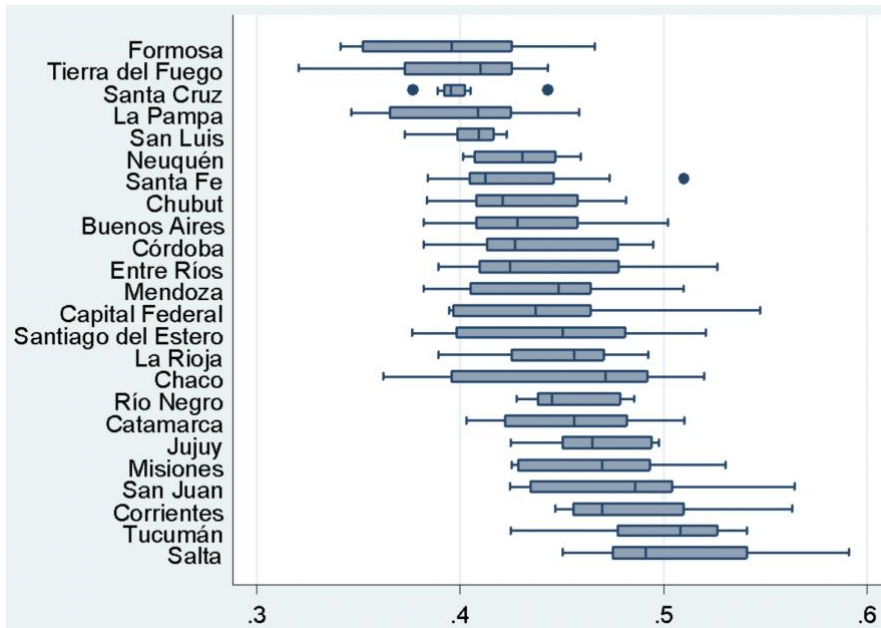
Geographical inequalities

A study conducted in 2017 by economists Calvo and Moschovich shed light on the economic inequality prevalent across different provinces in Argentina. The Gini index, a widely recognized measure of income inequality ranging from 0 (perfect equality) to 1 (perfect inequality), revealed significant disparities:

- The provinces of Corrientes and Salta exhibited the highest Gini indices, standing at 0.46 and 0.45, respectively. These values signify a higher degree of income inequality within these regions.
- Conversely, the provinces of Tierra del Fuego and Formosa showcased the lowest Gini indices, registering at 0.32 and 0.36, respectively. These figures indicate relatively lower income inequality within these provinces.

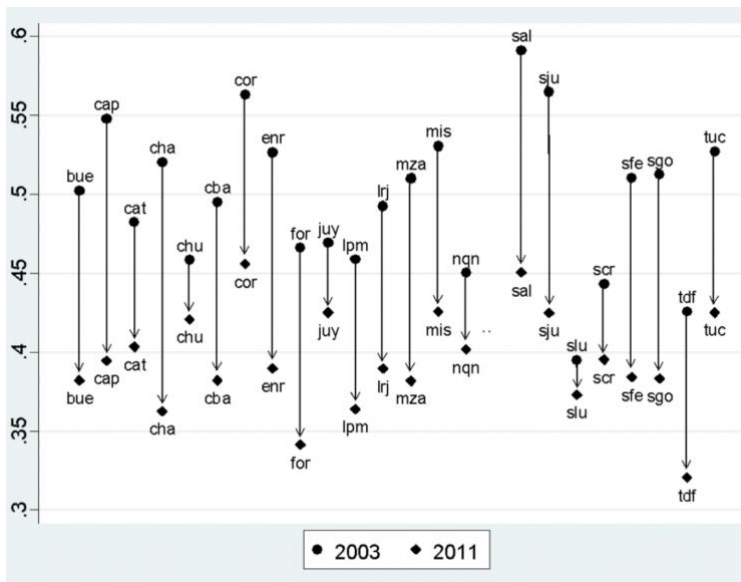
The subsequent graphs, sourced from their research, elucidate the trajectory of the Gini index for all provinces between 2003 and 2011. These visual representations offer valuable insights into the evolving landscape of economic inequality across Argentina's various regions during this eight-year period.

Figure 3,20 Gini Index of every Province of Argentina in 2011.



Source: Calvo and Moschovich, 2017.

Figure 3,21 Gini Index of every Province of Argentina in 2003 and 2011.



Source: Calvo and Moschovich, 2017.

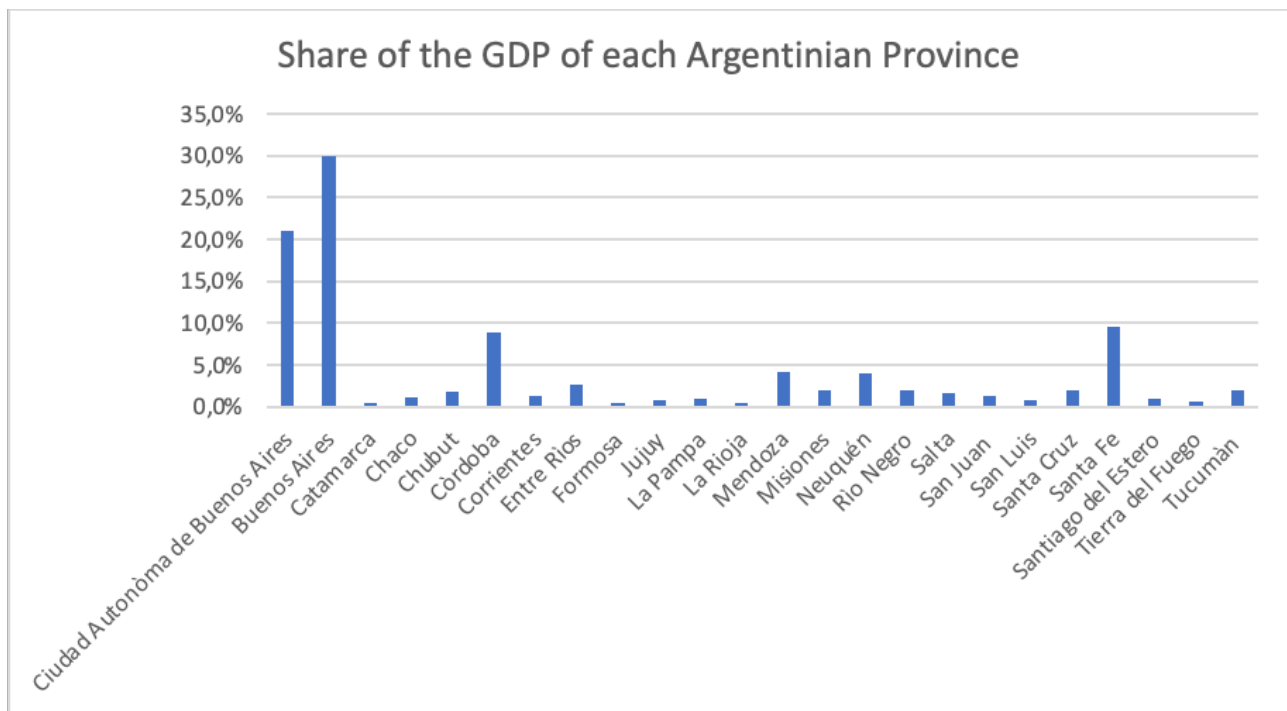
One encouraging observation gleaned from the preceding figure is the significant reduction in economic inequality, particularly noteworthy in the provinces of Salta and Chaco, where the gap

decreased by over 15% in both regions. It is important to note, however, that this positive trend was not uniform across all provinces. Despite being at a similar level of inequality in 2003, Tierra del Fuego witnessed a substantial 10% decrease, while other provinces such as Chubut, Neuquén, and Santa Cruz experienced more modest reductions of around half a percentage point (4-5%). Furthermore, economic activities in Argentina are geographically and historically concentrated, primarily in the fertile territories of the Pampa and Buenos Aires regions. In contrast, the accessibility and economic conditions in the North, South, and West regions are less favorable:

- In the West, access is impeded by geographical features, including the formidable barrier of the Andes mountains.
- The North, characterized by arid plains and challenging physical conditions, ranks among the least populated areas in the country.
- The Southern region is marked by extreme cold, aridity, and strong winds, further limiting economic opportunities.

Connective infrastructures play a pivotal role in regional integration, and here too, disparities are evident. Travel times are considerably longer in less accessible regions, and road infrastructure is generally less developed. Of particular concern is the Northern region, which encompasses some of the nation's poorest provinces. These challenges extend to the accessibility of essential services such as healthcare, primary education, and secondary education, further exacerbating disparities. A subsequent graph, featuring data from "Las brechas de género en las provincias argentinas", underscores the concentration of economic activity. Alarmingly, just four provinces account for nearly 70% of the entire local GDP. This reinforces the earlier point about regional disparities, as Buenos Aires, Córdoba, and Santa Fe are strategically positioned in the heart of Argentina, an area characterized by its lack of natural borders that might otherwise constrain economic activities.

Figure 3,22 Share of GDP of each Argentinian Province in 2022.



Source: “Las brechas de género en las provincias argentinas”, Sol Prieto, Celina Santellàn, Rosario Podestà, María Eugenia Fernández Scarlato and Daniela Carrizo, 2022.

Gender inequalities

While there have been positive changes in recent years, including efforts to secure equal job opportunities and access to education for women, the journey toward achieving gender equality remains lengthy and fraught with obstacles, particularly concerning labor market entry.

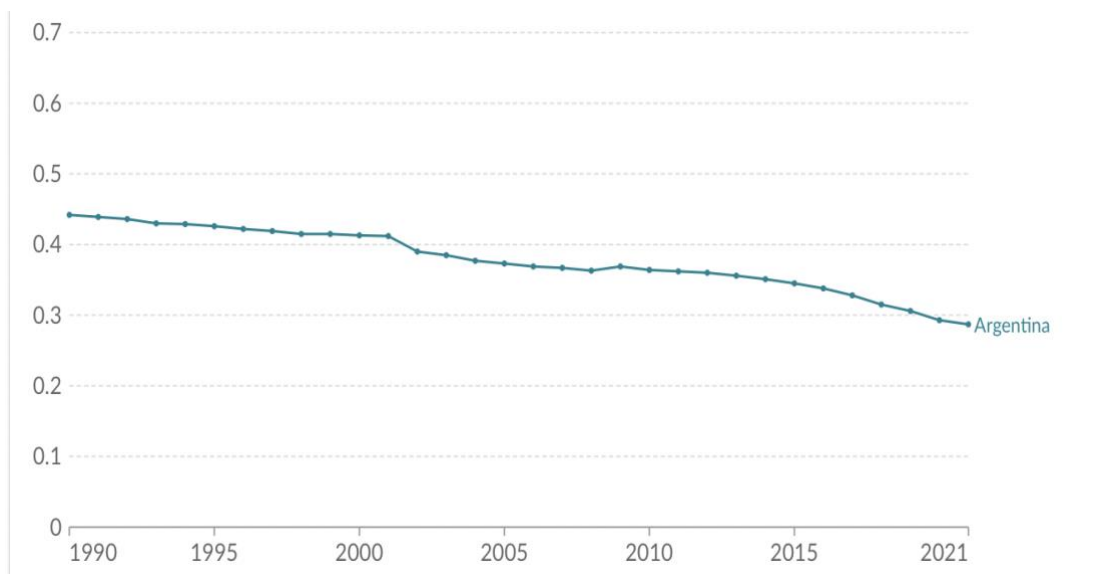
The substantial gender gap persists primarily due to cultural factors, with entrenched perceptions of men as dominant. Additionally, early marriage and the traditional assignment of domestic roles to women further exacerbate gender disparities. For instance, statistics indicate that 10% of women aged 15 to 24 years continue to engage in domestic roles (Nia 2018). Tragically, this often results in inadequate educational opportunities, putting these women at risk of future poverty.

Their lack of prior professional experience and suitable educational backgrounds can make it

exceedingly difficult to find employment.

Many women are relegated to precarious employment characterized by low wages, informality, and a lack of regulation. Such positions are often temporary and unstable, trapping women both horizontally in low-productivity sectors and vertically in lower-ranking positions within organizations. The shift in this paradigm began in 2007 with the election of the first female head of state, Cristina Fernández de Kirchner, who inspired many women to pursue higher-level positions. During this period, various initiatives emerged to promote gender equality, particularly by incentivizing further education and ensuring that men with similar educational qualifications have equal job opportunities. Notably, women often require higher levels of education to secure employment, and even when they possess a stronger educational background, the gender wage gap remains significant, with women earning less than 31% of what men do (Pomares, Langou, Abdala). To gauge progress and underscore ongoing challenges, examining the Gender Inequality Index proves insightful. The accompanying graph, sourced from Our World in Data, illustrates a significant drop in the index value from the 1990s to the present, declining from approximately 0.45 to 0.29. While this signals an improvement in gender equality, it is essential to note that the current value still ranks relatively high when compared to leading countries, where the index hovers around 0.01 to 0.02, underscoring the need for further advancements in gender equality.

Figure 3,23 Evolution of Gender Inequality Index in Argentina from 1990 to the present.



Source: Our World in Data.

When dissecting the index into its three fundamental dimensions, significant disparities become apparent, particularly in the labor force participation rate. However, the most concerning statistics emerge in the form of maternal mortality rates and teenage birth rates, which are markedly higher when compared to Italy.

Figure 3,24 Division for Dimensions of the Argentinian Gender Inequality Index in 2021.

Argentina			
2021 GII value	0,287		
GII change from 2020	-0,006		
Maternal Mortality Ratio	39,0 death/100,000 live births		
Adolescent Birth Rate	39,1 births/1,000 women age 15-19		
	Female	Male	Gender gap
Share of seats in parliament	44,4%	55,6%	-11,2%
Population with at least some secondary education (age 25 and older)	71,0%	71,4%	-0,5%
Labour force participation rate (age 15 and older)	50,0%	71,6%	-21,6%

Source: Human Development Report.

Substantial disparities are also observed among the various provinces. The following graph illustrates the contrast between male and female employment rates in Argentina and across all provinces. Interestingly, in certain economically disadvantaged provinces, the gender gap is narrower than in regions with a higher GDP share. For instance, in the capital, the gap is nearly half of the national average.

Figure 3,25 Difference between the Employment Rate of Men and Women for Argentina in general and in each Province in 2022.



Source: “Las brechas de género en las provincias argentinas”, Sol Prieto, Celina Santellán, Rosario Podestà, María Eugenia Fernández Scarlato and Daniela Carrizo, 2022.

Generational inequalities

Historically, Argentina was regarded as an open society with high mobility rates, facilitated by the absence of a feudal-style aristocracy. The smaller population size allowed children of the first immigrants to improve their socio-economic status through enhanced educational opportunities. Over the course of the 20th century, opportunities for economic advancement were more accessible, thanks to the absence of hierarchical barriers. However, with the onset of the military

dictatorship in 1976, this trend shifted significantly. During this period, income redistribution and equal opportunities took a back seat, resulting in a widening wealth gap. Wealthier families were better positioned to invest in their children's futures, perpetuating economic advantages across generations. This trend was reflected in various studies that indicated a growing occupational and educational hierarchy, especially in higher-status professions. The middle class also experienced limited upward mobility during this time. Thankfully, the situation began to change in the late 20th century with the end of the dictatorship. New Argentine governments implemented more inclusive social policies, such as family allowance transfer programs aimed at incentivizing school attendance. This led to increased social mobility and reduced inequality, although family background still played a role in determining prospects.

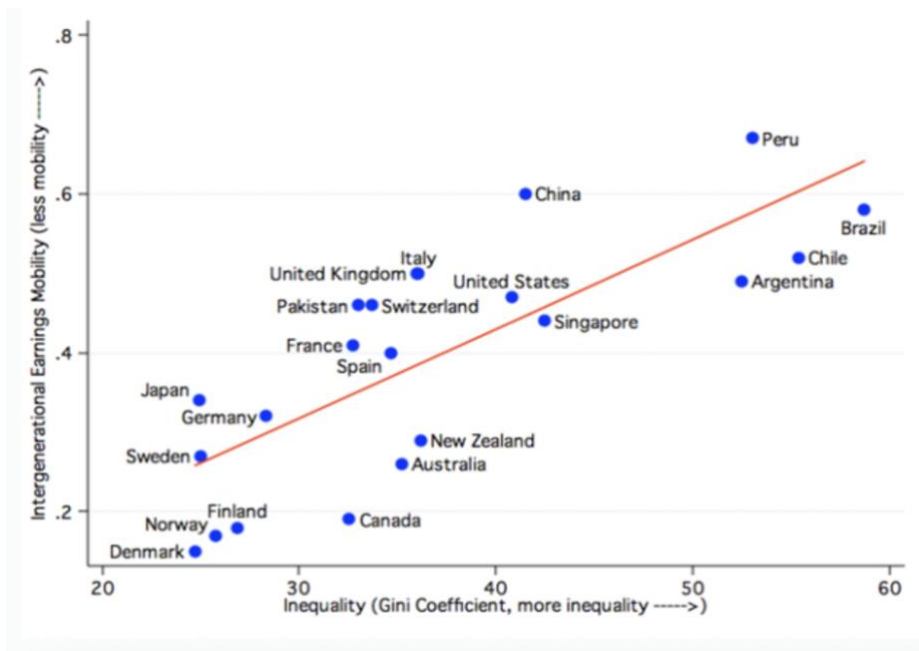
A study conducted by Diego Jorrot analyzed intergenerational mobility patterns and found that upward mobility surpassed downward mobility and immobility in the generation born between 1975 and 1985, for both men and women. However, these rates were lower than in previous generations. One valuable index to consider is the self-certification rate, which indicates whether individuals inherit their social class from their parents. This index can help gauge the openness of the social structure. While the rate is increasing in the class controlling resources and authority, it has significantly decreased in the popular classes in the last generation.

Another useful index is the service class entry disparity rate, which compares entry rates to the service class from different social classes. In the youngest generation, there is a notable gap between the children of skilled workers and the service class compared to other higher-status classes. This gap has increased due to a polarized class structure and greater inequality in accessing higher-status jobs. Although Argentina fares relatively well in Latin America, significant disparities still exist when compared to more advanced regions like Europe and North America.

The following graph, based on the previously mentioned Gatsby curve during the description of

the Italian context, underscores this point. South American countries are positioned on the opposite end of the spectrum from Scandinavian countries, indicating a more challenging situation in terms of social mobility and inequality.

Figure 3,26 Great Gatsby Curve in 2013.



Source: Corak 2013.

Access to education

Argentina has made significant strides in upholding the right to education for its young population.

The nation has witnessed substantial improvements in school enrollment rates, both at the primary and secondary levels, approaching universal primary education. Notably, the literacy rate among 15 to 24-year-olds stands at an impressive 100%.

In a bid to support disadvantaged families and facilitate their children's access to education and primary healthcare, Argentina launched a national initiative known as 'Plan Familia.' This ambitious program aims to benefit up to 500,000 families.

Demonstrating its commitment to the principles outlined in the Convention on the Rights of the

Child (CRC), Argentina enacted Law 26061, which firmly establishes children's right to education as a fundamental and inherent human entitlement. This legislation explicitly affirms that children have the right to receive a free public education that nurtures their complete development as individuals and responsible citizens. Moreover, it underscores the importance of respecting each child's creativity, cultural heritage, and linguistic background. Additionally, the law ensures that children have access to an educational facility in proximity to their place of residence.

Furthermore, the legislation specifically addresses the educational requirements of children and adolescents with disabilities or special needs. Critically, Argentina provides public education at all levels without charge, including specialized education tailored to children with special needs.

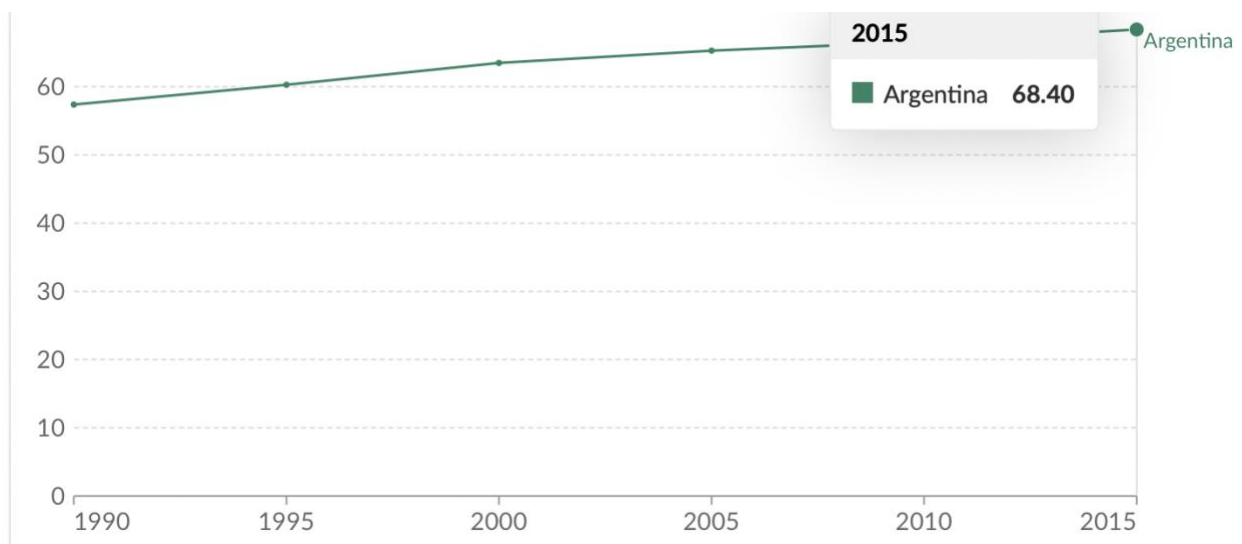
Argentina is renowned for its extensive period of compulsory education, a shared achievement with Brazil within the region. An amendment to the National Education Law in 2014 firmly established a 14-year period of compulsory education, commencing at the age of 4 and concluding with the completion of secondary education at age 18. This unwavering commitment to education is reflected in impressive statistics, with 99% of school-age children attending primary school and 76% at the secondary level. Additionally, the country boasts a commendable 92% primary school completion rate, effectively safeguarding Argentine children's right to education.

However, it is crucial to acknowledge the persistence of certain challenges, particularly regarding equitable access to education. Argentina faces elevated dropout and repetition rates at the secondary school level. National budget constraints have disproportionately impacted disadvantaged children, including indigenous children, those displaced, and those hailing from marginalized urban and rural areas, thereby restricting their access to quality education (Humanium).

Access to sanitation

Argentina demonstrates a score of 68.40 concerning the 'Healthcare Access and Quality' index, which is relatively low compared to Italy's score of approximately 89. Despite experiencing an almost 10% increase over the past 25 years, as illustrated in the subsequent graph sourced from Our World in Data.

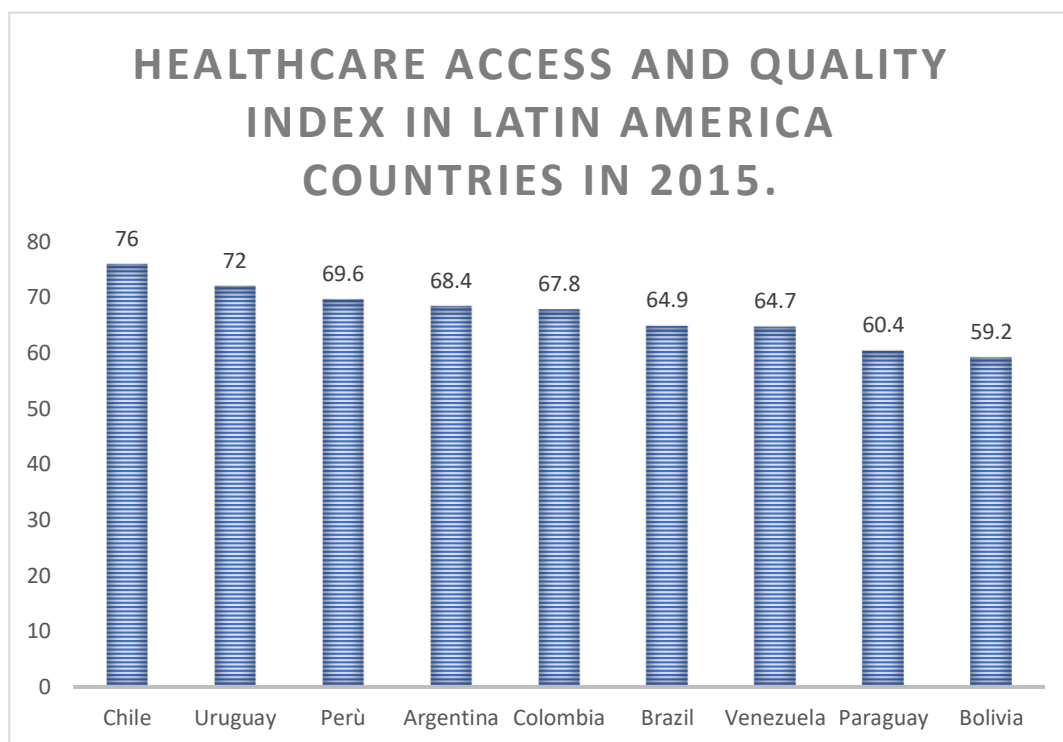
Figure 3,27 Healthcare Access and Quality Index of Argentina from 1990 to 2015.



Source: Our World in Data.

When considering only the Latin American region, Argentina exhibits one of the highest values. In fact, it is comparable to Peru, while the most significant difference emerges when compared to Uruguay and, notably, Chile. This distinction is evident in the following graph, which is also sourced from 'Our World in Data'.

Figure 3,28 Healthcare access and quality index in Latin American countries in 2015



Source: *Our World in data.*

The Argentine healthcare system is considered one of the best in South America. However, the quality of care is not consistent across the entire country. While major cities such as Buenos Aires, Cordoba, and Mendoza boast excellent hospitals and clinics, the situation is vastly different in the northern regions and rural or remote areas.

According to the World Health Organization, Argentina's healthcare system ranks 75th globally.

Being decentralized, the Argentine healthcare system is independently managed in each province, which contributes to this variation.

The Ministry of Health (MSAL) is responsible for regulation and statistical data collection.

The public sector provides free or economically favorable healthcare services to approximately 50% of the population. However, it is marred by long waiting lists, leading many individuals to consider supplementing their care with private options.

The social security sector represents the most common form of non-public insurance, with several

types offering varying levels of coverage. A notable feature is that pre-existing medical conditions cannot be excluded from coverage.

Approximately 5-9% of the population in Argentina is enrolled in the private sector (International Citizens Insurance). A distinct characteristic of the Argentine system is that private insurance policies are localized and often not accepted in different regions of the country.

COMPARISON OF THE 2 COUNTRIES

This chapter has provided a comprehensive examination of the economic disparities between Italy and Argentina. The discussion delved into income distribution at both national and regional levels, identified key drivers of disparities, and outlined the initiatives undertaken to address these challenges. Additionally, it explored social disparities across different dimensions, including gender and generational divides. Lastly, the chapter addressed the critical issue of access to education and its long-term implications for disparities.

The decision to focus on disparities stems from their profound impact on the quality of life for a country's residents. In extreme cases, disparities can lead to severe social instability, as discussed in previous chapters.

The primary causes of disparities are intricately tied to historical and political events. As highlighted earlier, both Italy and Argentina have experienced challenging periods coinciding with heightened disparities. In Italy, these periods followed unification, marked by instability, and during the Fascist era. Argentina has faced recent years of economic fluctuations and political instability contributing to increased economic inequality.

Despite Italy's position as one of the lowest-performing countries in Europe and Argentina's comparatively better standing in Latin America, Italy exhibits lower levels of inequality than Argentina. This underscores the influential role of a country's regional context alongside historical and political factors.

In particular, Italy's location in Europe, one of the most egalitarian regions globally, contrasts with Argentina's location in Latin America, one of the most unequal regions.

Both countries grapple with significant internal disparities. Italy's North-South divide is well-

documented, while Argentina's central provinces enjoy better conditions compared to others hampered by geographical and temporal barriers.

Socially, women and young people face disadvantages, although there have been recent improvements.

In summary, Argentina faces a more challenging scenario compared to Italy, although recent policies have begun to address these issues and offer hope for improvement.

IDENTIFYING THE PRIMARY DRIVERS OF INCOME INEQUALITY IN GENERAL AND FOR ARGENTINA AND ITALY

As the final point of the thesis, prior to transitioning to the conclusion, an empirical example will be provided to further analyze the inequalities between Italy and Argentina. This will involve identifying the key variables that exert a significant influence on these inequalities, including those that have not been previously mentioned.

A series of studies have indicated that the major macro-level variables influencing income inequality include income itself (as discussed in Kutznets in its u-shaped curve), globalization as explored in Jeffrey D. Sachs' 2000 work, "Globalization and Patterns of Economic Development"), technology (as evidenced in John Van Reenen's study, "Wage Inequality, Technology, and Trade: 21st Century Evidence"), and the role of the state (as addressed in Charles Jones' "Introduction to Economic Growth").

In addition, there are also 2 other works that mention most of the macro-themes present, "International Monetary Fund, World Economic Outlook (2007) - Globalization and Inequality " e "Inequality and growth revisited, Working Paper Series on Regional Economic Integration no. 11" by Barro R.

Furthermore, two additional significant variables have been introduced, namely, population and the unemployment rate.

Methodology and data

First and foremost, the selection of data to be considered and the time period have been determined. Data spanning from 1990 to 2022 has been chosen. However, due to the lack of some data, the most recent ones are from 2019, the source of the data is the 'World Development Indicators', taken from World Data Bank.

In order to take the various macro-themes into account, these variables were chosen to develop the analysis:

-“gini”: Real Gini index from the World Data Bank, which will subsequently be compared to the calculated Gini index, as already mentioned in at the beginning of the third chapter it measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution, a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.

-“ln(y)” and “ln(y)²”: Per capita income based on purchasing power parity, converted into international dollars, has been included. This income variable is retained in both its original form and as a squared term, enabling an exploration of whether the effect is consistent or potentially opposite. A logarithmic transformation has been applied to both, considering the geometric nature of future development, unlike the Gini index. –

-“trade”: Trade, defined as the sum of imports and exports of goods and services as a percentage of Gross Domestic Product (GDP).

-“fdi”: Foreign Direct Investment (FDI), representing net inflows of investments aimed at acquiring a lasting management interest (equivalent to 10 percent or more of voting stock) in an enterprise operating in an economy different from that of the investor, have been incorporated. FDI indicates

the presence of foreign investors, and it is expressed as a percentage of Gross Domestic Product (GDP).

-“unemp”: Unemployment rate represents the proportion of the workforce currently not employed but available for work.

-“exp”: Government expenses, denoting cash payments for government operational activities in delivering goods and services. This category includes wages for workers and social benefits, expressed as a percentage of GDP.

-“pat_res%”: Local patents in a given state, which grant exclusive rights to an invention, have been included as a percentage of the population.

- “pat_nres%”: Foreign patents in a given, the number of exclusive rights to an invention from foreign inhabitants of a country, as a percentage of the population.

-“ln(pop)”: Population figures have been logarithmically transformed for consistency with per capita GDP.

-*Dummy variables* have been introduced, taking binary values of 0 and 1 to indicate the nation’s origin within distinct geographical regions. These regions are primarily divided based on geographic location, but the nations within each region share similar economic characteristics. The regions are as follows:

1. “Dwesteu”: Northern and Western Europe (Dwesteu);

2. “Deasteu”: Central and Eastern Europe (Deasteu);

3. “Dna”: North Central America (Dna);

4. “Dla”: Latin America (Dla);

5. "Dssa": Sub-Saharan Africa (Dssa);

6. "Dmena": Middle East and South Africa (Dmena);

7. "Dasia": Asia (Dasia).

The following table presents a summary of the key descriptive statistical data for the previously introduced variables, including the mean, coefficient of variation, maximum, and minimum values.

The purpose is to provide an understanding of the values that are present.

Figure 3.29: Summary statistics of the variables mentioned.

	gini	ln(y)	ln(y)2	trade	fdi	unemp	exp	pat_res%	pat_nres%	ln(pop)
Mean	36,05498	10,04026	101,2991	89,76955	7,06009	8,502164	30,53945	108,061	99,37425	16,40755
cv	0,236065	0,069931	0,137643	0,612113	3,380758	0,57392	0,348443	1,216517	2,288124	0,09341
Max	64,8	11,65629	135,8692	408,362	451,6393	32,179	92,02152	914,4912	2583,578	19,59298
Min	22,9	7,64022	58,37296	13,75305	-58,3229	0,489	10,36281	0,086575	0,338031	12,57598

Summary: World Data Bank.

The variables obtained are then entered into the following equation to find the estimated Gini index:

Estimated Gini Index

$$\begin{aligned}
 &= \alpha + \beta_1 * \ln(y) + \beta_2 * \ln(y)^2 + \beta_3 * trade + \beta_4 * fdi + \beta_5 * unemp \\
 &+ \beta_6 * exp + \beta_7 * pat_res\% + \beta_8 * pat_nres\% + \beta_9 * \ln(pop) + \beta_{10} \\
 &* Dwesteu + \beta_{11} * Deasteu + \beta_{12} * Dna + \beta_{13} * Dla + \beta_{14} * Dssa \\
 &+ \beta_{15} * Dmena + \beta_{16} * Dasia .
 \end{aligned}$$

Finally, the coefficients have been obtained conducting 2 regression analysis, with the Gini index serving as the dependent variable, while all the variables are utilized as explanatory factors, using the OLS method on panel data, data types including historical and spatial dimensions, regional dummies were also added.

The reason for conducting two regression analyses stems from the consideration that in the first analysis, all variables are included, except for the Asia dummy variable, due to concerns regarding linearity. Conversely, in the second analysis, all dummy variables have been removed. The objective is to assess whether these dummy variables exert a significant influence on the determination of the Gini index for our two countries, with the aim of discerning whether the difference between the results obtained using these two types of coefficients (with and without dummy variables) is substantial or negligible.

Results of the regression and comments

Figure 3.30: Regression of Gini Index

	1	2
Intercept	125,751 (3,326)	30,142 (1,072)
ln(y)	-19,541 (-2,517)	-1,713 (-0,294)
ln(y)2	0,936 (2,367)	0,035 (0,118)
trade	-0,031 (-5,759)	0,006 (1,691)
fdi	0,028 (2,942)	0,014 (2,272)
pat_res%	-0,021 (-9,539)	-0,006 (-3,552)
pat_nres%	0,003 (2,565)	0,001 (1,246)
exp	-0,217 (-8,208)	-0,078 (-4,110)
unemp	0,242 (5,154)	0,273 (7,848)
ln(pop)	1,270 (7,170)	1,183 (9,125)
Dla		11,346 (17,220)
Dwesteu		-2,687 (-3,171)
Deasteu		-3,915 (-5,621)
Dna		-0,510

		(-0,401)
Dssa		15,441
		(10,426)
Dmena		0,551
		(0,500)
Squared R	0,474	0,770
F	87,280	193,298
N obs	864	864

t values in
parenthesis

The table is structured as follows:

1.Coefficients: These values indicate the influence of the explanatory variable on the dependent variable. They can be either positive (indicating that an increase in the variable X leads to an increase in the dependent variable) or negative (indicating the opposite). Additionally, the greater the magnitude of the coefficient, the more substantial the change in the dependent variable. In the first regression It is possible to observe that the logarithm in its basic form and squared form exhibit opposite effects. Globalization tends to increase inequality, while local technology and public expenditure appear to reduce it. Lastly, the two variables of unemployment rate and population cause an increase in inequality. The inclusion of dummy variables shows that their values are higher than the other coefficients, which decrease in intensity. The most noteworthy results are found in Latin America and Sub-Saharan Africa, where regional characteristics lead to greater inequality, whereas both Western and Eastern Europe result in a reduction. A significant difference observed is the role of income, which diminishes with the inclusion of regional variables, an hypothesis previously suggested by Deininger and Squire in 1996.

2.t-value: Calculated by dividing the coefficient by its standard error, the t-value assesses the statistical significance of the coefficient, if the values is bigger than 2, the variables are significant. Continuing with the analysis of macro-level variables, in the first regression all the variables are significant, while with the introduction of the dummies variable the income isn't anymore, in fact, its final value is quite low. Globalization, on the other hand, demonstrates significance only for foreign direct investment (FDI), while all other variables, given their elevated values, seem to be statistically significant and consequently exert a pronounced impact on the Gini index. This holds true, with the exception of patents held by foreign residents and certain world regions, as in North America and Mena area.

3.R-squared index, also known as the coefficient of determination, quantifies the variation in the dependent variable (Y) explained by the variation in the independent variable (X). It is a value that ranges from 0 (explaining nothing) to 1 (explaining everything). Given that the result is 0.77, which is a highly favorable value, our model effectively accounts for the majority of variations in the dependent variable, while in the second regression the coefficient of determination is much lower than in the previous case, dropping from 0.77 to 0.48. This means that a significant portion of the Gini index is explained by the geographical origin of the nations.

4.The F-statistic denotes the overall significance of the estimation, with higher values indicating better significance. In the case of the two regressions, it can be asserted that in the first regression, the F-statistic is robust in both of them.

Estimation and comments

The final step in this analysis involves comparing the Gini index obtained from the World Data Bank (calculated as the average of all available data) with the Gini index estimated through regression analysis. To obtain the real Gini index, one only must average all data from 1990 to 2019, the values obtained are 47.5 for Argentina and 34.75 for Italy.

The estimated Gini indices will be 2, the first considers all variables, while the second omits the Dummies, to obtain the first, the starting equation is the following.

To see how well the estimated model explains the inequality of Italy and Argentina, apply the coefficients in the table to the average values of the variables.

The variables will be put the average of all values on the World Data Bank in the period between 1990 and 2019, as done for the real Gini index.

The averages obtained are the following, for Argentina:

Figure 3.31: Averages of Argentinian variables.

ln(y)	ln(y)^2	trade	fdi	unemp	exp	pat_res%	pat_nres%	ln(pop)
9,84	96,79	25,01	2,26	12,48	17,66	20,41	101,45	17,44

Source: World Data Bank.

While for Italy:

Figure 3.32: Averages of Italians variables.

ln(y)	ln(y)^2	trade	fdi	unemp	exp	pat_res%	pat_nres%	ln(pop)
10,64	113,31	52,52	0,87	9,73	42,77	144,28	15,27	17,89

Source: World Data Bank

The Gini Index of Argentina obtained with the first estimation is 50,89, while that for Italy is 33,26, while for the second the results are 44,58 for Argentina and 35,01 for Italy.

The conclusion that can be drawn from these results is that for the first estimation the result is 3% bigger than the average of the data taken from World Data bank In Argentina, while for Italy it is 1% smaller.

In the second estimation the value of is Italy is bigger of 1% while in Argentina there is a big difference, in fact the second result is 44,58, smaller than the previous, this means that Latin America has a big influence on Argentina's inequality.

In Italy the differences are really low, dummy variables don't have a big influence on it, while for the Latin America country the differences are bigger, this means that area where the country is situated has a big relevance.

CONCLUSION

The purpose of this thesis was to delve into the disparities between Italy and Argentina, seeking to understand the context and underlying causes that have given rise to them and how they have evolved over time. To accomplish this, a mixed-method analysis was conducted, comprising both qualitative research, involving the examination of historical texts, writings by economists, and specialized reports on specific topics, as well as a quantitative approach utilizing various tools such as the World Data Bank and Our World in Data to investigate economic indicators and their changes over the decades.

Three general aspects were analyzed:

- A focus on the evolution of the economies of both countries, from their attainment of independence to the present day, in order to identify major periods of prosperity and stagnation. Additionally, a comparison was made between the two nations to ascertain which one was in a better position initially and whether any changes have occurred in the present.
- An in-depth exploration of the significant Italian migration routes to Argentina from the late nineteenth century to the early twentieth century, an event that positively influenced the culture, demography, and economies of both Argentina and Italy. The shift in trends in the post-World War II years, where the situation underwent a reversal, was also examined.
- Finally, in the third chapter, the inequalities within the two countries were examined. This began with economic inequalities and then extended to social inequalities, such as access to education and healthcare, as well as gender and generational disparities. A comparison between the two nations was also conducted.

From an economic standpoint, it is evident that for an extended period, until the end of World War II, Argentina enjoyed a better economic situation than Italy. The South American nation was among the world's wealthiest and one of the most attractive destinations for European migrants. Furthermore, Argentina's relative independence from global events, such as the two world wars, meant that the consequences of these events were less severe compared to the countries of the Old World.

The same trend is observed in the analysis of migration routes. Indeed, for many decades, from the unification of Italy until the 1950s, numerous Italians left their homeland in search of opportunities in Argentina, where prospects were more favorable. However, with Italy's economic miracle and the growing economic and political instability in Argentina, the situation changed, and Italy became one of the preferred destinations for Argentine immigrants seeking opportunities, aided by the strong cultural ties that had developed.

Finally, the examination of various inequality indices from the past and present aligns with the findings from the first two chapters. For many decades, Argentina exhibited lower levels of inequality compared to Italy, with immigrants themselves often enjoying significant opportunities, often promoted by the local government at the expense of the native populations.

With the advent of various military governments, particularly the military dictatorship in 1976, wealth distribution in Argentina began to concentrate in the hands of a few individuals, leading to stark economic disparities among social classes. In contrast, Italy's situation was the opposite, owing to greater economic and political stability.

The same holds true for various social inequalities; most indices suggest that Italy enjoys a more favorable position than Argentina, despite recent political initiatives in Argentina that appear to be addressing these disparities.

It is worth considering that the two nations are located in geographical areas experiencing contrasting situations. Italy is situated in Europe, one of the world's least unequal regions, while Argentina is in Latin America, which is among the most unequal. Italy's situation is relatively better despite ranking lower in nearly all the considered indicators, whereas Argentina ranks higher within its region but is still not among the world's most equal countries.

Regarding the future, whether the situation will improve or deteriorate remains uncertain.

Although there is a growing awareness of the need to reduce inequalities, and various initiatives have been implemented to address them, the economic situation in both countries remains uncertain, with no clear signs of a strong recovery after years of recession and stagnation. This uncertainty is compounded by significant global events, from which they have yet to fully recover, including the 2008 economic crisis, the Covid-19 pandemic, and the recent conflict between Russia and Ukraine.

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