

Abstract:

In Italy industry explains approximately 25% of differences in wages; education explains approximately 16% of differences in wages and 20% of differences in lifetime earnings. How much does geography explain? In this paper, we show that the regional dimension of income inequality in Italy is negligible, compared to other dimensions, such as industry and education. Decomposing lifetime inequality in within and between provinces, we find that the between provinces component is less than 4%, while the within province component account for the remaining 96%. This result is robust to different samples of workers (by gender), occupation (private vs public sector) and associated provinces.