

## Measuring Regional Inequality: The Italian Case

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**Abstract :** The success of a development policy requires the definition of a proper investment planning on behalf of policymakers. Such planning should consider both tangible and intangible features characterizing a territory and, moreover, evaluate both state of place and an ideal situation to be achieved, that represents the final goal of the policy. The aim of this research is to propose a methodological approach to implement this ideal solution or the best solution applicable to the Italian regions. It consists of two steps: the first one is a measure of regional inequality through building a composite indicator for analyzing the level of development and compare the differences among the regions. It is constructed by means of a principal component analysis. Ranking regions according to the scores achieved is useful as benchmark, to identify a best solution towards which other regions should strive. Thus, this distance is measured through a revised Sen index that allows to assign a weight on which calculate the financing resource programming. The results show that this approach is a good instrument to fairly and efficiently allocate public funds, in order to reduce regional inequalities.

**Keywords :** public economics, inequalities, growth, development

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