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The Italian “Reddito di Cittadinanza” one year later

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Abstract:

The present paper discusses the elements and workings of the so called "*Reddito di Cittadinanza*" (translatable as "Citizenship Income"), the scheme for minimum income protection that was recently adopted by the Italian government and that undoubtedly represents a turning point for the country's policy against poverty. In order to provide an evaluation of its effectiveness with respect to its declared ambitions, the analysis will be based both on the scheme's theoretical design, the degree of consistency with the surrounding institutional context and the interpretation of the most recent statistic reports.

The paper is divided in three parts. The aim of the first section is to provide an organic background to the policy in discussion: a theoretical clarification over the different types of minimum income protection schemes is provided, followed by a historical-institutionalist review of such policies across Europe since the end of World War II. I will also examine the most relevant details of the picture of the Italian institutional setting for social assistance. The understanding of the critical imbalances in the welfare structure is a necessary and crucial phase of the development of an effective policy against systemic problems such as poverty and unemployment and will therefore be a fundamental element supporting this paper's conclusions. The second section will depict the structure and the functioning of the policy itself, with an explanation of the political developments and debate that led to its adoption and that shaped some of its characteristics. Finally, the third and concluding part of the research discusses the most important discrepancies and shortcomings of the policy, based on the previous findings and the study of the connecting link between poverty and unemployment, a relationship that, as it will be argued, the legislator failed to grasp.

Keywords: Minimum Income Scheme, Italy, Welfare-state, Populism, Poverty, Unemployment, Social Inclusion, Basic Income

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1. Introduction

In Europe the institution of a basic income is a consolidated standard. For decades Italy, one of the major regional economies and a founding country of the European Union, has been a notable exception as a national scheme for minimum income has never been developed. More recently, one of the most ideologically ambiguous governments in the history of the Republic, introduced a scheme of minimum income declaring from the balcony of *Palazzo Chigi* that poverty in Italy had been abolished. Today, one year later, the very first set of data have been released and are available and with them the possibility to draw an early evaluation of the efficacy of the measure with respect to its ambition.

2. Policy background

2.1 Theoretical distinction: universality and selectivity

On many occasions, universal minimum income and guaranteed minimum income have been used as synonyms, but they are two separate concepts that refer to different models of welfare state theory.

Universal minimum income embodies exemplarily the universalist principle of welfare provision guaranteeing an income as a right for every citizen (in most theoretical versions it is granted to all permanent residents, regardless of citizenship), hence the entitlement is individual and is not conditioned by means-testing or one's employment condition (De Wispelaere, Stirton 2004, p.266). According to Vanparijs (2004), the purpose of a universal minimum income is to promote real freedom to all the members of a society by providing a resource foundation upon which one can build its individuality and pursue his/her aims. By doing so, several policy dilemmas could theoretically be dealt with: besides the effects on social justice and unemployment, a universal minimum income can serve ideals of gender equality and environmentalism (Vanparijs 2004, pp. 7-10).

The second type of intervention, the guaranteed minimum income, is instead characterized by its selectivity, as the supply of benefits is preceded by means-testing verifications. Its function is twofold: to provide a residual last safety net (all other social benefits are not provided or exhausted, or not enough to reach minimum standards) and to guarantee a social minimum (Bahle, Hubl 2011 p.13).

In practice, the vast majority of welfare states implement a variation of the conditioned minimum income, while the universal approach remains mainly confined to the theoretical realm. An explanation for this manifestation is provided by Stefano Toso (2016, p.8) who argues that despite the disadvantages connected with a means-test approach (the intrusion of the State in the private life of the citizens, as well as the increased burden on the administrative apparatus), the universal option entails an excessive financial pressure that only the most performing economies could bear; even then, widespread opposition against the eventual transfers towards the "undeserving" make for a significant political obstacle.

2.2 European trends of minimum income protection

Fundamentally selectivity configures as the mandatory principle to be applied when the pursuit of equity is bound by stringent budget constraints, moreover in the case of European Union where these are enforced on a supranational level. Most of the West European countries implemented conditional minimum income schemes in the decades following World War II (Vanparijs 2004, p.3), when promises of broad social protection systems and full employment were echoing throughout the continent. However, since the 1980s, with the slowing down of economic growth and the resulting underinvestment in social security programs, larger portions of the population have been exposed to unemployment and poverty, also due to the emergence of new social risks that could not be addressed by traditional post-war welfare state institutions.[1] For these people, tools of minimum income protection acquired a growing importance in guaranteeing decent living conditions (Bahle, Huble 2011, pp 1-2).

In Eastern Europe countries, the transition to democracy and the market economy after 1989 implied a more rapid change towards the welfare state standards of the west. From a theoretical approach, we can assess that these countries, while under socialism, could not be defined as proper welfare states. That is because according to the Marshallian approach on the development of rights, social rights (which are the element of welfare states) are built on and derive from civil and political rights, which were at the time repressed by the governing regime (Marshall 1950, pp. 149-153). With less theoretical intransigence, we can observe how indeed arrangements for social security did exist[2], however unemployment insurance was not

[1] Among them, changes in the labour market and a growing instability of families have been crucial factors causing social marginalization in Europe.

[2] Most of the policies were strongly linked to one's workplace and status of employment, but price subsidies for basic goods and social policies for families held a more universal character.

contemplated as the very concept of unemployment was officially refused by governments (Szikra, Tomka 2009, p. 22).

With the fall of the Berlin wall, this net of social protection was torn away. Sharp rising levels of unemployment and poverty required the immediate introduction of new social protection arrangements, including schemes of unemployment insurance and minimum income protection (Bahle, Huble 2011, p. 2; Szikra, Tomka 2009, p. 24).

Another major path-breaking change in social policy in Europe has been the aftermath of the 2008/2009 financial crisis. Before the crisis reached the continent, Europe was enjoying rarely seen before labor market conditions: high rates of employment and low levels of dependency on long-term benefits (Marx 2012, p. 349) created the impression that safety net provisions could be overlooked, as it appeared that labor markets themselves could be trusted as adequate means to contain poverty (Marchal, Marx, Van Mechelen 2014, p. 2). For this reason, minimum income protection levels were easily falling short on common adequacy benchmarks, including the European Union standard of 60% of national median equivalent disposable income (Marchal et al. 2016, p. 17).

When the crisis hit it soon demonstrated the fragility of this approach. With persisting slow paced economic growth, deep erosion of families' wealth and labor market instability, solid systems for social protection turned out to be key institutional infrastructures to undertake the path of a prompt recovery (Immervoll, Llena-Nozal 2011, p. 24). In particular, circumstances of resized budgets for unemployment insurance and the diffuse practice of non-standard contracts (which were not covered by employment insurance in the first place) put larger portions of the population at risk of social deprivation, inducing many to turn their gaze towards available options for the maintenance of a minimum income (Immervoll 2009, p. 46). Consequently, many countries' first reaction was to put forward expansionary Keynesian and supportive measures, centered on increases in social benefits (Vis et al. 2014, p. 1), following European Commission and IMF recommended crisis strategies (European Commission 2008, p. 10, Spilimbergo et al. 2008, p. 12). Soon enough acute pressure from the financial market started aggravating an already heated cost containment concerns, crisis policies across Europe began converging towards financial consolidation and the adoption of austerity became common practice (Bieling 2012, p. 260).

Whereas the initial expansionary measures generally consisted of explicit increases in benefits, retrenchment policies rarely consist of benefit cuts. Political scientists have been arguing in the last decades that welfare retrenchment is usually based on mechanisms that are not the traditional explicit ones (Hacker 2004, p. 244), but rather consist of more concealed means of structural reform and less visible technical change (Hermann 2014, pp. 52-54). Examples include changes in access condition, abolishment of additional benefits and changes in indexes and their link to the benefits. Structural reforms under a logic of financial consolidation tend to shift the welfare state toward a residual role, through which the distribution of income is not moved towards a progressive orientation, offering increasingly incomplete risk protection in a crisis environment where new social needs arise and change rapidly (Hacker 2004, p. 244). The political logic behind these concealment dynamics for retrenchment were firstly analyzed by Paul Pierson, who highlighted in his writings how cutbacks in social programs entail considerable risks as a political project: whereas the expansion of the welfare state imposes diffuse costs in return for concentrated benefits, cutting social programs requires concentrated costs and diffuse gains, which is a much more difficult political message to promote by ambitious politicians who may seek future reelection. Political conflict is exacerbated by the tendency of resource distribution to generate more grudges from losers than gratitude from winners (Pierson 1994, p. 13). Within social science literature, Pierson has also been highly influential for his efforts in conceptualizing the economic notion of "path dependence" to political science (Pierson 2000, p. 263). In this sense, politically spending retrenchments are highly "path dependent", as past social program enlargements create engaged constituencies with strong interests and expectations that are very difficult to undo.

In its 2015 study on minimum income schemes in Europe, the European social policy network registered how since 2009 advances in guaranteeing a minimum income for those that suffered most the effects of the crisis have been disappointing. In many countries the inadequacy of the scheme is due not so much to a lack of resources (although budget constraints are also a common issue), but rather to distorted frameworks that fail to grasp the complexity of poverty, a structural problem that finds its roots in many sectors of our society. Inadequate access to information, excessive bureaucracy, existence of barriers to the development of effective links with the society (lack of education, skills, opportunities) are some of the possible aspects that require improvements in European minimum income schemes (European Commission, 2015, pp. 9-10).

In this context, Italy figures as a peculiar case: despite having followed the major trends of expansion and regression of welfare state in Europe, with respect to minimum income protection the country stands aside from the European social model "standard" of a national scheme. At least, this was true until recently as Italy conformed to the European partners with the introduction of the "Citizenship Income" (Reddito di cittadinanza) in 2019 (Decreto legge 28.01.2019, n. 4).

2.3 Institutional background

The following chapter will shift the focus of the present analysis towards the distinctive features of the institutional framework of the Italian welfare state, in the belief that the successful implementation of a nationwide policy of basic income crucially depends on the understanding of the surrounding institutional and social context, as well as the capacity of policymakers to match the policy design with said environment.

The mainstream theoretical discussion on the welfare state classifies the Italian model as part of the "Mediterranean" cluster of welfare states, sharing key features with the ones of Greece, Portugal and Spain (Arts, Gelissen 2002 pp. 142-146).

As we can see in figure 1, Italy invests in social protection a percentage of GDP that is in line with the EU average; from the point of view of its aggregate dimensions, Italian welfare state does not deviate from European standards. However, when analyzing the internal composition of the expenditure, profound functional and distributive distortions frame the Italian welfare composition as an *unicum* not only among European countries, but also within the more narrow "Mediterranean" agglomerate (Jessoula et al. 2012, pp. 7-8).

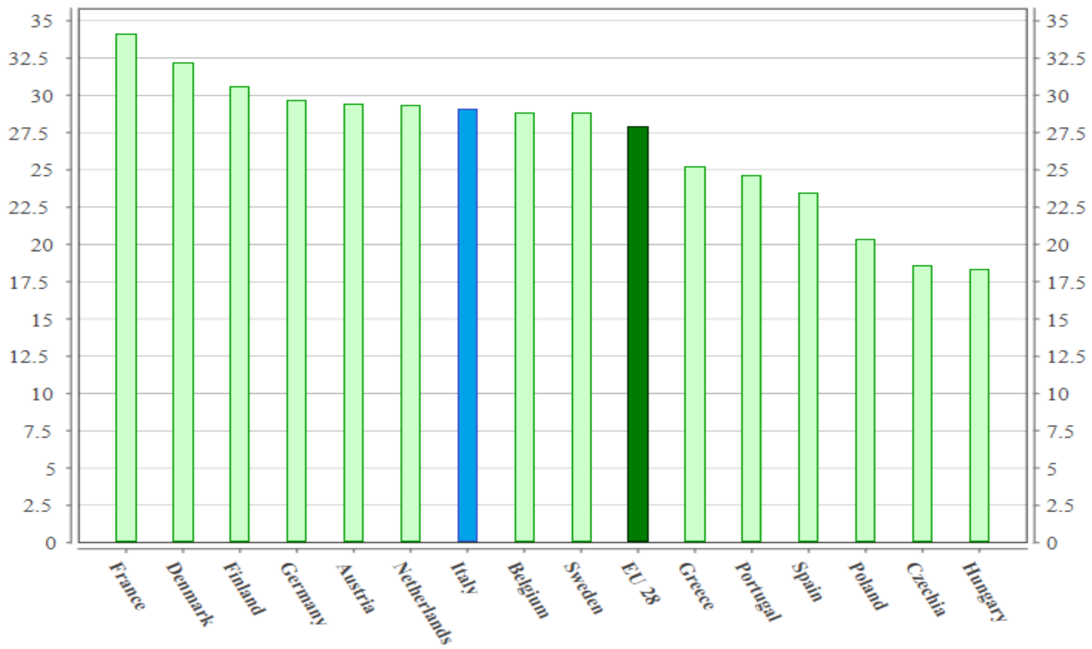

Figure 1: Total expenditure in social protection, % of GDP (2017) Source: Eurostat.

The Italian welfare state can be defined as a "mixed model", combining a universalistic national health service primarily financed through taxes (Ferrera 2005, p. 104), a characteristic feature of a Beveridge system (CESifo 2008, p. 70), with conservative-type, Bismarckian occupational social insurance programs that foster status differentials (Lynch 2004, pp. 3-4).

The latter element makes up for a first visible imbalance of the system, namely the dualism of protection that separates "core sector workers" that enjoy generous social security and benefits from precarious and irregular workers that are left with rather weak social protection (Ferrera 2007, pp. 232-233). Social policies are mainly financed through the contributions of workers and employers and selectivity in social provision is high, meaning that the level of benefit, as well as the criteria of eligibility, vary sensitively from sector to sector: this insurance-based system implies that the enjoyment of social citizenship requires previous performance in the market, with a particular incentive towards long-term stable and full-time employment contracts.

To be more precise, the Italian set of guarantees and benefits does not "dualize" society in two distinguished groups, but rather in three (Jessoula et al. 2012, pp 10-11): the more guaranteed social group is composed by the workers employed in public administration and in the large enterprises[3], whose old age pensions are more generous than in the rest of Europe, while the protection against other types of risks are in line with European standards. A second group is of a more diversified composition: employees of small enterprises, those working in "traditional" sectors (i.e. agriculture, construction), autonomous workers and employees under atypical contracts receive a much smaller, "minimum" pension and a very limited protection against other risks, sometimes facing lack of protection. Lastly, the third layer is that of the "non-guaranteed", people working in the black market[4]. Outside of regular employment, these workers are for the most part outsiders to the welfare state, receiving very weak and few, mean-tested subsidies (if anything at all) to cope with social risks.

Occupationally derived social rights (the financing of social expenditures through workers and employers contributions) are a distinctive characteristic of the Bismarckian prototype of welfare states and is known to carry an intrinsic tendency towards "labor-shedding"; meaning that for each worker, employers have to face the costs of wage and additionally pay non-wage costs to provide them with pension, unemployment insurance, disability benefits etc. Consequently, if

[3] In 2015, 19.7% of Italian workers were employed in large enterprises (Istat 2015).
[4] In Italy the underground economy is still very relevant: in 2017 3.7 million people were producing 12.2% of the GDP as irregular workers (Istat 2019a).

the wage-labor cost ratio grows unbalanced because of a disproportionate tax burden, the employment of additional workers will be disincentivized contributing to an increase in the rates of unemployment (Esping-Andersen 1996, pp 79-80; Hemerijck, Eichhorst 2010 p.317). By any means, the "labor shedding" effect must not be intended as the country's crucial driver for unemployment, but it surely represents a structural burden, as labor becomes one of the most highly taxed productive factors. As pointed out by the Commission in one of its country reports, the tax wedge on labor in Italy is one of the highest in the European Union, accounting for 47.7% of the average wage against an EU average of 42.8% (European Commission 2019, p. 31). The only countries that register higher values are Germany and Belgium[5] (49.6% and 53.7%, respectively) (OECD 2020), but it is important to observe how in these two countries these data have to be put in relation with their much higher average wages (Eurostat 2019a).

A second structural unbalance of the Italian welfare state is the distribution of protection across standard risks: the system is demographically biased as it disproportionally addresses most of its resources to provide generous benefits for old age, invalidity, survivors, temporary unemployment and short-term sickness, while insufficient attention is brought to risks connected to large families and total lack of work or resources (Ferrera 1997, p. 233). Social risks of job loss are mitigated by particularly intricate regulations of dismissal, yet this happens to be in stark contrast with poor unemployment insurance and a barebone set of labor market policies (Lynch 2014a, p. 381).

The trait of heavy pension cost in particular is characteristic of the Italian welfare state, with a 56.8% share of total social expenditure[6] (Istat 2019b, p. 167). Although this allows for very generous pensions for some people, the distribution of pensions in Italy is very uneven; suffice it to say that the fifth with the highest pension income receives 42.4% of total spending for pensions (Istat 2020a).

One of the symptoms of structural deficiency that comes from the extensive allocation of resources in the provision of old-age pensions is that, intuitively, it amounts for a heavy burden on social spending and limits the room for maneuver to meet new social needs. If it is true that this allows for relatively low at-risk-of-poverty rates among Italian pensioners if confronted with European counterparts (Eurostat 2019b), demographic change of a lowering fertility and ageing population exacerbated fiscal constraints producing crowding out of other schemes of

[5] Notice how, given that the welfare state arose and developed in Europe, the countries with the highest tax wedges are all Europeans, with the OECD average setting at 36.2%.
[6] Data from 2017.

social spending: considering that older cohorts are also the primary beneficiaries of the health care budget, we can derive how the Italian public welfare is markedly distorted in protecting specific population groups (Barbieri 2011, p. 110).

To put it briefly, the uneven distribution of protection for social risks seems to refer mainly to the typical risks of the industrial worker; male, adult, head of a household: with a full-time long-term contract of employment, the industrial worker's only vulnerability comes from the possibility of the temporary or permanent loss of working ability (old age, illness, injury and disabilities). On the other hand, individuals dealing with unemployment fall through the wide meshes left in the welfare state's safety net (Barbieri 2011, p. 110).

This configuration appears to be a burdensome heritage from the institutional setting of the "golden age" of the 1960s-80s, when well-sustained economic and demographic growth meant stability and security in occupation for the vast majority of the population. When these conditions fell short, Italy undertook a series of welfare state restructurings, beginning in 1992. Following a wider transnational neoliberal trend, the reforms of the 1990s resulted in a clear improvement of fiscal conditions[7], but the important structural deficiencies of inequality in social protection remained (Lynch 2014a, pp. 383-384).

Among the most impactful provisions, the reforms of the 1990s introduced a significant decentralization[8] of social and health services (Legge 8 november 2000, n. 328. Gazzetta ufficiale 2000), which, alongside a marked trend of privatization of the welfare state (Sabatini 2005, p. 15), contributed to the already systemic lack of coordination among the different government departments and agencies that are responsible for social protection administration (Gough 1996, p.8), a trait that Italy shares with other Mediterranean countries that experienced dictatorship (Toso 2016, p. 25). Aside from shattering a univocal orientation and the coherence of the welfare system, the multiplication of decision-making bodies risks increasing opportunities for clientelist politics, an already endemic dysfunction of the Italian welfare state. The clear targeting trait of many schemes of social security policies allowed the trade of favorable social treatment (i.e. public jobs, tax relief, preferential pension treatment) to specific groups and categories with political support, an opportunity that had been widely exploited regardless of the actual emerging social needs that follow demographic change (Lynch 2014a,

[7] Great pressure towards financial consolidation came from the Maastricht convergence criteria to be met in order to access the European monetary union (European Commission 2020).

[8] The decentralization of social services is part of a wider advancement towards federalism that Italy experienced throughout the 1990s. Without dwelling on the political arguments supporting federalism, these were mainly based on a logic of efficiency and democratic legitimacy.

p.382). The clientelist style of political competition was above all championed by the Christian democratic party (*Democrazia Cristiana, DC),* in its long-held dominant position in post-war politics, and resulted in a pronounced drift of social policies away from actual developments in the labor market and the demographic trends (Lynch 2014b, p. 7).

Traditionally, deficiencies of the welfare state, for example the total absence of a social safety net for non-elderly citizens, have been covered by charities, municipalities, and most importantly families, which played a predominant role in the provision of social security (Lynch 2014b, p. 29; Baldini et al. 2005, p. 53), somehow stemming the social risks connected to an unbalanced and non-homogeneous welfare state. However, besides the inequalities that arise when social protection is provided by families rather than the state (this type of support depends on non-evenly-distributed resources, such as strong ties with the family and the wealth of the same), because of structural changes in the socio-economic environment, family today is a much more fragile institution with less capacity to provide social support and, as a result, levels of poverty and inequality are worsening rapidly (Rubery 2011, p. 666).

3 Il Reddito di cittadinanza

3.1 Political development and debate

As stated earlier, the absence of a nationwide minimum income within the Italian social security system represented a remarkable exception to the European Social Model[9]. As one could expect, external pressures to conform to the neighboring countries' standards were delivered on multiple occasions. In 1992 the European Union (at the time CEE) recommended "the establishment […] of a guaranteed minimum income to help ensure that the poorest citizens are integrated into society" (Council of EC 1992, art. 12). There is also the notorious, confidential letter "Trichet-Draghi" from the ECB to the Italian government that included as an essential measure to complement to the Italian economy "the establishment of an unemployment insurance system and a set of active labor market policies" (Corriere della Sera, 2011). Outside of the EU, the IMF addressed the institution of universal subsidies for the unemployed together with wage supplement schemes (L'Espresso 2015).

[9] Schemes for minimum income do exist at subnational level, but only in some (not all) of the regions and municipalities (Strati 2009 p. 6). Also, it is worth mentioning that minimum income protection is institutionalized on a national level for retired individuals (Boeri 2019, p. 6).

The Italian government, for its part, forwarded in 1997 a first proposal to fill the gap through the report of the "Onofri" commission (Commissione Onofri 1997, p. 120), however this was never fully implemented and the following two decades didn't see any political commitment to address the issue. With the elections of March 4th, 2018, the newly introduced government was a populist coalition between the far-right Lega and the Five Stars Movement (M5S). The two parties attracted most of the electorate with similar, yet distinct, political proposals of economic and social rehabilitation: tax relief on one side and minimum income for the unemployed on the other. The latter was championed by M5S during the electoral campaign, promoting the implementation of the so called "Reddito di cittadinanza", literally translatable as "citizenship income" (from now on referred as RdC), which was meant to cover all 9 million people below the relative poverty threshold[10] with subsidies up to 780 euros per month (L'Espresso 2018a). While the Lega's tax relief plans secured electoral success for its leader Matteo Salvini in the industrial northern regions, the campaign of M5S turned out to be extremely effective in the southern regions, where large portions of the population (especially younger generations) are struggling with historically high unemployment and widespread poverty. In both cases, voters migrated from the previous center-left electorate (Partito Democratico, the leading party of the exiting government) who did no longer felt represented by the left parties' political interpretation of the country's discomforts (Biancalana C., Colloca P. 2018, pp. 1-4). Populist parties or movements such as the M5S are defined by the Encyclopedia Britannica as political aggregations that claim to champion the common person while contrasting them with large business and financial elites: they typically nourish the fears and passions of the people with no regard for the long term consequences for the country such as inflation or debt (Munro 2019). Coherent with this definition, the M5S adopted the issue of a basic income with a truly populist spirit: while there is no record of an argumentation from the movement around the necessity of a reform of the Italian welfare state in the light of the previously highlighted structural shortcomings, the promoted narrative was rather one of a transfer of resources from the elites to the poor. Despite the need to provide a reliable safety net to the most vulnerable categories in society being an argument that was widely supported in the public debate, the proposed design was criticized as it required an excessive fiscal effort that the indebted Italian State could not afford (Labparlamento.net 2019).

[10] The indicator for relative poverty is given by the percentage of individuals whose income is below the conventional threshold for poverty, which is set to 60% of the median income in the country of instance. Absolute poverty is instead calculated on the basis of a daily consumption basket which correspond to the access to goods and services that allow an individual to avoid serious forms of social exclusion.

This was indeed not a minor concern. Italy was on the verge of a very worrisome debt crisis, which required the avoidance of expansionary policies and rather fiscal consolidation and close cooperation with the European institutions (Financial Times, 2018). M5S and Lega's electoral promises, on the contrary, entail irresponsible fiscal plans, consisting of generous distributions of public resources and very poor investments. In order to finance these programs, the parties were ready to uncompromisingly confront Brussels and the financial markets by resorting to more debt thus further violating the Maastricht parameters of maximum deficit to GDP ratio (Blanchard, Merler, Zettelmeyer 2018; L'Espresso 2018b). These developments cast a very sinister shadow on Italy's membership in the euro area and, consequently, on the stability of the European Union itself. Furthermore, in light of the importance of the introduction of this type of program in the welfare system, there was widespread belief that the formulation of such a critical policy had been rushed in order to exploit its anticipated implementation as a propaganda tool for the upcoming European elections (ilsole24ore, 2019).

3.2 Elements of the policy

The formal objectives of the RdC are numerous and ambitious. Law specifies how the program is

"a fundamental measure of active employment policy to guarantee the right to work, to combat poverty, inequality and social exclusion, as well as directed at the promotion of the right to information, education, training and culture through policies aimed at economic support and social inclusion of individuals risking marginalization in our society and in the world of work" (Gazzetta Ufficiale 2019 capo I art I).

Despite the misleading title of "Citizenship income", the program is conditioned by an extremely narrow mean-testing. To be included in the program the requirement is first of all to be resident in Italy for the last 10 years and to have an ISEE below 9360 euros[11], but many other dispositions further shrink the pool of beneficiaries: no subsidies for example to persons that have recently bought a car or a motorbike above a certain engine displacement, to the owners of real estates (first home excluded) or to those having financial assets of more than 6000 euros. The value of the eligible family yearly income must be less than 6000 euros,

[11] ISEE (Indicatore della Situazione Economica Equivalente) is an indicator that is used to evaluate and compare the economic conditions of families. It takes into account the wealth, the properties, the different incomes as well as the characteristics (size and typology) of a household (INPS 2017).

multiplied by a parameter which increases progressively with additional members of the family. The parameter is set to 1 for the first component of the household and it is incremented by 0.4 for each additional adult and by 0.2 for each underaged family member, with a maximum value of 2.1. The amount transferred also varies according to the composition of the family and the adult unemployed members of the family are obliged to be available for programs of reskilling and for job opportunity that they may receive from the government (Ministero del Lavoro e delle politiche sociali, 2020). With respect to the above-mentioned economic requirements, non-EU citizens must provide consistent documentation issued by the competent authority of their country.

Once fully operational the RdC was expected to absorb more than 7 billion of euros per year, reaching up to 1.1 million of families (this is roughly 60% of the total number of families in absolute poverty) (INPS 2020, Istat 2020b).

4. Debatable deficiencies

Despite being the largest financial transfer towards poor in the institutional history of Italy, multiple contradictions within its structuring can be observed. This disproportion is the result of a political intransigence set by propagandistic intentions. Back in 2013, the ambition of M5S was to create a 17 billion worth RdC that would cover relative poverty (that is incomes below 60% of national average) with transfers up to 780 euros. This specific amount was set as it was the threshold for relative poverty in Italy in the current year and eventually became a symbol of the political communication of the movement. Because of this the M5S was firmly resolute in maintaining this precise amount even when unavoidable financial constraints imposed a shift of the target from relative poverty to absolute poverty (which comprehend 5 million people against the 9 in conditions of relative poverty) with a much more realistic budget of 8 billion. Granting the generosity of a 780 euro transfer to singles means that, due to the need to contain expenditure, larger families will proportionally be treated with lesser generosity (Baldini, Gori 2019 p. 273). Indeed, according to many observers, including the president of INPS (the Italian National Institution for Social Security) Tito Boeri, the architecture of the RdC has been designed in a way to favor households with fewer members. The cause for such concentration is to be found among the economic requirements to be eligible: the peculiar equivalence scale that is being adopted does not find any match in any of the solutions adopted internationally for the adjustment of benefits for the number of family members; in particular the imposition of a roof set to 2.1 times the level established for singles is constraining the benefits for large families, who are those where the highest poverty rates are being recorded (Boeri 2019, p. 7). As we can see from Table 1, with this setting singles that live on their own account for the 55% of the beneficiaries.

FAMILY TYPOLOGY	NUMBER OF HOUSEHOLDS (QUOTA)	AMOUNT (MILLIONS OF EUROS)	QUOTA OF RESOURCES
SINGLES	644 897 (54.8%)	4 104	48.0
COUPLE WITH SINGLE INCOME, NO CHILDREN	70 021 (5.9%)	546	6.4
COUPLE WITH SINGLE INCOME, WITH CHILDREN	448 397 (38.1%)	3 890	45.5
COUPLE WITH DOUBLE INCOME, WITH CHILDREN	13 766 (1.2%)	7	0.1
TOTAL	1 177 081 (100%)	8 547	100. 0

Table 1. Distribution of resources and beneficiaries by Household typology. Source: Boeri 2019.

Another issue is that the calculation of the size of the income does not take into consideration territorial differences of the cost of living, which in Italy varies a lot, especially between the north and the south (ANSA 2019). A generous and potentially temporally unlimited transfer of 780 euros (the duration of the income is of a maximum of 18 months but can be renewed after a one month break) can lead to opportunistic behaviors in the poorest regions: In the "Mezzogiorno" 45% of private employees have an income that is lower than the RdC's subsidies assigned to those with no income (Boeri 2019, p. 7); if it's true that these categories would be rescued from poverty, at the same time they would be disincentivized to search for employment (Baldini, Gori, 2019 pp. 272, 273; Boeri 2019 p. 7).

The discriminating treatment among the beneficiaries is even more evident with regards to families of foreigners, whose incidence of absolute poverty is much higher than that of Italian families. The reason for this is of course the requirement of 10 years of residence in Italy which penalizes not only the families that recently moved in the country from abroad, but homeless people as well (Baldini et al. 2019, p. 8). Additional difficulties of foreign applicants are due to the requirement of documentation to prove the economic condition in the country of origin.

Although this requirement is discontinued in case of objective impossibility (countries where it is impossible to collect relevant certifications are listed by the government) (Ministero del Lavoro e delle Politiche Sociali 2020), it is rather conceivable that foreign families with limited resources might face important economic and bureaucratic obstacles while trying to collect documentation from their country of origin.

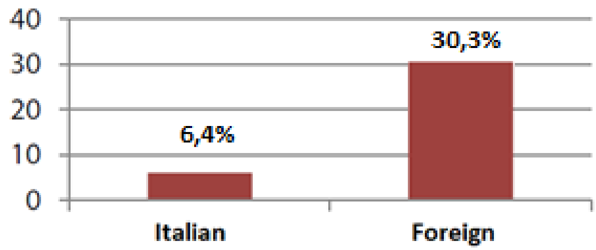

Figure 2. Incidence of absolute poverty by citizenship (2017) Source: Istat 2019(b), p. 5.

According to data released by ANPAL (Agency for Active Policies) at the end of the year 2019, out of the entire pool of beneficiaries only 1.7% could sign for a contract that was either forwarded by the government through the RdC program or achieved autonomously [12](ANPAL 2020). This disappointing result can easily be justified as a consequence of the chronic unsuitability of Italian administration, as well as the fact that in Italy there is a problem of misalignment between those who seek a job and those who can provide one. In recent years the creation of job opportunities has been concentrated mostly in sectors that are related to information and communication technologies (ICTs) or otherwise characterized by high intensity of knowledge; the adaptation of the job supply follows a slower evolution than the job demand, as it requires requalification processes for the existing workforce (Pirrone 2002 p. 140).

In line with this trend, people in conditions of unemployment and absolute poverty have for years been indicated by many studies and analyses as those with very low levels of education (Rose, Dyer 2008, pp. 8-10); the less a person has studied, the more likely he or she is to be excluded from a world that increasingly requires a specialized workforce. As illustrated by reports from Istat (Istat 2019b, p. 3; Istat 2017, p. 5), from 2016 to 2018 the conditions of the families in which the provider has at most obtained the elementary school diploma are worsening (from 8.2% to 10.7%). The incidence is particularly disheartening if compared with those who hold at least a high school diploma. On top of the effects of unemployment and inability to access more skill-intensive jobs, more educated workers have access to higher

[12] Of these employment contracts, 65.2% were fixed term, 19.7% were permanent and 3.9% were traineeships.

wages. More generally higher levels of education have a range of desirable effects on the economy, contributing to better rates of growth and thereby increasing economic opportunities, but also to wider social benefits that affects the poor in particular, such as lower fertility, better health care and greater involvement of women in the labor force (Van der Berg 2008, p. 22). Although paths of reskilling have been attached to the RdC, their management have been handed to the municipalities' level on the basis of pre-existing public programs of social inclusion (Reddito di Inclusione, Sostegno per l'inclusione attiva).

With the introduction of RdC, the scope of the functions of these already structurally weak centers for employment (even before the introduction of RdC, 83.5% of the employment centers considered their personnel insufficient for their workload, ANPAL 2018) grew considerably, and yet this was not coupled with an increase in capacity or resourcres of such centers.

Centers for employment are then necessarily pressured by the high number of dossiers they are required to manage (Ghetti 2019, p. 3), especially if we consider that the reskilling programs are meant to be personalized to each household's specific needs and have to be delivered within a limited time frame (Ministero del lavoro e delle politiche sociali, 2020).

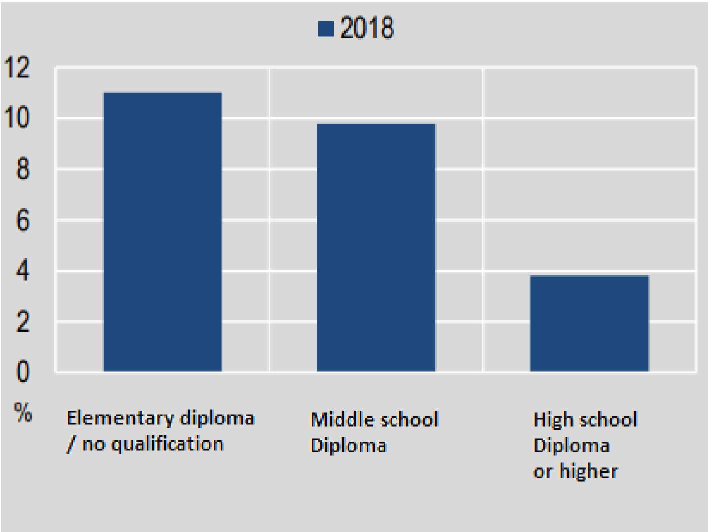

Figure 3. Incidence of absolute poverty by educational qualification (%) for year 2018.

Source: Istat 2019c.

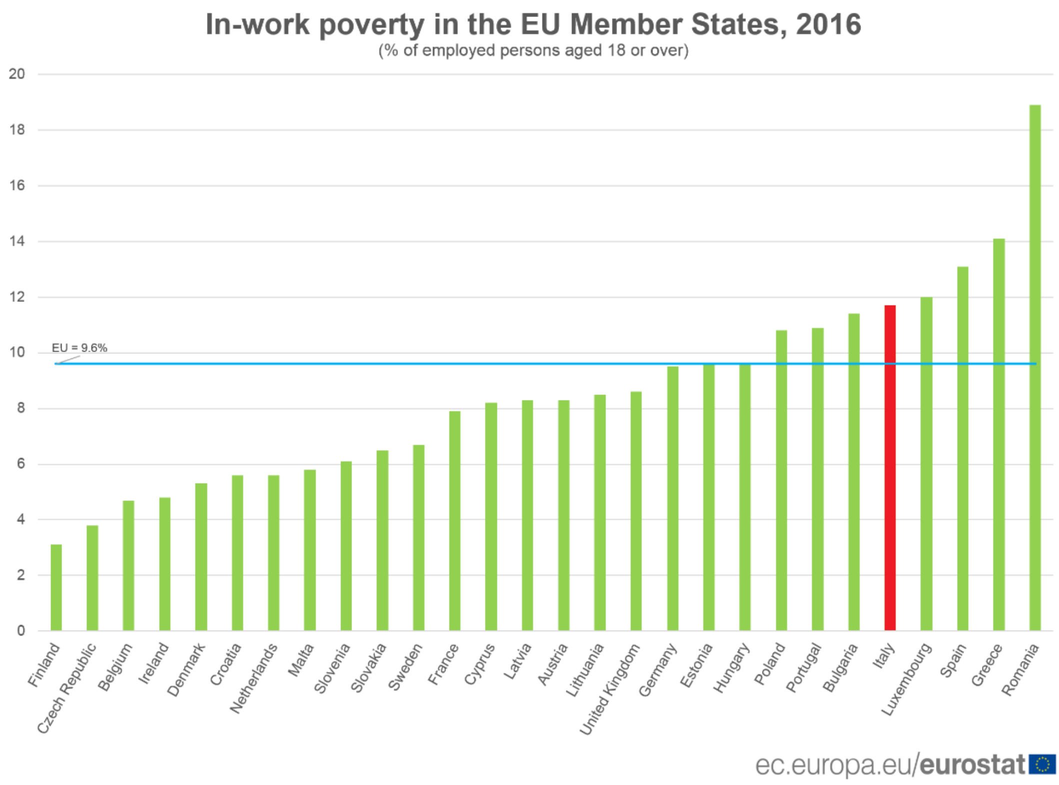

Figure 4. Working poor in the EU Member states, 2016. Source: Eurostat 2018.

Directly related to this issue is another key aspect of poverty in Italy, which is the high and rising incidence of the working poor. The working poor are people that, despite having a job, struggle or can't make ends meet. This phenomenon has proven to be greatly influenced by the spreading of non-regular and atypical contracts (such as part-time and temporary contracts) (EAPN 2018, p. 10). This means that many of the families in conditions of absolute poverty have an employed member (the opposite is also true: many of the families with unemployed members are not poor). For the others, that is families who are actually struggling with unemployment, we have to consider that, with the assumption that there is in Italy an availability of jobs, possibly there are members that are "hardly employable" because of their low skills and education as we have seen, but also because of health conditions, age and care obligations towards other family members (Baldini et al 2019, p. 17).

4. Conclusion

The *raison d'être* of the basic income model "Reddito di Cittadinanza" is to contrast, simultaneously, poverty and unemployment in Italy. The hypothesis moved by the government is essentially that the policy should temporarily compensate the absence of income for individuals in conditions of unemployment while searching and eventually offer a job to him or her. Once the job is provided the condition of unemployment, and therefore poverty, ceases to exist along with the need for a subsidy.

The preceding analysis supports the view that the formulation of the policy risks to help more those who need it less, and that the design and structure should have been pondered with more accuracy. Specifically, the populist narrative implied a political debate that ignored the role of the basic income instrument as a missing tile in a wider mosaic of welfare policies in the light of structural shortcomings and contradictions.

Political communication and electoral obligations furthermore established a linear correlation of alternativity between unemployment and poverty, while statistical evidence supports the notion that this relationship is more complex: a significant incidence of working poor instances implies for example that employment may not always be the solution to the problem of poverty, that is that poverty and work are not alternative conditions. In some other cases, an alternative may not even be available. In a society where new jobs are created by technological change, innovation and investments, low-skilled and scarcely educated people are isolated in extreme poverty and inactivity.

On a last note, I wish to remark the inadmissibility of the requirement of long-term residency for a policy whose ambition is to defeat poverty. I personally perceive it as the most controversial note of the policy, as the bulk of the population in condition of extreme poverty is composed of foreign families of recent immigration. The explicit discrimination of foreigners will result in nothing but deeper ruptures in the Italian society and it is in open contradiction with the policy objectives.

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