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Italy's Citizens' Income scheme

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This Thinking Space paper reviews the so-called Reddito di Cittadinanza; a fairly new reform rolled out in Italy in March 2019, which consists of a poor minimum income scheme conditional to work. While the most critical objective of this intervention is lifting people out of poverty through financial benefits, the fact that the scheme includes an employment insertion path for those who can work could have significant consequences on the Italian labor market.

Because unemployment is considered crucial to income insecurity that often leads to poverty and social exclusion (Sen, 1997), financial support instruments such as unemployment benefits are usually directed at mitigating the adverse immediate economic effects of job loss, which might result in deteriorating living standards (Mascherini, Ledermaier, Vacas-Soriano & Jacobs, 2017). Against this background, this paper focuses on a key reform introduced by the Conte I Cabinet, namely Reddito di cittadinanza (RdC, basic income or citizens' income).

According to Eurostat, about one-fifth of the European population is at risk of poverty and social exclusion (22.4% in 2017). However, while according to the European Anti-Poverty Network (EAPN) recent trends have seen significant improvements across the EU (Cesarini Sforza & Teodosi, 2018), the share of people at risk of poverty and social exclusion in Italy has been increasing, changing from 24.9% at the dawn of the global financial crisis in 2009 to 28.9% in 2017. Under domestic and international pressures (Ciccarone, Dente & Rosini, 2016), the Italian government undertook a series of actions in the past decade to tackle the problem directly.

The following paragraphs illustrate how the latest step in this direction, namely the roll-out of a basic income scheme in March 2019, is the natural consequence of a series of previous critical reforms in the country. After a failed attempt to launch a minimum income scheme called reddito minimo di inserimento (RMI) in 1997, the first significant reform of this type has seen the introduction by the Berlusconi government (2008) of the Carta acquisti ordinaria (ordinary purchase card), a monthly allowance of 40 Euros deposited on a pre-paid card. The instrument targets older adults over 65 years of age or children under three years old with low disposable incomes.

This measure, still in use today, provides solely financial help to guarantee basic amenities such as food, health, and energy and does not foresee any participation in social inclusion programs. A second similar action was undertaken four years later, in 2012, when the government introduced the Social card sperimentale (experimental social card). As the name suggests, this intervention was first experimentally introduced in 12 Italian cities and then rolled-out at national level in 2015 with a different name, Sostegno per l'inclusione attiva (SIA, active inclusion subsidy).

Unlike the Carta acquisti ordinaria, this income support tool was coupled with a social inclusion path, which engaged the end beneficiaries in social activities at a municipal level. On the financial side, the card offered 80 Euros monthly per family member with low incomes and poor housing conditions. After the experimental phase, SIA became a structural reform in 2018. The name was changed to Reddito di inclusione (REI, income inclusion program). The income thresholds to profit from the payments were raised, and the duration of the benefits increased from 12 to 18 months.

In light of all the reforms mentioned above, it is not surprising that the next step has been an even more comprehensive policy, called Reddito di cittadinanza (RdC, basic income or citizens income) introduced in March 2019. Just like its predecessor, Reddito di Cittadinanza was launched at a national level. However, the payments foreseen to the population's poorest segments are significantly higher and aim at guaranteeing that everybody is above the poverty line figure of 780 Euros a month.

To be clear, most literature on the issue agrees on Parijs's (1992, p. 3) definition of basic income as an "income unconditionally paid to all on an individual basis, without means test or work requirement," a definition that deviates from the 2019 Italian reform. Although RdC has been frequently referred to as basic income or citizens' income (a more literal translation), these names lead to misconceptions because the reform is a poor minimum income scheme conditional to work rather than a more revolutionary universal basic income scheme (Gobetti, 2018).

The idea was first piloted for six months in 2016 with 100 families in Livorno, an Italian coastal city in Tuscany. Beneficiary families received 500 Euros per month and, only if interested, were involved in community work, cultural and environmental projects. A study conducted by Roma Tre University on the pilot assessed the scheme's perceived effects by the beneficiaries themselves. In general, two-thirds of them reported an improvement in their economic conditions during the semester of delivery. However, recipient families highlighted the lack of work integration paths as a significant shortcoming, and 20% of the sample interviewed added the need to couple the cash transfers with other non-economic interventions such as support in the care of minor children or disabled family members (Dhimgjini, 2017).

The work inclusion path is a central defining component of RdC since recipients of the benefits will have to enroll in employment training courses and cannot turn down more than three job offers, under penalty of exclusion from the scheme. While the idea seems great on paper, strong criticisms have emphasized that the Italian public administration lacks the personnel, infrastructure, and funds to deliver the work integration element of the scheme (Hurst, 2019). Initially, the government proposed introducing a new work profile, so-called "navigator," who acts as tutor, coach, or mentor accompanying jobless receivers of the RdC through a personalized work inclusion path.

Early speculations talked about 30,000 navigators, who would be hired under temporary contracts by Agenzia Nazionale Politiche Attive Lavoro (ANPAL, National Agency for Active Labor Market Policies) and would be working in the 550 Centri Pubblici per l'Impiego (CPI, public employment offices). Aspiring navigators undertook a public exam to compete for one of the 6,000 places available (one-fifth of the initial amount) and whose results should be available by June 2019. The new work profile started being operative in July 2019 after specific training sessions were held in Italy's different municipalities. The plan, however, seems to be running headfirst into some significant hiccups. Luigi Oliveri, a public manager in Verona's provincial administration, ironically talked about the "shipwreck of navigators."

The first problem is a simple lack of physical infrastructure. Even though the government has talked about tens of thousands of navigators, there are no concrete plans about opening new CPIs, where the navigators would be working. The current public employment structures are based on staff, which is inferior to what this scheme involves. Along the same line, a unique database system is still missing, so real coordination among the CPIs at a national level is not possible. Furthermore, current employees lack the digital skills needed for this change.

In 2018, ISTAT conducted a crucial investigation about the functioning of public employment services (PES) in Italy and other European countries, which shed light on the Italian system's lack of human infrastructure. For instance, with regards to public investments into labor market services, which include costs intended explicitly for public employment services, in 2015, Italy spent 0.04% of the GDP, in sharp contrast to Germany (0.36%) and France (0.25%). In the same year, Italy employed about 10,000 workers in PES against the 110,000 people employed in Germany and 50,000 in France. This means a public expenditure of about 100 Euros on each unemployed person in Italy, while Germany and France spent 3,700 and 1,300 Euros, respectively (ISTAT, 2018a).

Experts estimate that for a smooth implementation of the scheme, creating at least 50,000 jobs would be necessary (Brusini, 2018). The new navigators, however, just look like a stopgap measure on an already very wobbly system, namely 6,000 temporary jobs that add to the issue of precarious work among youth in Italy. With this in mind, Vincenzo de Luca, President of Campania, blocked the navigators' call for applications in his region and refused to sign an agreement with ANPAL. He explains, "navigators have no future," referring to the fact that eventually, they will add to the crowds of unemployed people when their employment contracts will end in April 2021 (Scaperrotta, 2019).

Critics of the poor minimum income scheme introduced in 2019 also emphasized several other issues related to the measure. For instance, the existence of a fundamental funding problem: the investments required could partly come from resources diverted from other social programs, but they are unlikely to be enough and this raised concerns about the government's plans to increase the already worrisome country's public debt (Kirchdorfer, 2018; Girardi, 2019). Other difficulties in the implementation phase also arise from the country's infamous high levels of tax evasion and informal work, which could compromise efforts to reduce unemployment rates (Girardi, 2019).

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