Social policies and workfare in the new Italian basic income scheme

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Abstract

The paper describes the Italian measures on income support to the poor, their evolution and the associated debate. In the most recent years Italian social policies focused on income support to the poor. Building on previous experiments, in 2017-2018 the center-left government introduced the Inclusion Income, which evolved in 2019, under the new populist government, in a new measure labeled, although improperly, Citizenship Income. Financial resources allocated to such measures increased, reaching 7.5 billion of euro in the 2019 budget, an unprecedented amount dedicated to fight poverty in Italy. As of September 2019, 1.5 million families applied and 1 million were recognized the benefit, with an average monthly subsidy of about 500 euro per family. Such measures triggered in the country a revival of a debate on incentives to work and poor's attitude which dates back to the poor laws in England in the XVIII centuries. Furthermore, the debate was fostered among the progressive circles on “right to income” vs. “right to work”. However, a crucial point which is generally missed concerns how, passing from Inclusion Income to Citizenship Income, the measure evolved from a social policy instrument, aimed at promoting social inclusion, which also contemplated the right for each beneficiary to be taken in care by social services, to a more genuine workfare policy.

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1. Introduction

In the most recent years Italian social policies focused on income support to the poor. Building on previous experiments, in 2017-2018 the center-left government introduced the *Inclusion Income*, which evolved in 2019, under the new populist government, in a new measure labeled, although improperly, *Citizenship Income*. Resources aimed at financing such measures increased, reaching 7.5 billion of euro in the 2019 budget, an unprecedented amount dedicated to fight poverty in Italy. As of September 2019, 1.5 million families applied and 1 million were recognized the benefit, with an average monthly subsidy of about 500 euro per family. Such measures triggered in the country a revival of a debate on incentives to work and poor's attitude which dates back to the poor laws in England in the XVIII centuries. Furthermore, the debate was fostered among the progressive circles on “right to income” vs. “right to work”. However, a crucial point which is generally missed concerns how, passing from *Inclusion Income* to *Citizenship Income*, the measure evolved from a social policy instrument, aimed at promoting social inclusion, which also contemplated the right for each beneficiary to be taken in care by social services, to a more genuine workfare policy.

The paper describes the Italian measures on income support to the poor, their evolution and the associated debate. In particular, Section 2 sketches the main characteristics of the Italian welfare system, while section 3 describes the measures of income support in place and their past evolution. Section 4 deals with some interpretation of the recent evolution, section 5 concludes.

2. Stylized facts on the Italian welfare system

In order to understand the role on the new income support tool, this section sketches some of the main characteristics of the Italian welfare system (Marano 2017).

1) *The overall size of the welfare system is large and in line with the highest EU standards.*

As shown in Table 1, public social expenditure is slightly below 30% of GDP, in line with many continental Europe countries. Similarities among all countries increase considering total social expenditure (which strongly rises the figures for the Anglo-Saxon countries, due to the role private pensions and health play in those systems) and even further if, following the OECD, one considers net social expenditure, taking into account incentives to private provision and taxation of social benefits: in this case, as shown in the last column of the table, there is a surprising convergence to an expenditure at around 25% of GDP.

2) *However, social expenditure in Italy is mostly concentrated on pensions and health.* As Table 2 shows, Italy spends more than the other countries on monetary transfers, mostly pensions, while provision of in-kind services is lagging behind and mostly concentrated in the well developed public health system, being virtually absent in areas like unemployment, family and children, housing. Overall, as shown in Figure 1, excluding pension and health, Italy suffers a sensible gap in per-capita expenditure.

3) *Social expenditure on local social services is particularly low.* Local social services, which are typically provided in-kind and tailored on individuals, are extremely underdeveloped. As shown in Figure 2, at 0.7% of GDP in 2006-2016 local social
expenditure is around 1/3 of the EU-28 average. Indeed, the building of a modern system of social services in Italy only started around 1995, with a delay of decades with respect to the pension and health systems. Furthermore, the project was very soon frustrated by the difficult public finance conditions and by the institutional impasse caused on one side by a constitutional reform that decentralized attributions in the social field but not fiscal power, on the other by the incapacity of the national government to define minimum standards across the country.

4) Poverty was already high and further increased after the 2008-2009 crisis. As shown in Figure 3, the proportion of people at risk of poverty or social exclusion¹ raised above 30% and, as in Greece, did not decrease thereafter. Looking at monetary poverty and anchoring thresholds, to get an insight on deterioration of living standards, again a strong increase emerges, with only weak signs of recover in the most recent years. The same trends emerge from national data, that calculate poverty based on consumption, rather than income. According to the national statistical institute ISTAT, as of 2017 absolute poverty (corresponding to a consumption threshold of about 500-800 euro per months for a single) interested 1.8 million families (6.9% of the total, as against 6.3% in 2016) and 5 million individuals (8.4%, as against 7.9% in 2016), while relative poverty (corresponding to a consumption threshold of 60% of average consumption, about 650 and 1085 euro respectively for a single and a couple) interested 3 million families (12.3% of the total, as against 10.6% in 2016) and 9.4 million individuals (15.6%, as against 14.0% in 2016).

Table 1 - Public and private social expenditure, gross and net in % of GDP - 2013 and 2015

<table>
<thead>
<tr>
<th>% of GDP</th>
<th>Gross social expenditure</th>
<th>Net social expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD</td>
<td>21.0</td>
<td>0.8</td>
</tr>
<tr>
<td>Spain</td>
<td>25.4</td>
<td>0.0</td>
</tr>
<tr>
<td>Germany</td>
<td>25.0</td>
<td>1.4</td>
</tr>
<tr>
<td>UK</td>
<td>21.5</td>
<td>0.9</td>
</tr>
<tr>
<td>Italy</td>
<td>28.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Sweden</td>
<td>26.7</td>
<td>0.4</td>
</tr>
<tr>
<td>Danmark</td>
<td>28.8</td>
<td>2.5</td>
</tr>
<tr>
<td>USA</td>
<td>19.0</td>
<td>0.3</td>
</tr>
<tr>
<td>France</td>
<td>31.7</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Source: OECD

¹ Eurostat defines people at risk of poverty or social exclusion as incurring either in monetary poverty, defined as an equivalised disposable income below the at-risk-of-poverty threshold, set at 60% of the national median, or in material deprivation, or living in households with very low work intensity.
Table 2 - Social expenditure: Cash benefits and in kind by function in 2013

<table>
<thead>
<tr>
<th>% of the PIL</th>
<th>All social protection functions</th>
<th>Invalidity</th>
<th>Old age and survivors</th>
<th>Health</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash benefits</td>
<td>In kind</td>
<td>Cash benefits</td>
<td>In kind</td>
</tr>
<tr>
<td>EU-28</td>
<td>27.7</td>
<td>18.1</td>
<td>9.6</td>
<td>35%</td>
</tr>
<tr>
<td>EU-15</td>
<td>28.5</td>
<td>19.0</td>
<td>9.5</td>
<td>33%</td>
</tr>
<tr>
<td>Denmark</td>
<td>31.7</td>
<td>19.0</td>
<td>12.7</td>
<td>40%</td>
</tr>
<tr>
<td>Germany</td>
<td>27.7</td>
<td>17.3</td>
<td>10.4</td>
<td>38%</td>
</tr>
<tr>
<td>Spain</td>
<td>26.2</td>
<td>17.5</td>
<td>7.6</td>
<td>30%</td>
</tr>
<tr>
<td>France</td>
<td>31.8</td>
<td>20.2</td>
<td>11.5</td>
<td>36%</td>
</tr>
<tr>
<td>Italy</td>
<td>28.7</td>
<td>21.6</td>
<td>7.1</td>
<td>25%</td>
</tr>
<tr>
<td>Sweden</td>
<td>29.5</td>
<td>16.0</td>
<td>13.4</td>
<td>45%</td>
</tr>
<tr>
<td>UK</td>
<td>27.8</td>
<td>16.8</td>
<td>11.0</td>
<td>40%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% of the PIL</th>
<th>Unemployment</th>
<th>Family / Children</th>
<th>Home</th>
<th>Other social exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash benefits</td>
<td>In kind as % of the total</td>
<td>Cash benefits</td>
<td>In kind as % of the total</td>
</tr>
<tr>
<td>EU-28</td>
<td>1.5</td>
<td>1.4</td>
<td>0.1</td>
<td>1.7</td>
</tr>
<tr>
<td>EU-15</td>
<td>1.8</td>
<td>1.8</td>
<td>0.1</td>
<td>0.6</td>
</tr>
<tr>
<td>Denmark</td>
<td>1.9</td>
<td>1.5</td>
<td>0.4</td>
<td>2.1</td>
</tr>
<tr>
<td>Germany</td>
<td>1.1</td>
<td>1.1</td>
<td>0.1</td>
<td>9.5</td>
</tr>
<tr>
<td>Spain</td>
<td>3.3</td>
<td>3.1</td>
<td>0.1</td>
<td>3%</td>
</tr>
<tr>
<td>France</td>
<td>1.9</td>
<td>1.9</td>
<td>0.1</td>
<td>5%</td>
</tr>
<tr>
<td>Italy</td>
<td>1.7</td>
<td>1.7</td>
<td>0.0</td>
<td>0%</td>
</tr>
<tr>
<td>Sweden</td>
<td>1.3</td>
<td>0.9</td>
<td>0.3</td>
<td>23%</td>
</tr>
<tr>
<td>UK</td>
<td>0.6</td>
<td>0.5</td>
<td>0.1</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Eurostat.
Figure 3 - Poverty and social exclusion in the EU

In % of national total population. Source: Eurostat (March 2019)

People at risk of poverty or social exclusion

At-risk-of-poverty rate anchored at a fixed moment in time (2008)

EU-15

East European Countries

PIIGS (Portugal, Ireland, Italy, Greece, Spain)
3. Income support in Italy

3.1 Precursors: the situation till 2013

As said, the Italian welfare system mostly focuses on monetary transfers (pensions) rather than in-kind benefits, with the notable exception of health care services. Furthermore, it is traditionally biased toward the protection of existing jobs, rather than the support of the unemployed. So, measures like Cassa Integrazione Guadagni and Special Cassa Integrazione Guadagni (CIG and CIGS) finance through public resources the payment of wages to people already in employment. Unemployment benefits, instead, have always been small, difficult to claim and of short duration, while unemployment agencies have been ineffective and local social services weak, with some notable exception at the local level in the most developed regions of the country.

An effective, universal, means-tested, income support for the elderly has been in place since 1969, when the Social Pension was introduced, which is currently worth about 470 euro per month (650 euro above 70 years of age). An higher social insurance pension minimum (Integrazione al Minimo), also means-tested, is in place too, which is worth 540-650 euro per month, depending on age.

However, except for the elderly and for some limited measures defined at the local level, no income support was granted till recent years to those that could not claim unemployment benefit or had used it all.

Around 1995-2000 things start changing, when an attempt was made to build a modern social assistance system and develop active labor market and social policies. In this framework, an experimental minimum income scheme was introduced in 1999, labeled Reddito Minimo di Inserimento (RMI), which was firstly introduced in 36 areas, mostly small villages in South Italy, then extended the following year to 306 areas, contemplating even large cities as Naples and Catania.

The original intention was to rapidly extend RMI to the national level, however budget problems and the change of government in 2001 did not allow this. RMI was not refinanced, while the 306 municipalities were allowed to use the money allocated to them, which was far greater than their expenditure capabilities, till 2004-2006, when the program was finally shut down. Indeed, the RMI called for an active action by local administrations, which had to develop activation projects tailored on the need of their community, under the monitoring and direction of the national administration. However, the final monitoring showed that local authorities had been left by themselves, while the measures was applied mostly in areas where local social services were extremely weak and unemployment chronic. The result was that few activation projects were developed, while money was just given as a small, unconditional, subsidy, being often misused and diverted to other goals by the local administrations (Ministero della Solidarietà Sociale 2007).

At the end of 2008 the new conservative Italian government reduced financing to social assistance policies, with national funds that dropped from 1.6 euro billion in 2008 to 134 million in 2012. However, facing a growing European pressure to tackle poverty, a small program was introduced, Carta Acquisti, also known as Social Card (SC), though more in terms of charity than as a social benefit. SC was targeted to the elderly (65+) and to
families with children up to 3 year of age, to whom a subsidy of 80 euro every two months was offered to buy food, drugs and to pay for utilities. The measure, which is still in place, was subject to a strict means-test, constituting a small add-up to a restrict group of minimum pensioners and families with small children and no other source of income. Budget was limited and beneficiaries have been around 0.5 million per year till current time, for a total annual expenditure of about 250 million of euro.

Although SC has had a negligible impact as a tool for income support, however some of its characteristics are worth to be pointed, as they are maintained in the design of the following measures:

1) the administrative procedures are managed by the National Pension Institute (INPS), while payments are done through the bank affiliated to the National Postal Service and paid through a card indistinguishable from a normal credit card;
2) additional financial resources can be supplied by private donors, while supermarket chains are suggested to grant discounts to beneficiaries;
3) the measure is open to regional and local authorities to supplement it with extra resources, which some actually has done, while in the years following the introduction of SC a few regions (like Basilicata, Puglia, Trentino - Alto Adige) approved more comprehensive norms, which tried to anticipate a national measure of income support.

3.2 2014-2018: Inclusion Income (REI) and the building of a national measure of income support

In 2014 a new attempt was initiated to gradually build a national measure of income support, which made use of some of the features of the SC.

In 2014 the Carta Acquisti Sperimentale (CAS) was introduced in the 12 biggest cities, which targeted families with children, offering them a monthly subsidy up to 231 and 404 euro respectively for a couple and a family of 5 or more. The measure was conditioned upon a strict means-test and contemplated the participation to social inclusion activities designed by local social services.

In 2017 the program was extended nationwide and financed through the 2014-2020 EU funds, under the new label Sostegno all’Inclusione Attiva (SIA, in English Sustain to Active Inclusion). Local authorities could participate to the program through a non-competitive call, and projects, once approved, had to be administered according to EU rules. More than 500 projects were presented, covering the entire country.

Still in 2017, the substitution of SIA by a stronger measure, Reddito di Inclusione (REI, Inclusion Income) was legislated for 2018, which was further widened at mid-year to a genuine universalistic, means-tested, benefit, open to all types of individuals and families\(^2\). The means-test continued to be tight and articulated, though, so that in order to get REI the family equivalised income had to be below 3000 euro per year, ownership of real estate

\(^2\) Initially, only families with children, or with the presence of people with disabilities, or with the presence of members unemployed older than 55 years, were eligible for REI. A key point of the extension to singles, is that it opened for the first time the possibility for homeless to apply.
below 20,000 euro and financial wealth below 6000 euro, while the combined income and wealth equivalised indicator (ISEE) had to be below 6000 euro.

As for the previous measures, REI was granted to families, not individuals and paid through a card issued by the postal bank. It could last as long as 18 months, at the end of which a new application could be submitted only after further 6 months.

REI was made by two distinct components, both of which were formally defined as essential levels, to be granted over the entire country: a monetary benefit and a social activation program.

As for the monetary benefit, the monthly subsidy amounted to maximum 188 euro for a single and 534 euro for a family of 5, according to an equivalence scale. Benefits were reduced in presence of other sources of income or subsidies, except in case these subsidies were explicitly granted by local authorities in order to increase the effectiveness of the measure.

As for the social activation program, REI (as the previous SIA) required the local social services to proceed to a multidimensional and multidisciplinary assessment of the needs and weaknesses of the applicant family, and to consequently elaborate an individualized program, which had to be signed by the beneficiaries. Such programs could concern labor activation and training, but also sending children to school every day, or attending treatments in case of drugs or alcohol, depending on the findings of the assessment. However, when only a problem of unemployment emerged, without other needs, the family was just sent to employment services; conversely, when problems emerged of a different nature, labor activation could have a marginal role, or no role at all, in the individualized program. A strong importance was given by the legislator to actions aimed at avoiding the intergenerational transfer of poverty and social exclusion.

As said, as of mid 2018 REI becomes a true national measure against poverty, based on selective universalism. Target was to reach 700,000 families and 1,5 individuals, although actual beneficiaries did not exceed 400,000 families and average monthly benefit 310 euro, as shown in Figure 4 and Figure 5. Indeed, funds (2.5 billion of euro) were insufficient to finance a comprehensive and effective measure, however in 2017-2018 there was a strong political pressure to accelerate, income support being a key element of the electoral campaign for the Spring 2018 political elections.

Such acceleration provoked substantial problems particularly on the social activation component of the measure. As said, the Italian system of local social services is highly underdeveloped and underfinanced, so that the need for social services to formally do an individual assessment and elaborate an individual program for each beneficiary was almost impossible to be fulfilled, although the law initially gave up to six months to define individual programs. For example, considering the case of Rome, 360 professional social assistants should have taken charge of at least 10,000 individual programs, many of which concerning individuals and families that had never shown before to the services. In effect, the government was aware of it and had allocated resources (about 300 million per year) to the strengthening of local social services. However, money could not be spent immediately and local administrations were still facing restrictions on hiring, which made the implementation of the social activation part of the measure extremely slow and difficult.
3.3 2019: Citizenship Income

The Reddito di Cittadinanza (Citizenship Income CI) was included in the government contract signed on May 2018 by the populist 5 Star Movement and the right-wing League, together with the reduction of minimum pension age. The two measures were (respectively) key points of the electoral platforms of the two partners and aimed at their respective electorates, based in the economically underdeveloped South, particularly hit by the crisis, on one side, in the industrialized North on the other, where the 2011 pension reform, that raised pensionable age by four – five years, had hit not only many workers with long seniority, but also companies, forced to maintain at work their older workers, more costly and less productive. During the campaign both measures were presented only in very general terms, claiming a wide application and low financial costs. At the moment of implementation, however, the range had to be drastically reduced, which, anyhow, absorbed the main part of the resources available in the budget law for 2019.

As a matter of fact, the 2019 budget law allocated to CI (and to its equivalent for the elderly, labeled Citizenship Pension CP) about 7 and 8 billion of euro for 2019 and since 2020. Although the budget had to be reduced with respect to the 9 billion originally planned, this constitutes an unprecedented amount for Italian social policies aimed at the poor, about three times as much as the amount previously allocated to REI, although still a small amount if compared with Italian pension and health expenditure (respectively 300 and 100 billion per year).

The contents of CI were defined in a government decree (n. 4/2019) issued at the end of January 2019 and finally approved by the Parliament in March (law n. 26/2019). Application could be made since March 6, and benefits were first paid at the end of April.

In the implementation stage the government had to face two main issues. On one side, the measure was far more costly than what had been claimed during the electoral campaign: therefore CI had to be conditioned to a tight means-test, so as to contain the number of expected beneficiaries to 1.25 million of families. On the other, under pressure of both the League and part of the same 5 Star Movement, which were stressing moral hazard and the possible destabilizing effects of CI on the labor market, the measure assumed more and more the characteristics of a welfare-to-work tool, becoming a sort of unemployment subsidy conditioned on work activation, while eligibility criteria was tightened in order to exclude as much as possible EU and non EU immigrants.

As with REI, CI is granted to families (as opposed to individuals) and subject to an articulated means-test, although thresholds are higher than for REI: equivalence income must be below 6000 euro per year (instead of 3000), ownership of real estate below 30,000 euro (it was 20,000) and financial wealth below 6000 euro, while the combined income and wealth equivalent indicator ISEE must be below 9360 euro (instead of 6000).

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3 The 2019 budget law allocated to CI and CP 7.1, 8.1 and 8.3 billion respectively for 2019, 2020 and since 2021. Of these, 6 billion for 2019 and 7.2 billion for the following years were destined to the monetary benefit (of which 0.3 billion in 2019 allocated to residual REI beneficiaries). The remaining resources were mostly destined to strengthen employment services. Further 0.3 billion, already destined to strengthen local social services, adds to the total. Although something between one third and a half of the money came from resources already legislated in the previous budget and destined to REI or to employment services, the additional money allocated to fighting poverty absorbed an important share of the resources available for the 2019 budget maneuver.

4 However a new equivalence scale is used, penalizing families with respect to singles (see below).
As said, to exclude as much as possible foreigners, CI is subject to a tight resident status of 10 years in Italy among which the last 2 years, while applicants have to produce formal translations in Italian of the official certifications needed for the means-test. As before, the benefit may last for maximum 18 months; however, a new application can be submitted as earlier as 1 month since the end of such period, instead of 6.

Similarly to REI, CI consists of both a monetary component and a service component.

The monetary benefit amount to up to 500 euro per month for a single, which is multiplied by 0.4 for each further member of the family above 18 year of age and by 0.2 for each member below 18, up to a factor of 2.1. Further 280 euro per month are added in case of tenants, so that a single can get a benefit up to 780 euro per month.

As for the service component, CI primarily focuses on labor rather than on social services. Applicants are sent to the employment services, must declare their willingness to accept a job immediately and sign a Pact for labor. Furthermore, they can be requested to work at the service of the community and must accept also job offers from other regions. The benefit is non cumulable with work income, which could originate substantial poverty traps; however, in case a job is offered, the benefit can be transformed in a subsidy to the employer. Substantial funds are provided to regional employment services, to hire supervisors to the Pacts for labor, while extra resources are also allocated to private tutors, in case of success in finding jobs to CI beneficiaries.

Most of the emphasis of CI is put on labor activation and only labor activation was considered in the first draft of the law, indeed. However, social services were restituted a certain role in the final version: when, from the initial assessment, emerges that beneficiaries are not employable and that their main problems are of a social inclusion nature, rather than linked to unemployment, the Pact for labor is substituted by a Pact for inclusion, structured as it was in REI.

While neither Pacts for labor neither Pacts for inclusion are due to be signed before September 2019, so no data are still available. Benefits started to be paid, as said, as early ad April 2019. Figure 4 and Figure 5 show the number of families beneficiaries of REI and CI, as well as the average monthly benefit for REI, CI and PI till June 2019. The most recent partial update (to 4 September 2019) shows a further increase of beneficiaries, which are now slightly less than 1 million (with total applications at around 1.5 million) while average benefits are constant. It clearly emerges how CI is a substantially stronger measure than REI, with beneficiaries that doubled and average monthly benefits that almost doubled, for CI alone, to 530 euro.

5 Such factors introduce a new equivalence scale, somehow arbitrary, which, with respect to the equivalence scale used with REI and based on international standards, prizes singles and penalizes families (for example, the previous scale assign a value of 2.04 for a family of three, up to 3.2 for a family of 6 or larger). This was due to the political goal of granting singles (up to) 780 euro per month, which would have determined an unbearable financial burden if combined with the previous equivalence scale.
4. Some considerations

This paper has no ambition to enter the wide current debate on the pros and cons of basic income, however some key aspects of the Italian experience are worth to be put in evidence, which could be of general interest.

4.1 How words can be misleading

In a framework where many different labels are used for similar tools and similar labels are used for very different ones, words can be misleading and used with genuine
propaganda aims. This depends on that labels are not well established in the field and that any definition or classification must face the fact that labels are not used to reflect the intimate substance of a measure, but rather to get consensus.

So, as seen, the labels Citizenship Income and Citizenship Pension used in Italy, while evocating a universalistic dimension, hide something different: CI, being conditional, means-tested and not granted to everybody, is rather an active labor market policy, which mixes income support and activation; CP is a mere supplement to the already existing Social Pension. However we must use the word "citizenship" because is the law (art. 1 of the legislative decree n. 4/2019) that imposes it. In the 2018 electoral campaign the 5 Star Movement used widely the strong evocative power of such word and, once in power, it clearly wanted to claim for its realization, although being forced by the budget constraint to reduce the extent of its promises. As a matter of fact, legislators are free to use the words they want, and commentators and scholars can only leave to footnotes their concerns. Although in different terms, a similar issue holds for the claim of "completely eradicate poverty". While, as generally understood, this goal should be associated with development and redistributive policies aimed at improving the situation of all those at the bottom of the ladder, in the current framework, where economic poverty is precisely defined as the proportion of people having an income below the 50% of the median, the completely eradication of poverty becomes a goal that can be attained just bringing the income of those below the poverty threshold at that level, even at the expenses of those that are just above it and regardless of the general stance of economic policy (thus, oddly enough, even with a tight imposed austerity).

4.2 Labor vs social services and the right to be taken in charge

Social services aimed at the contrast of poverty and social exclusion are typically based on social workers that "take in charge" the individual and, after an assessment of her/his underlying needs, define a program, or tools, or access to measures that would improve the situation. As such, social services are typically performed at the local level and are costly, in that they are targeted on each individual and labor intensive. Moreover, sometime they

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6 Among tools belonging to the income support family, a non exhaustive list of labels used may include (in bold I tried to indicate subfamilies): Basic income, Universal basic income, Social income, Social wage; Citizens' income, Citizens' wage, Citizenship income; Minimum income, Minimum income guarantee, Guaranteed income, Guaranteed basic income, Guaranteed minimum income; Negative income tax, National tax rebate, Refundable income tax credit, Universal income tax credit; Social dividend, Citizen Dividends, Rent sharing, Dividends for all, Share the wealth; Inclusion income, Minimum inclusion income, Sustain to active inclusion.

7 Citizenship income in the literature is generally associated with universality (often interpreted in the most extensive way, i.e. not associated to any means-test) and non conditionality. Italian measure is conditional upon activation, means-tested and, in the government intentions, not recognized to foreigners.

8 In that same law the same techniques is used in art. 14 to label "quota 100" an intervention on minimum pension age, which was part of the electoral platform of the League government partner. Also the League had to deal with the cost of its electoral promises, which brought to label as "quote 100" the combination of both a minimum age of 62 years and a minimum work seniority of 38 years requirements to retire. Technically “quote” should refer to the possibility to retire upon reaching a value of 100 in any combination of age and work seniority instead.
are not welcomed by individuals, who may perceive social service intervention as intrusive.

Social services are the most underdeveloped area of the Italian welfare system. As a matter of fact, investments on Italian social services lagged behind for many years, while social interventions concentrated on monetary transfers (mostly pensions) and labor market. However, neither monetary transfers neither work (i.e. active labor market policies) are enough in many situations, where poverty and social exclusion are signals of weaknesses that must be addressed in a multidimensional framework, with several different instruments, from counseling to retraining, from psychological help to helping with family duties and matronage or patronage. Indeed, intergenerational transmission of poverty and social exclusion is high, and something more than money and work is needed to interrupt the chain.

On this regards, the passage in Italy from the 2018 REI to the 2019 CI evidences a change of emphasis from a measure tailored on social needs (the first) to a workfare one (the second). This emerges clearly from the law and from the underlying political debate, although at a certain moment some of what had been put aside (the role of social services) has been somehow recovered.

In effect, REI was firstly thought of as a social services oriented measure. It was a specific anti-poverty tool, aimed at combining a monetary transfer with social services, taking in charge the poor. This feature came out both from the fact that the measure was ideated and implemented almost entirely within the social inclusion branch of the central administration in collaboration with municipalities (while employment services respond to regional authorities) and in that it responded to a social and political campaign launched by "Alleanza Contro la Povertà", a network of unions and catholic associations, many of whom had direct experience of working with the poorest. Such orientation of the measure is clearly stated in the various pieces of secondary legislation through which REI was implemented. The monetary transfer was conditioned to a social assessment and to a social inclusion contract between the family and social services, aimed at addressing people weaknesses. Only in case the individual assessment evidenced that the only underlying problem was income / work, there would be no need to sign a social inclusion contract and people would be sent to employment services, with which she/he would have to sign a labor activation contract, instead. Coherently with this aim, REI financed the strengthening of social services, imposing municipalities a minimum number of professional social workers and a minimum number of “access points” to the measure, which both were defined as “essential levels of social assistances”, which must be satisfied across the entire country. Indeed, and this is an important point, the need to sign and respect the social inclusion contract, which could be criticized by basic income supporters as the imposition by paternalistic social services of a "proper behavior" to the lazy poor, should be rather read as the opposite, the recognition of the right to the poor not to be put aside thru the mere payment of some money, and to a wider project, aimed at addressing globally the causes of her/his condition, instead.
4.3 Income vs labor and unemployment benefits

Thus, CI, far from setting an individual right to income, has been mostly designed as an unemployment benefit with compulsory activation, although at a later stage a social assistance dimension, still based on social activation for those not immediately employable, was added. In any case, behind a misleading label, the choice has been to maintain the traditional focus on work as the key tool to sustain people, rather than on the possibility to redistribute income and wealth.

On this regards, although CI represents a true innovation with reference to the level and duration on the income support, it adopts a traditional laboristic attitude. As such, while becoming broadly acceptable from the standard perspective, it continues missing some key points that basic income supporters have been rising, i.e. that in a production world which potentially has gotten rid of physical fatigue and attained the possibility of satisfying all consumption needs, technological unemployment is, again, expected to increase dramatically during the next few years, and a mix of reduction of working hours and redistribution of income is desperately needed, in order to share the benefits of innovation and to maintain high aggregate demand (hopefully, on a qualitative different set of goods).

4.4 Incentives: an old story

As CI was brought back from an effective basic income initial project to a more traditional active labor market tool, the Italian political debate on CI replicated discussions already heard several times in history.

The conservative side argues that giving a substantial amount of money to the unemployed fosters moral hazard and poverty traps, making the productive part of the society to maintain the lazy ones. This would give a devastating disincentive effect even to those that would be more willing to work, decreasing efficiency and destroying economic growth. Thus income support should be small and strictly conditioned on willingness to work at any cost.

As a matter of fact, this is century old debate. Indeed, it is nothing anew with respect to the debate on the poor law and on the Speenhamland system adopted in England from 1795 to 1834, as reviewed, from example, by Polanyi (1944), which assumed a strong position against the "basic income" guaranteed by the Speenhamland system, claiming it was one of the main factor of delay and stagnation of UK economy till its drastic removal in 1832-1834. While Polanyi's arguments have been questioned by basic income supporters (Bregman 2017), what matters here is that the types of arguments used in the XIX century discussion were exactly the same as those used in 2019.

The same arguments were also developed by opponents to the Nixon's’ 1970-1971 Basic Income Plan, which should have granted a minimum income of $1,600 per year for a family of 4 (about $800 a month at current value), which was firstly envisaged as unconditional but had to be conditioned to work activation in order to try (unsuccessfully)

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9 The oldest participants to the Euromemo annual meetings could remember the strong adversity that several members of the group showed in 2000, when some papers on basic income were presented, among others, by Andrea Fumagalli.
to gain the support of the American Senate, after gaining approval by the House of Representatives (again Bregman 2017).

5 Conclusions
In 2017, facing a sharp increase of poverty during the current decade, the Italian center-left government introduced a long due nation-wide measure of income support to the poor, Sustain to Active Inclusion, which was strengthened the following year under the new label Inclusion Income.

In 2019 the new government directed by the 5 Star Movement reshaped and further strengthened the measure, renamed Citizenship Income. While an unprecedented amount of funds was allocated to it, with monthly benefit lifted up to 780 euro for a single, a figure close to the economic poverty threshold, Citizenship Income can hardly be classified as a genuine basic income, its characteristics (namely the tight means-testing and the high conditionality upon labor activation) rather being associated to an active labor market tool, although a rather generous one.

The opposition to the measure by the League, partner of the 5 Star Movement in the government till August 2019, brought the political debate to concentrate upon the risks of moral hazard and to emphasize conditionality, as often happened each time basic guarantees were granted in history. However, the new measure also shifted the emphasis of the intervention from the development of comprehensive and individually tailored social inclusion projects, aimed at supporting people in dealing with all their weaknesses, to a more traditional policy based on pushing people to work, often regardless of individual conditions.

Eventually, in the implementation phase of Inclusion Income such social services perspective was somehow recovered, restituting a driving role to social services when it emerges that the family’s needs are not limited to labor activation. However, the shift in emphasis has weakened the pressure put by the previous Inclusion Income regulation on filling the gap of the Italian social services system and on building a distinct individual right for people to be evaluated in their needs and taken in charge by local social services.

References