The Minimum Guaranteed Income in the Province of Trento: Evidence from an Impact Evaluation.

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Abstract

In 2009, the autonomous Province of Trento introduced a minimum income scheme, known as *Reddito di Garanzia*, to relieve poor families living in the local community. The paper focuses on the results of a counterfactual impact evaluation of this policy. The data used to carry out the evaluation comes from a two waves panel survey, which involved a sample of recipients (treatment group) and a sample of non-recipients (control group). The evaluation strategy is based on a *Difference-in-Differences* design and the analyses are carried out separately for natives and immigrants. The analyses show that the programme has: (i) reduced the material deprivation of immigrants and (ii) increased their expenses for food consumptions; (iii) expanded social relations of native recipients; (iv) barely affected the participation in the labour market participation of both native and immigrants.

Keywords: Minimum income, Italy, difference-in-differences, poverty, consumptions

Introduction

It is a long time that Bank of Italy and Istat, throug their surveys and reports, alert that poverty is a wide phenomenum in Italy. More precisely, looking at the 2012 wave of the *Survey on Household Income and Wealth* carried out by the Bank of Italy, it emerges that the 14% of the Italian households live in poverty condition. Similarly, Istat, exploting its surveys on consumptions, states that the poor households are more than three millions, that amounts to the 13% of the Italian households.

In spite of the seriousness of the poverty issue and although there have been distinguished interventions asking policies to fight it (Boeri and Perotti, 2002; Gori *et al.*, 2013; Ranci Ortigosa, 2013), the Italian welfare system does not still forsee consistent anti-poverty measures. Indeed, there a plethora of fragmented programmes.

Despite its innovative nature, the experimentation of Minimum Income (MI) proposed by the Onofri Committee, and implemented by the financial law in 1999, was not a structural measure. Albeit it was based on the selective universalism – i.e. monetary aids are forseen for those families living below the poverty threshold – the MI targeted not all the poors, but only those who lived in some municipalities (349, to be precise) in which the experimentation was launched. However, the MI was sharply interrupted in 2002.[1]

In addition, the introduction in 2008 of the Social Card (SC) was not a serious attempt to improve the deficiencies of the Italian welfare. Indeed, this programme forsees a modest transfer (about 40 € per month) and it can be used only to buy essential goods. Moreover, SC is strongly categorical, in the sense that it is reserved to two specific groups of recipients: households with children under the age of 3 years, and individuals over 65 years of age. Lastly, to be eligible people have to possess the Italian citizenship and their Isee[2] income has to be lower that 6,000 €.[3]

Between 2012 and 2013, a new measure, named Inclusion Card (IC),[4] has been pulled alongside the SC. With respect to SC, IC is more generous and the benefit varies between 231 € (two-member families) to 404 € (families with at least five components).[5] At the beginning, IC was targeted to the poors resident in a restricted number of big municipalities, but it will be gradually extended to the all South of Italy.[6] Moreover, IC foresees an active role of social

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[1] For a deeper review of MI characteristics see IRS, Fondazione Zancan and Cles (2001); Sacchi and Bastagli (2005); Ministero della Solidarietà Sociale (2007); Spano, Trivellato and Zanini (2013).

[2] Isee is an indicator for the equivalent economic condition and it takes into account income, assets and the family size.

[3] More detailed infomation on SC can be retrieved in Gori et al. (2010) Spano, Trivellato and Zanini (2013) and in Rizzi and Zantomio (2013).

[4] IC is regulated by: i) Decree-Law n. 5 of 9th February 2012; ii) Law n. 35 of 4th April 2012; and iii) Decree of 10th January 2013.

[5] For the IC the treshold amounts at 3,000 €. This amount cannot be compared with the amount of SC, because they are based on two different version of the Isee.

[6] As said in the main text, IC was initially targeted to poor households in 12 Italian municipalities with at least 250,000 inhabitants (Bari, Bologna, Catania, Firenze, Genova, Milano, Napoli, Palermo, Roma, Torino, Venezia, and

workers and of local labour agencies, and they are asked to intervene in order to guarantee the access to education, health system and labour market for people in poverty conditions. Nevertheless, CI is a categorical measure, since to be eligible a family has to satify a long list of requirments such as economic condition;[7] family composition; citizenship and members' labour market participation. More precisely, the households' members have to be Italian citizens (or to be from EU or foreigners with a long-term residency permit); to be unemployed and, at least one has to be underage. In general, not even IC is a truly national universal measure and now it has been implemented only in twelve big cities.[8]

It is not surprising that, given the depicted situation, some Regions and the autonomous Province of Bolzano (PaB) and of Trento (PaT), as well as some municipalities, have implemented anti-poverty programmes. Unfotunately, the majority of the measures at the municipality level are supplied in a fragmented way and are based on discrectional criteria (Boeri et al., 2007). The policy at Regional level are more systematic but there are several drawbacks. In Lazio the measure is categorical, while in other regions () is universal but, given budget constraints, do not cover all the potential beneficiaries (Campania and Basilicata Regions). In Friuli the programma was not implemented due to a change in the political majority. Moreover, the measures in Lazio and Campania have been interrupted and they do not exist anymore. Therefore, only Valle d'Aosta, PaB and PaT have programmes based on selective universalism that are still in place.[9] In addition to this, only the measure implemented by PaT has been evaluated employing a counterfactual approach. Other local policies have been subjected only to monitoring process,[10] but this kind of analysis are merely descriptives and are not able to supply causal evidence about the functioning of a given programme. In this sense, it is clear the the MGI of the PaT represents an innovative experience for the Italian context.

The paper is organised as follow. In the second section, we describe the normative aspect of MGI. The third one reports the identification strategy, the data and methods used for the analysis. In the fourth section, the main empirical results are displayed and the last section contains a coincise appraisal of the effects of MGI.

Verona). The Decree-law n. 76 of 28th June 2013 forsees that the measure will be gradually extended to all regions in the South of Italy starting from 2014.

[7] The new Isee is regulated by the Ministerial Decre of 3rd December 2013.

[8] For the implementation of IC see Saraceno (2013), Guerra (2014), Ministero del Lavoro e delle Politiche Sociali (2014), Barbieri and Melis (2014) and Guerra and Tangorra (2014).

[9] A deep and accurate review of the main national and local programmes against poverty can be retrieved in Spano, Trivellato and Zanini (2013).

[10] See, for example, Brunori, Chiuri and Peragine (2009).

The programme and the expected effects of MGI

Programme description

The MGI has been implemented in the province of Trento[11] to attenuate the negative effects of the economic crisis started in 2008. From 2009 to 2014, the MGI legislation came under many changes that modify its basic regulation.[12] We briefly illustrate the main changes with reference to the time lapse covered by our empirical evaluation, i.e. the two years from November 2009 to November 2011.

The MGI is directed toward families below the poverty threshold and the monetary transfer is based on a top-up scheme. This means that a recipient family receives an economic aid equal to the difference between the poverty threshold and the amount of its disposable equivalent income. The poverty threshold is fixed at 6,500€ per year for a 1-person family.[13]

Moreover, the programme is universalistic and selective at the same time. It is universalistic, because any poor family can apply for the MGI without any limitation based on demographic – such as the presence of underage or old people – or socio-economic characteristics – such as the presence of unemployed or disabled persons. At the same time, the programme is selective, because the access is means tested and the economic condition of a given family is ascertained by means of Icef (Indicator of the family economic condition) that is a tool similar to Isee, used at national level.[14]

The Local Government introduced a control on the consumption level to prevent that people with non-declared income could be eligible for MGI. More precisely, the assumption is that every family who applies for the MGI should possess an income (supplemented by some available asset) corresponding to at least the amount necessary to ensure a minimal level of consumption. This minimal level is determined on the basis of the costs that a family has to cope to meet some basic consumption.[15] This calculation is made with reference to the relevant national survey carried out by Istat (the Italian national statistical institute). Obviously, the

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[11] The province of Trento is located in the Northeast of Italy and it is characterized by a wide degree of political autonomy. Moreover, with respects to the rest of the country, Trento has a better economic situation, lower social inequalities, and lower unemployment rates. Even if the results cannot be easily generalized to the rest of Italy, this local experience could be in any case be interesting for the reasons highlighted in the previous section.

[12] For a deeper description, see Zanini *et al.* (2011) and Girardi, Zanini and Vergolini (2014).

[13] The transfer depends on a coefficient that is function of the family size. For example, for a 3-persons family this coefficient is equal to 2.04 and it determines an income threshold of 13,260€.

[14] Icef is an indicator that takes into account: family composition, income, wealth and assets. For a deeper description and for a comparison with Isee see Barbieri (2011). For the full legislation and for the computational algorithm see the resolutions No. 1122 of 15/05/2009 and No. 1325 of 05/06/2009 and respective attachments approved by the Local Government.

[15] The consumption categories considered by the law are: i) food; ii) clothes and footwear; iii) electric-power; iv) communication and transport.

average values are reduced for taking into account that the recipients of MGI live in a condition of poverty.[16]

The amount of the supposed consumption is compared with the available income and assets declared for the purposes of determining Icef. If these assets are equal to or greater than the value of the estimated expenses for consumption, their level will determine the access to the benefit and its amount. If, on the contrary, the amount of available income and assets declared for Icef is less than the presumed level of consumption, it will be assumed that consumptions express the real economic condition of a family. Hence, the level of consumption is supposed to decide whether the family can access the MGI and the amount of the transfer.[17]

Moreover, the access to MGI is conditional to the participation in the labour market of the family members in working age and not affected by disability. If unemployed, they have to give the availability to work to the employment centres and, if a job is disposable, they must accept it. In this way, the Agency of Labour can be into direct contact with the beneficiaries of the MGI and offers them the training courses to facilitate the labour market entry. As incentive, the recipients who find a new job and are no more eligible for the measure are entitled to receive a cash transfer equal to two months of the benefit they received previously.

Looking at the permanence in the measure, the economic transfer is supplied for four consecutive months. After this period, the recipients could renew the measure for three times. If the poverty status endures, the family can apply still for the measure after a break of eight months.

Expected effects

The RG legislation states the main aims that the policy maker wants to achieve. These objectives are expressed in general terms and refer to the reduction of the risks to be in poverty or in situation of social exclusion; the increase of the opportunities for the recipients to exit from poverty; the need for the community to show solidarity with them in order to reduce inequalities and to increase the level of social cohesion. To undertake an evaluation of the impact of the MGI, the general objectives just mentioned have to be translated into measurable effects on the living conditions and the behaviour of the recipient families. The main outcomes of the programme can be grouped in four categories.

The first outcome is at family level and regards material deprivation (Whelan *et al*. 2001; Nolan and Whelan 2011). Given the essential aims of the policy, we believe that is relevant to asses if the measure has been able to affect the capability of poor families to achieve goods and

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[16] The equivalent average expenditure for food consumption is reduced by 20%, the one for clothing and footwear by 60%, as well as the communications and transport, while for energy is halved. In addition, the legislation consider also the costs, calculated as a lump sum, for the use and maintenance of the apartment and of a car eventually owned.

[17] The applicants can take position against this estimate. In this case, it is foreseen the intervention of social workers, who are entitled to decide, after a deep control, if the household is entitled to access the MGI. If the social workers ascertain that, the economic resources are effectively greater that the declared one, the family cannot apply for the measure for at least six months.

services to take part actively in the community.[18] Obviously, we expect that MGI will produce a reduction of material deprivation, this because it is correlated with family income (Whelan e Maître 2012). Therefore, a monetary transfer should reduce the incidence of deprived families.

The second set of outcomes is also at family level and regards the consumption behaviours. According to permanent income hypothesis (Friedman 1957), consumers will be willing to change their consumptions habits, if their income comes under modifications in a permanent way. This is exactly the situation that MGI aims to create. Indeed, the measure increases for long time spans the disposable income of recipient families. Hence, we suppose that MGI could modify structurally the consumption habits of the recipients. In particular, we focus the attention on the consumption of food and durable goods (furniture, appliances, etc.). It seems reasonable to assume that food and home furnishings, even more than clothing or other types of goods, could influence the daily well-being of families.

The third set of outcomes is at individual level and involve mainly the adult members of a family. It regards the sphere of interpersonal relationship and it is measured by means of social contacts. One of the risk of falling into poverty consists in the reduction of friendship contacts and in the narrowing of social contacts in the networks of relatives, with negative effects in terms of social integration (European Commission 2004; Böhnke 2008; Vergolini 2011). The basic idea is that the maintenance of social networks is a costly activity (Bourdieu 1986). Social relationships are based on exchange logic and on mutual support. Consequently, poor people do not comply towards these obligations, showing a remarkable risk of losing contacts with friends and acquaintances. It seems relevant to understand if MGI, reducing monetary poverty, is capable to boost social contacts.

The last set of outcomes is also at individual level and concerns the labour market participation. Economic theory (Mortensen e Pissarides 1999) and empirical studies (Atkinson e Micklewright 1991) agree with the possibility that monetary transfer, provided by welfare measure, could be perceived as a sort of replacement of labour income. If this is true, MGI recipients will be incentivise to remain unemployed or to stay outside the labour force. It has to be reminded that the programme foresees a set of activation measures in order to avoid the welfare dependence. On this point, we suppose that MGI improves the labour market participation and that does not increase exit strategies.

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[18] The variation in the material deprivation represents a non-monetary indicator of the economic condition of a given family. The choice of material deprivation is reasonable, because the use of monetary variables would be meaningless. Indeed, MGI increases family income up to the poverty threshold. Moreover, deprivation is widely accepted as a poverty indicator (Townsend 1987; Nolan and Whelan 1996 and 2010).

Identification strategy, data, variables and methods

Identification strategy

To establish a causal connection between the policy and the various outcomes, we follow a counterfactual approach.[19] More precisely, we compare the life conditions of recipients with an accurate control group. In this case, the choice of the control group is not straightforward. One control group would have composed by eligible families who do not apply for the measure. Unfortunately, it is not possible to know who these families are, because if they do not apply for MGI, it will be impossible to calculate the Icef indicator.[20]

Given these premises, we identify the control group exploiting the information about equivalent fiscal income – at the net of the deduction foreseen for the MGI application – of a wide group of families in the province of Trento.[21] Eventually, families with income equal or less to 15,000€ are considered as control group. The choice of this threshold could appear too high if compared to the poverty threshold of 6,500€, that gives the access to MGI. This choice is driven by problem of sample size. In this way, it is possible to have a control group sufficiently wide.[22]

Given this setting, we apply a strategy based on a Difference-in-Differences (DD) approach. In this way, we can compare the change in the outcomes in the treated group from October 2009 to October 2011, to the change in the outcomes in the control group over the same time span. If we remind that the MGI has been introduced in November 2009, it is clear that we perform a double comparison between treated and controls before and after the introduction of the programme. In this framework, the before-after difference for the control group is determined by the spontaneous dynamics of the phenomena under scrutiny and it is a measure of the so-called maturation bias. While, the difference between treated and control after the introduction of GMI is affected by the compositional difference between the two groups. Hence, the DD strategy offers a potential solution to both selection and maturation bias.[23] This argumentation is schematically summarised in figure 1.

[FIGURE 1, ABOUT HERE]

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[19] For a review of the counterfactual logic, see Morgan e Winship (2007), Imbens e Wooldridge (2009), Trivellato (2010), Martini e Trivellato (2011).

[20] At the same time, it is not possible to reconstruct the value of the coefficient Icef for the MGI for those families who asked to get other social assistance measures. Indeed, the parameters for the determination of the Icef coefficient vary measure by measure.

[21] The Statistical Office of the Local Government has made this calculation. It is worth to remind that there is a high correlation between fiscal income and income for the Icef indicator.

[22] We perform robustness check restricting the control group to income closer to 6,500€ and the results do not change significantly.

[23] In order to eliminate the compositional differences and so compare in a better way treated and controls, we perform further analysis integrating DD with a propensity score matching. These results substantially confirm the DD approach.

The estimate of the MGI impact via DD could be retrieved using an OLS regression:

$$y_i = \alpha + \beta_1 D_i + \beta_2 T_i + \delta(T * D)_i + \gamma X_i + u_i \qquad (1)$$

Where, y represents the outcome of interest. D is a dummy variable that identify the treatment status and it is equal to 1 for the recipients and 0 otherwise. T is a dummy variable that is equal to 1 for the post-MGI period and 0 for the pre-RG period. X_i represent a bunch of covariates about demographic and socio-economic characteristics of the families involved in the survey. In this setting, the policy parameter that express the MGI effect is δ. This formulation allows identifying ATT, but it does not take into account that the treatment is not constant. Indeed, the benefit varies across families depending on their initial economic conditions. In particular, there is a need for considering three dimensions of heterogeneity: the amount of the benefit and the permanence into the measure (or number of applications). To consider this heterogeneity we specify the following model:

$$y_i = \alpha + \beta_1 D_i + \beta_2 T_i + \delta(T * D)_i + \delta_1(T * D * E)_i + \gamma X_i + u_i \qquad (2)$$

Where E is the amount of "Total equivalent benefit" received during the entire period of participation in the programme (mean centred and divided by 100). This formulation allows to identify the ATT and the effect of receiving 100€ more than the average total amount of benefit. To some extent, this formulation allows to control for the heterogeneity given by the duration, as the total benefit depends on the time elapsed in MGI.

Data, variables and methods

The information needed to implement the identification strategy described above are derived from a two-waves panel survey.[24] We carried out the first wave just before the introduction of MGI in October and November 2009. The second one has been conducted in 2011 between October and November. In both waves, we employ a CAPI (Computer Assisted Personal Interview) procedure.

More precisely, we collect data at household and at individual level. In the first case, we interviewed the head of household asking information about household composition, material deprivation, consumptions and home ownership. In the second case, the interview is directed to individual who are at least 16 years old, posing questions about sex, age, level of education, labour market position, health, social inclusion, intra-household allocation of resources, income and assets.

[TABLE 1, ABOUT HERE]

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[24] The survey has been carried out with the support of the Statistical Institute of the Local Government for what concern the sampling procedure, and with Doxa for the interviews.

Table 1 repots the sample size stratified by recipients and controls.[25] It is clear that the response rate between the first and second wave is not very high both for treated (61.4%) and for control units (51.8%). It is known that the response rate, in survey addressed to social and economic excluded families, is quite low (Fitzgerald, Gottschalk and Moffitt, 1998; Giraldo, Rettore e Trivellato, 2001). On this base, the response rates of our survey are in line with previous studies. In any case, in order to maximize the sample size, we consider the two waves as repeated cross-section surveys.[26]

The main outcomes considered in this paper are: material deprivation, consumptions on food and on durable goods, social isolation, and labour market condition. Material deprivation is a dummy variable measured using the items suggested by Eurostat.[27] The consumptions are measured considering the month expenditure for food and durable goods. Social isolations considers the social contacts that individuals can have with colleagues and friends. It is measured as a dummy variable that takes value 1 if a person meet socially often with friends and colleagues.[28] Labour market condition considers both activity and unemployment probability. Unemployment probability takes value 1 if a person is actively seeking work and 0 otherwise. Activity probability takes value 1 if an individual is employed or unemployed (as just defined) and 0 otherwise.

The control variables for household level models are: equivalent fiscal income; home ownership; family size by age categories; residence in a urban area; sex, age and education of the head of household. In the individual level analysis the control variables are: sex; age; marital status; residence in an urban area and education. All the models are estimates separately for Italians and foreings with robust standard error for admitting the possible presence of heteroschedasticity.

MGI impact on recipients'living conditions

As a first step, it could be useful to present briefly the living conditions of recipients and controls before the implementation of MGI (tab. 2). It emerges, as easily predictable, that the living conditions of recipients are worse than the ones shown by controls. This means that, at least in the first place, the MGI is targeted to the most disadvantaged part of the population.

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[25] The sampling procedure id based on a two-stage stratified designed. In the first stage, we selected the 21 most populous municipality in Province of Trento, which account for about the half of the whole population of the province. In the second stage, we identify households who receive the MGI and households above the poverty threshold, but with fiscal income below 15,000€ per year. In this way, we identify 42 strata and, from each of these, we sample a number of households proportional to the strata size.

[26] As a robustness check, we replicate our analysis using longitudinal weights (Fitzgerald, Gottschalk and Moffitt, 1998).

[27] The items used regard: food, clothing, holiday at least once a year, replacing furniture, experience of debt. The dummy takes value 1 if a household cannot afford at least three items and 0 otherwise.

[28] More precisely, we use the following question to measure social contacts: "How often do you meet socially (meet by choice rather than for duty) with friends and colleagues in your free time?" It is measured on a 7 points scale from never to every day. The dummy takes value 1 if the contacts happen "every day" or "sometimes a week" and 0 otherwise (once a week, sometimes a month, once a month, less than once a month, never).

[TABLE 2, ABOUT HERE]

Focusing the attention on the recipients, it is noteworthy to stress that in our survey emerges not negligible differences between natives and foreigners. Non-Italian people show a higher propensy of being material deprived and lower levels of consumptions. At the same time, they tend to spend more that Italians for food, this because foreign households are more numerous (2.8 members) that Italian ones (2.3) and their member are on average younger (26 vs 38 years old).[29] For what concerns labour market condition, foreign recipients are less likey to be part of the active population but, at the same time, they are also less likey to be unemployed with respect to the Italian counterpart.

The first result could be explained easily taking in mind that non-natives tend to have more traditional views of gender roles as well as traditional models of division of domestic labour.[30] On the other side, the less incidence of unemployment between foreigners could be ascribed to their willingness to accept marginal and low paid jobs. It emerges also that the share of foreign recipients that meet socially friends and collegues is lower than the correspective share of Italian recipients. This result is probably due to two reasons. The first regards the fact that usually foreigners are resident in the province of Trento from less than Italians are and, at the same time, their networks, outside the sphere of relatives, are less wide.

[TABLE 3, ABOUT HERE]

Because of these results, it is not surprising to notice that the absolute average monetary benefit is higher for non-native households. These differences decrease considerably when the benefit are equivalent. Hence, the foreign households receive higher monetary transfer due to their size and because they tend to remain in the programme longer (12.4 months) that the Italians (10.8 months).

In any case, the main question regards the effects of these benefits on the living conditions and on the labour market condition of the recipients. Table 4 shows the results regarding the household level outcomes. More precisely, in the first part of the table we present the results deriving from equation (1), while in the second part we show the findings that derive from equation 2 that controls for the hetorogenity of the effects. Starting from the base model, it emerges that the material deprivation declines for both italians and immigrants, but only for the last group the effect is statistically significant and with a remarkable size. Indeed, thanks to the

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[29] More precisely, on 726 non-native households only 72 (about 10%) have members with more than 60 years of age. The native households show the opposite situation. On 2,010 households, 845 (about 42%) possess a member older than 60. If we look at the underage, 508 (about 70%) non-native households have at least an underage component. For the Italians this proportion falls to about 34% (692 households).

[30] Another explanation for the difference in activity probability is that non-native families tend to have more preschool children than Italian ones.

monetary transfer more than 15% of the non-native recipients has been able to exit from a situation characterised by a huge material disadvantage. The situation slightly changes looking at the effect of the different amount of monetary transfer received. Indeed, for the non-natives it emerges that the effects is stronger for the families with an average benefit and it becomes negative for those who receive the larger transfers. This finding indicates that the MGI is not able to reduce the material deprivation for the poorest families.

[TABLE 4, ABOUT HERE]

The results regarding food consumption are similar to the ones just described. After the treatment, there is an expansion in the expenditure for both groups, but the estimate is statistically significant only for the immigrants. In this case the size of the effect is far from been negligible with an increase in the food expenditure of more than 100 € per month. This means that there is an increase of 20% respect to the situation before the implementatio of MGI. The huge difference between natives and foreigners could be explained reminding that the two groups differ sistematically in the familiy size and composition. At the same time, this finding comes from the starting differences in the economic situation. On this point, Daminato and Zanini (2013), exploiting an ex-ante evaluation, point out that, given the structural differences between the two groups under scrutiny, would have produced significant variations in food expenditure only for the immigrants. In this case, there are no remarkable differences once the heterogeneity of the monetary transfer is considered.

The last familiy outcome is the expenditure on durable goods. The sign of the result goes in the expected direction, with an increase in the consuptions for both groups, but the estimates are not statistically significant. The situation changes if we take into account the heterogeneity of the effects. It emerges, for the non-natives, that the effect of MGI is significant and positive, but the effects tend to be negative, i.e. there is a reduction in consuptions, for the households who receive higher benefits. This means that the poorest tend to preserve the money received from MGI. This result seems to be coherent with the argument of the permanent income theory, signallign a different perception of the measure between families with different starting eocnomic conditions.

Focusing the attention on the individual outcomes (tab. 5), it clearly emerges that MGI increases considerably the proportion of native individuals who are able to meet socially with friends and acquaintances at least twice a weak. Moreover, this effect is stronger especially for those individuals whose families receive higher amount of monetary transfer. For the immigrants the sign of the relationship goes as expected, but the estimates are not statistically sgnificant. The difference between Italians and foreigners could be explained considering that the initial friendship networks of the natives are wider than the one possessed by the immigrants. The monetary aids obtained by people resident in the province of Trento represent an opportunity for them for reactivating those mechanisms of reciprocity at the basis of the

social relationship. This is not possible for the non-natives due to the narrowed of their initial network of friendship.

MGI shows discordant effects between Italians and immigrants for what concerns the labour market participation. The Italians experience a dramatic reduction in the activity probability, while for the foreigners the increase is not statistically significant. These results are explainable reminding the differences in the age distribution between natives and foreigners. Indeed, Italians are, on average, older and probably the fall in the activity rate could be influenced by the retirements. Looking at the unemployment probability, some interesting results emerge for the Italians when the heterogeneity of the effects is considered. Indeed, we observe a reduction in the unemployment for the less poor recipients, but it tends to increase for those individuals who receive higher monetary transfers. This means that the more marginal segment of the population has not enough qualification to be employed. In general, the overall results concernign the labour market condition do not seem to be interpreted in a negative sense. Indeed, the measure does not generate remarkable phenomena of welfare dependency, because there is not a spread downturn in the activity rates associated with a wide growth in the unemployment rate.

An appraisal of the MGI effects

The results emerging from the impact evaluation showh that the MGI, even if is not be able to realise all the expected effects, improves the living conditions of poor families resident in the province of Trento with respects to some non negligible outcomes.

The improvement varies also in in function of the group of recipients – native or immigrants – considered. More precisely, MGI reduces the risks of deprivation for non-native families and increases their consumptions for food. It was not able to produce the same results for the Italians and it was not able to raise the possibility of spending on durable goods in both groups of families. This variability emerges also for the individual outcomes. Indeed, MGI favours the social inclusion for native people and it does not increase the labour market participation and the employment chances of both Italians and immigrants.

This appraisal seems to contradict the underlying argument of this paper of a positive effect of the measure. There are, in any case, grounded reasons to sustain an overall positive evaluation of the MGI.

First of all, it has to be reminded that the variability in the results depends also on the amount on the benefit that is in turn function of income and assets owned by the recipients families. The more these resources are close to the poverty threshold, the less the monetary integration will be. Hence, the ability to change their living conditions is very small. Moreover, foreigners are more disadtvantaged than the Italians, and it is reasonable that immigrants show more pronounced improvements in the economic condition. Looking at the individual otucomes, the effects of the MGI can be reasonably considered as positive. The stability in the social contacts of the immigrants can be due to the narrow of their friendship networks. Similarly, the null effects in the labour market outcomes is a sign of the absence of welfare dependency.

The results emerged from the impact evaluation of the MGI can be used to derive two main suggestion for improving the efficency of the programme. Firstly, in order to favour the expenditure for durable goods, it would be valuable to raise the poverty threshold with a consequent increase in the monetary transfer received by the eligibles. Secondly, for improving the labour market conditions, it is necessary to enhance simultaneous programmes to sustaint the occupability, and these kinds of measures should be activated by the local job agency.

To conclude, it seems reasonable to sustain that the local experience of the MGI, that we have described and evalauted in this paper, could be assumed as a reference point by the National Government to implement a fair (based on selective universalism) and efficient (subjected to impact evaluation) programme.

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Tables and figures

Tab. 1   *Sample size of MGI recipients and controls.*

Unit of analysis	Survey period			
	November 2009		November 2011	
	N	%	N	%
Households				
Recipients	972	35.5	600	39.7
Controls	1,764	64.5	913	60.3
Individuals				
Recipients	1,689	34.5	,323	42.4
Controls	3,199	65.5	,795	57.6

Tab. 2   *Initial living conditions of recipients and controls according to citizenship.*

Aspects of living conditions and unit of analysis	Citizenship			
	Italian		Foreign	
	Recipients	Controls	Recipients	Controls
Households				
Material deprivation[a]	75.8	19.8	77.3	49.3
Monthly expenditure for food[b]	391	455	511	476
Monthly expenditure for durable goods[b]	94	311	68	153
Individuals				
Social contacts[a]	46.1	49.5	39.9	43.5
Activity probability[a]	84.5	68.7	79.1	84.3
Unemployment probability[a]	42.9	13.1	30.3	28.7

 (a) % values; (b) values in euro.

Tab. 3   *Absolute and equivalent benefit according to the citizenship of the head of hiousehold.*

Citizenship	Month benefit				Cumulated benefit			
	Absolute		Equivalent		Absolute		Equivalent	
	Mean	s.e.	Mean	s.e.	Mean	s.e.	Mean	s.e.
Italian	349.7	13.86	203.2	7.75	1,181.6	54.46	664.2	27.78
Foreign	449.7	15.42	186.7	6.44	1,739.2	69.49	705.3	27.53

Source: Authors' elaboration on PaT/Clesius data.

Tab. 4 *OLS estimates of the MGI effects on recipients' and controls' household level outcome according to citizenship. Variations with respect to the initial conditions. Selected parameters.*

Aspects of living conditions and unit of analysis	Citizenship							
	Italian				Foreign			
	Estimate	s.e.	N	R^2	Estimate	s.e.	N	R^2
Households, base models								
Material deprivation[a]								
T*D	-3.77	3.64	3,026	0.286	-15.30**	6.57	1,049	0.108
Food monthly expenditure[b]								
T*D	10.45	18.34	3,067	0.299	102.32*	60.02	1,082	0.145
Durable goods monthly expenditure[b]								
T*D	71.77	85.38	946	0.052	85.64	59.97	735	0.076
Households, models with heterogeneous effects								
Material deprivation[a]								
T*D	-7.45	4.72	3,026	0.286	-23.0***	7.48	1,049	0.113
T*D*E	0.56	0.40			1.03**	0.40		
Food monthly expenditure[b]								
T*D	7.31	21.18	3,067	0.299	96.99*	53.99	1,082	0.145
T*D*E	0.47	1.77			0.56	2.25		
Durable goods monthly expenditure[b]								
T*D	-42.35	99.74	946	0.056	133.40*	70.17	735	0.082
T*D*E	16.11	20.57			-6.14*	3.197		

(a) % values; (b) values in euro; *** p=0,01; ** p=0,05; *p=0,10; robust standard error.

Tab. 5 *OLS estimates of the MGI effects on recipients' and controls' individual level outcome according to citizenship. Variations with respect to the initial conditions. Selected parameters.*

Aspects of living conditions and unit of analysis	Citizenship							
	Italian				Foreign			
	Estimate	s.e.	N	R2	Estimate	s.e.	N	R2
Individuals, base models								
Social contacts with friends(a)								
T*D	12.71**	4.26	2,796	0.030	7.88	7.48	1,025	0.051
Activity probability(a)								
T*D	-11.80**	3.86	1,851	0.117	4.53	4.87	1,025	0.224
Unemployment probability(a)								
T*D	-3.32	4.82	1,419	0.127	8.03	7.07	839	0.009
Individuals, models with heterogeneous effects								
Social contacts with friends(a)								
T*D	5.99	5.39	2,789	0.032	10.3	8.30	1,016	0.052
T*D*E	1.02**	0.46			-0.32	0.47		
Activity probability(a)								
T*D	-12.5***	4.65	1,845	0.119	4.48	5.46	1,016	0.222
T*D*E	0.06	0.367			0.14	0.29		
Unemployment probability(a)								
T*D	-15.8***	5.84	1,413	0.138	4.13	7.97	833	0.010
T*D*E	1.67***	0.532			0.57	0.49		

(a) % values; (b) values in euro; *** p=0,01; ** p=0,05; *p=0,10; robust standard error.

Fig. 1 - Difference-in-Diffferences strategy for the MGI evaluation.