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Italian regional imbalances through the lens of the Basic Income distribution: inequalities and development through the crisis

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Abstract

Inequalities and social exclusion have globally increased in the last decade after the Great Recession. The European Union experimented a trend of real divergence among countries and some of the latter experimented an internal divergence among regions, especially, but not limited to, in southern areas. One of the prominent examples in terms of the increase in imbalances among regions is Italy. The current pandemic, on the one hand, hit mostly the northern industrialised regions of the Italian country, levelling down the national socio-economic activities, on the other hand, the process of recovery at different regional paces, from the forced economic lock-down, may exacerbate the ongoing regional divergence.

The main contribution of this work is positioning Italian regions (NUTS2 geographical units) and provinces (NUTS3 geographical units) in terms of applications and access to *Reddito di Cittadinanza* (RDC), a new (operative from the 1st of March 2019 with data from April 2019) and articulated measure of social protection in Italy. This form of basic income is designed as an active policy on the labour market, since it works as an economic support to the family income associated with a path of work and social reintegration, given that the beneficiaries need to be immediately available to train and to work.

Evidence is expected to highlight a framework of imbalances that mimics that of other socio-economic indicators in a human development perspective, but possibly with certain peculiarities that are worth being scrutinised and analysed in light of the 'recovery' actions that will be implemented. A general BI policy should be further integrated with labour market policies and innovation-oriented actions. The policy and its complements can contribute to the socio-ecological transformation objective of the EU, according to the 'just transition' and 'green new deal' frameworks. This is especially relevant in a phase where GDP is collapsing in 2020 but possibly strongly increasing in 2021-22. The recovery should be as inclusive as possible. In addition, BI actions should be a tool to support human capital investments and the creation of decent jobs.

Preliminary evidence shows that the income redistribution objective of the BI is achievable, given that southern regions, the poorest ones, express the majority of the demands and access to the BI. The geographical distribution should find a complement in human capital investments, education and training, to transform the action into a real opportunity for sustainable human development.

Keywords: Basic Income; Regional Inequalities; Sustainable Human Development; Just Transition

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1. Introduction

In the last decade the process of convergence among countries and regions in Europe has stopped.
As recently reported by EEA (2020), "states, macro regions, regions are the socio-economic-technological spaces where new business, innovations and institutional models emerge and develop. The emerging 'models' can be defined and aggregated at different levels of governance and institutional relevance. Socio-economic and institutional features, including regulations, are thus the characteristics of regional and country models. Potential diversity of performances across areas largely depends on the features of the 'model'" emerged in such areas and consolidated over time.
A consequence of the countries and region heterogeneity in Europe, due to the presence of diverse socio-economic-institutional models, has been the increasing in regional disparities in the last years, with some regions growing and others falling behind. The evidence of such a dynamic is not only observable across countries (see Bagnai and Mongeau Ospina, 2018 and Celi et al. 2018 for analyses on the European Monetary Union), but also within countries.
Italy is a prominent example of persistent regional disparities, which tend to exacerbate in periods of economic downturn.
The economic crisis due to the pandemic rises to the number of three, after the Great Recession and the Sovereign Debt Crisis, the count of severe downturns that Italy faced in one decade.
These crises are hitting a country which has been experiencing a trend of economic divergence among regions and a structural consolidation of the gap among Southern and Northern regions (see among others Iuzzolino et al 2011; Felice 2010; 2019). Although this point does not come as new, especially in the Italian academic and political debate, it is nonetheless useful to remind it here at the light of the regional analysis of the policy measure recently introduced (March 2019) and addressed to alleviate poverty and to provide a better match between labour demand and supply. The Reddito di cittadinanza (RDC), which is also coupled with the Pensione di Cittadinanza – PDC (provided to retired persons)[3], can be generally framed under the hat of the Basic Income (BI) concept, because it is a social protection measure to mitigate the negative economic situation of poor families, but it is also an active labour market policy tool. The configuration of the RDC mixes up passive and active labour market policy measures, but it has been designed as a tool to fight poverty and social exclusion – indeed Reddito di Cittadinanza could be translated as Citizenship Income, a name that it might suggest a type of income provided to all citizens, just because they have the characteristic of being citizens. However, the access to this income is subordinated to specific characteristics of the applicant, according to three main dimensions: citizenship; economic status; other requirements. In Table 1 the overall requirements are synthesised (for specific details see https://www.redditodicittadinanza.gov.it/schede/requisiti), showing how far this measure is from being a form of universal basic income. Notwithstanding the specific characteristics the applicant and the family of the applicant must have, the RDC is able to reach a vast part of families in need for an income support, especially in the most disadvantaged regions as the following analysis shows.

Table.1 – Eligibility criteria for RDC

Requirements		
Citizenship - one of the following:	Italian or EU	In addition, he/she must be resident in Italy for at least 10 years, the last two of which continuously
	Other country or stateless with residency permit for an EU country	
	Other country, but he/she must be a relative of Italian or EU country citizen- according to art. 2, comma 1, lettera b), del decreto legislativo 6 febbraio 2007, n. 30 – with a right of residence or the right of permanent residence	
	Holder of international protection	
Economic status of the family:	ISEE^ not exceeding 9.360 euro	
	Value of real estate assets in Italy and abroad, other than the home, not	

3 For simplicity we will only use RDC acronym in the text, but the data we analyze refer both to RDC and PDC.

	exceeding 30,000 euros	
	Value of movable assets not exceeding 6,000 euros for the single, increased based on the number of family members (up to 10,000 euros), in the presence of more children (1,000 euros more for each child beyond the second) or members with disability (5,000 euros more for each member with disabilities and 7,500 euros for each member in a condition of severe disability or non self-sufficiency)	
	A value of family income of less than 6,000 euros per year, multiplied by the corresponding parameter of the equivalence scale*. This threshold is increased to 7,560 euros for the purposes of accessing the Citizenship Pension. If the family unit resides in a rented house, the threshold is raised to 9,360 euros.	
	Further requirement of non EU person*	
Other requirements		
	No family member owner of motor vehicles registered for the first time in the 6 months prior to the request, or motor vehicles with an engine size greater than 1,600 cc or motor vehicles with an engine size greater than 250 cc, registered for the first time in the 2 previous years	
	Pleasure boats and ships	
	The applicant must not be subjected to a supervision measure, also adopted following validation of the arrest or detention, as well as having been definitively convicted, in the ten years preceding the application*	
Compatibility with other social security measures	The RDI is compatible with other specific forms of social security measures (NASpI and DIS-COLL)*	

Source: https://www.redditodicittadinanza.gov.it/schede/requisiti
Notes:
^ISEE (Indicatore della Situazione Economica Equivalente-Indicator of the Equivalent Economic Position) indicates the overall economic level of the family.
*See https://www.redditodicittadinanza.gov.it/schede/requisiti for further details

In addition, it must be noted that the RDC is not the first measure ever adopted in Italy to support families' income and fight poverty. Before the RDC, in Italy, one of the main measures to support low incomes was the Reddito di Inclusione-Inclusion Income (REI), which substituted the Sostegno per l'Inclusione Attiva-Support for Active Inclusion (SIA). These measures were sequentially designed and deployed starting from 2016, when the Fondo Nazionale per la Lotta alla Povertà e all'Esclusione Sociale- National Fund for Combating Poverty and Social Exclusion was established (https://www.lavoro.gov.it/temi-e-priorita/poverta-ed-esclusione-sociale/Pagine/default.aspx).

Although similar in some respects, the two most recent measures, REI and RDC, with the latter that substituted REI in March 2019, differ in several points: the RDC, as already highlighted in Table 1, is compatible with some other forms of income support and social safety nets, while REI did not; the amount per beneficiary family is higher under the RDC regime than under the REI measure; the eligibility criteria are slightly different; the social inclusion processes, which belong to the active labour market policy of the measures, are only partially similar.

One prominent aspect of the RDC that is similar to its predecessor is the importance of regional and local levels of governance to manage both the redistributive part of the policy and the active part of it: municipalities, employment centers, social secretarial services are called to inform the individuals, to sustain the application and to control for the presence of the eligibility criteria and to follow the beneficiaries along the process of reintegration to work when necessary.

Because of that the focus of our analysis will be at regional level (NUTS2 geographic statistical unit) and at province level (NUTS3). The data kindly made available by INPS (Istituto Nazionale di Previdenza Sociale), the national social security institution, provide us information on the amount given to each applicant and on the number of beneficiary families by region and province from April 2019 to July 2020. The monthly data allow us to provide some evidence on the dynamic of RDC. In the present work, our first objective is to point out the North-South dualism in the Italian society and economy to set the framework within which develop the analysis. The second objective is to show whether the RDC effectively reaches the Italian lagging regions, acting as a suitable instrument to mitigate poverty. Finally, we aim at pointing out both province heterogeneities in RDC distribution and the pre and post pandemic lockdown dynamic of RDC. This multifaceted analysis allows us to preliminary say that as a measure to fight poverty, the RDC seems to be efficacious.

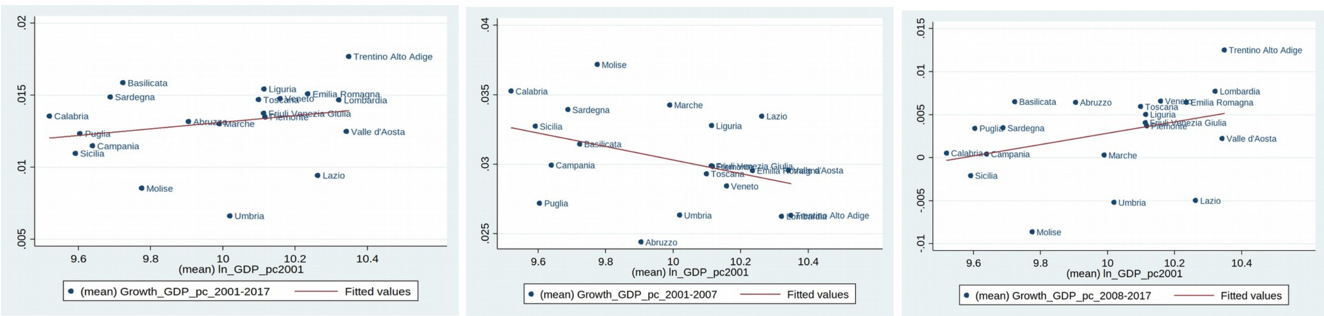
The next section has the task of showing the multiple dimensions over which the Italian dualism takes shape and the ‘unfortunate’, but not new, process of real divergence the Great Recessions and the Sovereign Debt Crisis engendered in the Italian regional economies. The third section is devoted to the analysis of RDC, pointing out its dynamic and the regional and province heterogeneities. The last section is left to some concluding remarks on the policy analysed and on possible complementary ones.

2. Italian dualism and divergence

A first dimension according to which the Italian dualism can be analysed is the GDP per capita. Although reduced to a minimum level of analysis, looking at the unconditional convergence in GDP per capita is helpful to provide insights on the dynamic of Italian regions in terms of ‘wealth’.

As it can be appreciated, the southern regions start from a lower level of GDP per capita in 2001 and over the entire period 2001-2017 they do not converge towards the northern regions (Fig.1, panel a). However, looking at sub-periods, 2001-2007 (pre-Great Recession and pre-Sovereign Debt Crisis) and 2008-2017 (post-Great Recession) the framework is not unique: in the first period (panel b), during a relatively stable part of the economic cycle, although characterized by a usual low growth rate in GDP per capita at national level, the southern regions tend to converge, while the crisis opened up a decade of real divergence among Italian regions (panel c), exacerbating the already present socio-economic dualism.

Fig.1 – Unconditional beta-convergence among Italian regions over the period 2001-2017 (a), and sub periods 2001-2007 (b) and 2008-2017 (c)



a b c

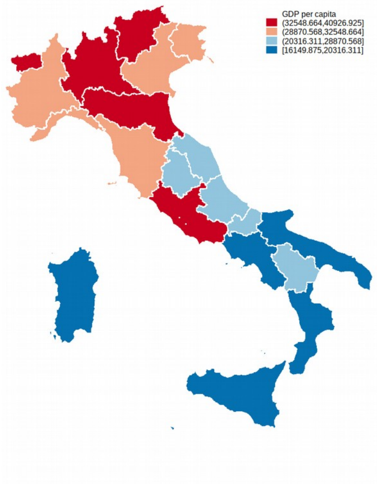
Source: Own elaboration on Istat data, Regional accounts

The north-south disparities acquire more substance along several other dimensions beyond GDP per capita, as the following maps show. Notwithstanding the Italian (specifically addressed to the southern regions, see Viesti 2011) and European policies (Cohesion Policy based on European Regional Development Fund-ERDF, the European Social Fund-ESF and the Cohesion Fund) to reduce regional imbalances and divergence, still the North-South gap is vivid in Italy. In addition, to the North-South divide, we do see that GDP per capita shows some differences even across the industrial models of capitalism in the north (Fig.2).

Looking at human development scenarios through key indicators (Mazzanti et al. 2020), expected but specific evidence is drawn out (Fig.2-Fig.5)[4]. Autonomous regions and areas where the role of the State has been relatively stronger (see for example the description of the Emilian Model by Brusco, 1982)[5] also present the lowest poverty indexes. GDP and poverty are largely policy driven, through investments and support to education, training and innovation.
Within this scenario, a BI can thus be a factor of a wellbeing oriented policy package to boost regional and local development[6]. The policy package based on BI and knowledge investments, R&D and human capital as key pillars, might be tailored to heterogeneous local needs and conditions.

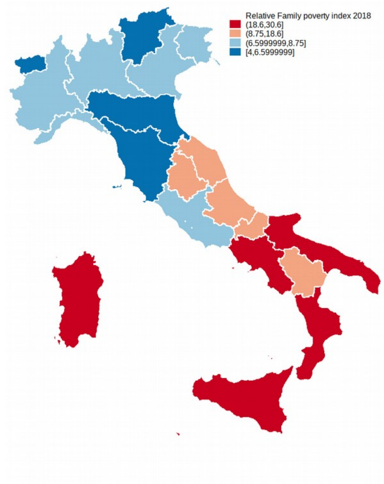
A BI should address poverty, through the redistribution of resources, but also it should also be a complementary measure with respect to development oriented policy packages of a region. Given the two objectives, alleviate poverty and stimulate growth and development, the use of multi-instruments and the search for complementary actions is necessary. Based on the fact that BI policy in Italy was (is being) introduced on a structured and historically determined set of regional and sectoral systems of innovation, BI should be complemented to other policy instruments addressed to develop specific regional weaknesses. For example, the idea is that while tackling poverty, redistribution should soon be complemented by education policies to exploit BI features as a pre-condition for increasing human capital investments[7].
The rationale for this human development perspective for BI policies find a robust evidence in Italy when one looks at high school diploma and Neet figures, which are strongly correlated with GDP per capita and poverty.

Fig.2 – GDP (current prices) per capita (2018)



Source: Istat

Fig.3-Relative family poverty index (2018)



Source: Istat

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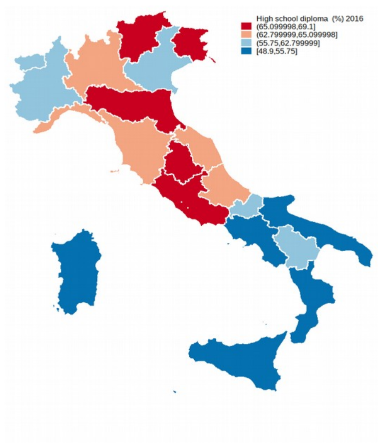
[4] In all the maps: red colour means high level of the indicator/variable; blue colour indicate low levels of the indicator/variable

[5] Health per capita investments and disposable income figures below add evidence on this point.

[6] Filippetti, A., Gkotsis, P., Vezzani, A. *et al.* Are innovative regions more resilient? Evidence from Europe in 2008–2016. *Econ Polit* 37, 807–832 (2020).

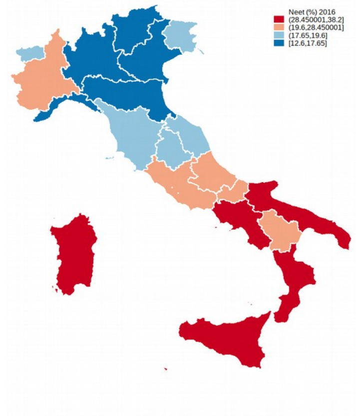
[7] Mazzanti et al (2020) point out: Education and health trends currently pose serious questions on the overall human development of the EU and its convergence (north-south; east-west). Italy, Poland, Spain, Portugal, and Greece present a substantial reduction of health and education expenditures as a share of GDP over 2010-2018, in face of the well-known stagnation in overall R&D spending.

Fig.4 - High school diploma (%) (2016)



Source: Istat

Fig.5 - Neet (%) (2016)



Source: Istat

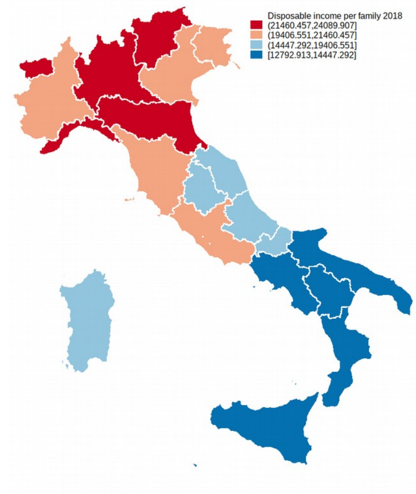
As it can be noted from the the maps the North-South divide emerges on several dimensions, both those concerning investment (e.g R&D per capita and health investments in Fig.6 and 9) and those concerning the socio-economic situation (e.g. Disposable income and HDI in Fig.7 and 8). The regional mosaic, however, shows also heterogeneities among the northern regions and among the southern regions depicting the existence of a complex scenario for Italy, with different socio-economic models for many regions.

The maps here drawn provide a static snapshot of the regional heterogeneities and disparities, but we are aware that in an historical perspective we assisted to cyclical dynamics of convergence and divergence of the lagging regions toward the leading ones, that never led to fill the gap among the two groups.

Fig.6 - Financed health expenditure per capita (2018)

Source: Istat

Fig.7 - Disposable income per family (2018)



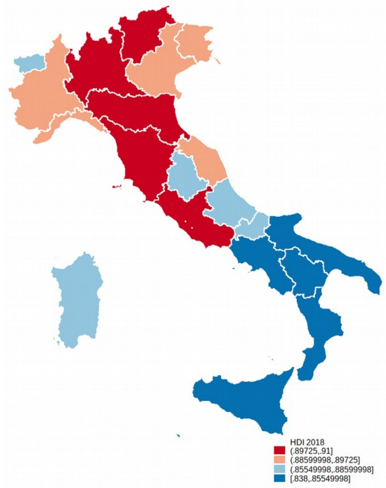
Source: Istat

Given this condition of persistent (and potentially deepening) dualism, stemming from a very complex mix of causes, the public authorities, at national and regional levels, of a stagnant country like Italy struggle to mitigate the divide and counteract the divergence process of the last decade. The Ministry for the South and Territorial Cohesion (http://www.ministroperilsud.gov.it/it/) has recently developed a plan 2020-2030 to reduce the divide along several dimensions that necessarily pass through an increase in the investments: creating the condition to enhance young people conditions (investing in education, attracting young researchers, ectc…); investing in infrastructure to better connect southern to the other part of Italy; deploying specific policies to reduce social exclusion of the most disadvantage people; fostering the ecological transition; reinforcing the innovation capacity of the regions; increasing the role of southern regions in the Mediterranean area (e.g. foster the export). This list is not exhausting the multiple interventions planned for the southern regions.

Hence, we can safely argue that welfare policies as RDC are just a tile of the mosaic of interventions that would be needed. The RDC may be thought as a necessary, but not sufficient, condition for the reduction of income inequalities, fighting poverty, and for the inclusion of unemployed in the labour market.

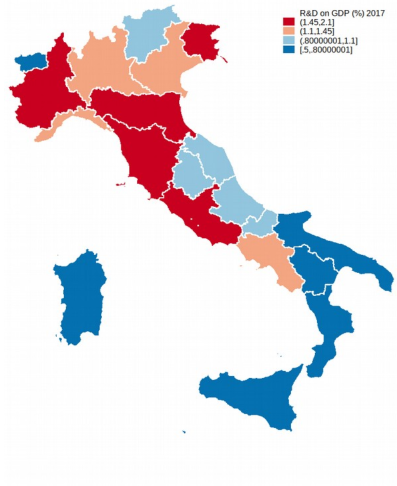
The next section analyses the efficacy of RDC in reaching families in the most disadvantaged regions in Italy and its dynamic.

Fig.8 – Human Development Index (HDI) (2018)



Source: Global Data Lab, Radboud University

Fig.9 – R&D on GDP (%) (2017)



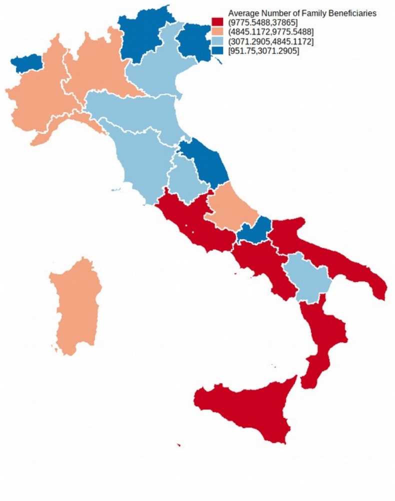
Source: Istat

3. The RDC measure

The RDC in its first year and half of life has helped an increasing number of disadvantaged families all over the national territory, with peaks in the southern regions. In April 2019 the RDC reached an average of around 4750 families per region with an average RDC amount per beneficiary family of about 450 euros, but in July 2020 these figures went up to 9650 and 488 respectively. In the increase of beneficiary families, we may argue that the pandemic crisis generated by the lockdown played a strong role. However, we note, as reported below that there was an increasing trend in the amount given and in the beneficiary families from the beginning of the policy to the last available data. Indeed, before the pandemic, in January 2020 the average number of beneficiary families per region and the average RDC amount per beneficiary family were about 8635 and 464 respectively

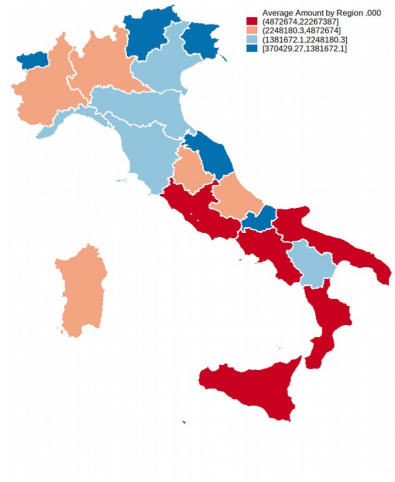
Following the 'policy discourse' on BI and human development investments, the maps related to the RDC in Italy (from Fig.10 to Fig.14) show a distribution which is biased towards southern regions, with interesting medium-high numbers in the western part of the north (the industrial north based on historical large firms and subcontractors). Again, regionally oriented maps highlight heterogeneity that can be North-South but also North- North and South-South, depending on (i) historical conditions, investments and models of capitalism, (ii) (less)recent and current (dis)investments in the drivers of development.

Fig.10 – Average RDC amount per Region



Source: INPS

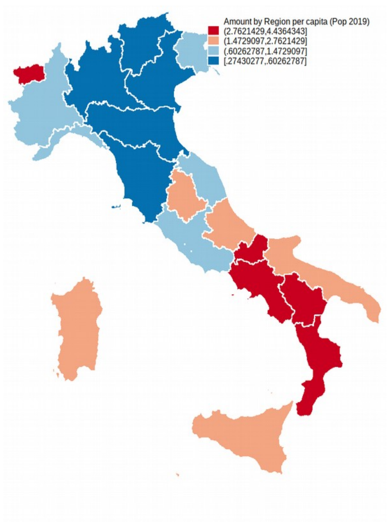
Fig.11 – Average beneficiary families per region



Source: INPS

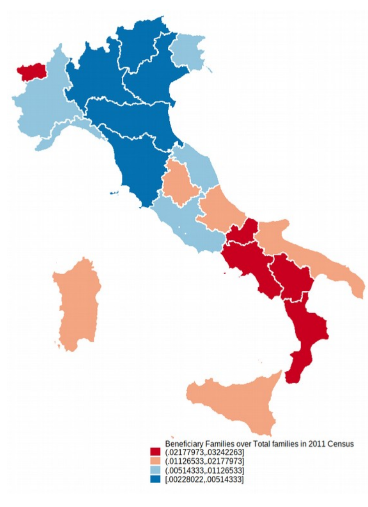
The most interesting maps here reported are those in Fig.12-14 where the distribution of the average amount per capita, the average number of beneficiary families on total families per region and the average amount per beneficiary family are reported. The first two maps, which are identical, highlight (Fig.12 and Fig.13) the rate per capita amount, that is to say the distribution over the population of the RDC, and the rate of ‘penetration’ of RDC per region. As we can see both the resources per capita redistributed and the diffusion of the RDC mimic the North-South divide pointed out by the several socio-economic indicators analysed in the previous section, but also the North- North and South- South heterogeneities. The last map (Fig.14) indirectly points out the conditions of the beneficiary families that lead to perceive a high amount of the RDC: the highest amounts per family are in four southern regions and in a northern one, which represent an anomaly in the national scenario; the lowest average amount per family are in the most industrialised northern regions. The reason of this RDC distribution may lie in the economic condition of the applicants, which may be less negative for northern applicants than southern ones, but also the composition of the family may play a role.

Fig.12 – Average RDC amount per capita per Region



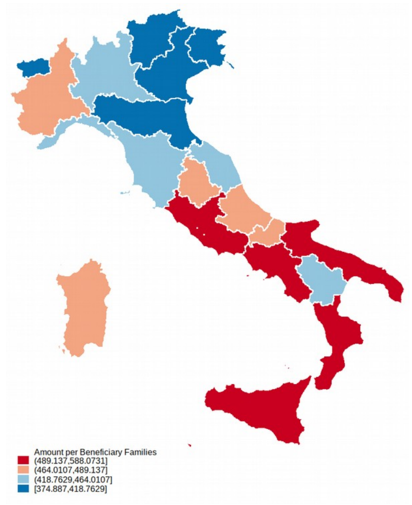
Source: INPS, Istat

Fig.13 – Average number of beneficiary families on total families per region



Source: INPS, Istat

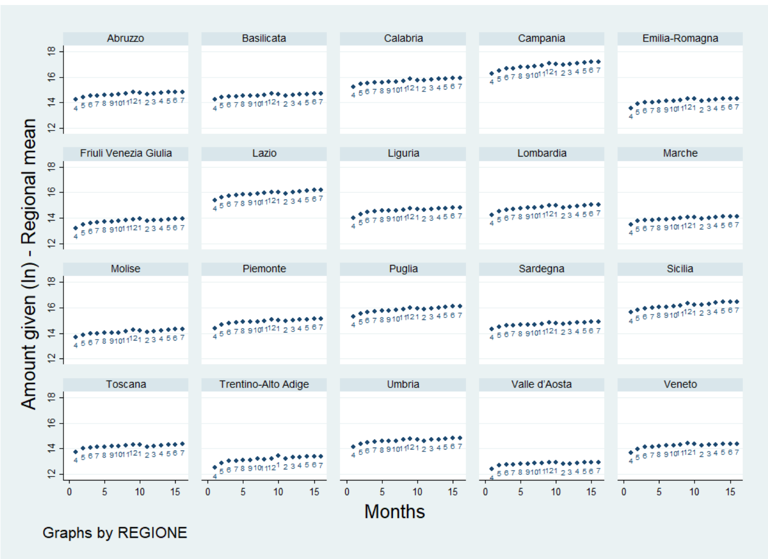
Fig.14 – Average amount per beneficiary family (Total average 462 euros)



Source: INPS

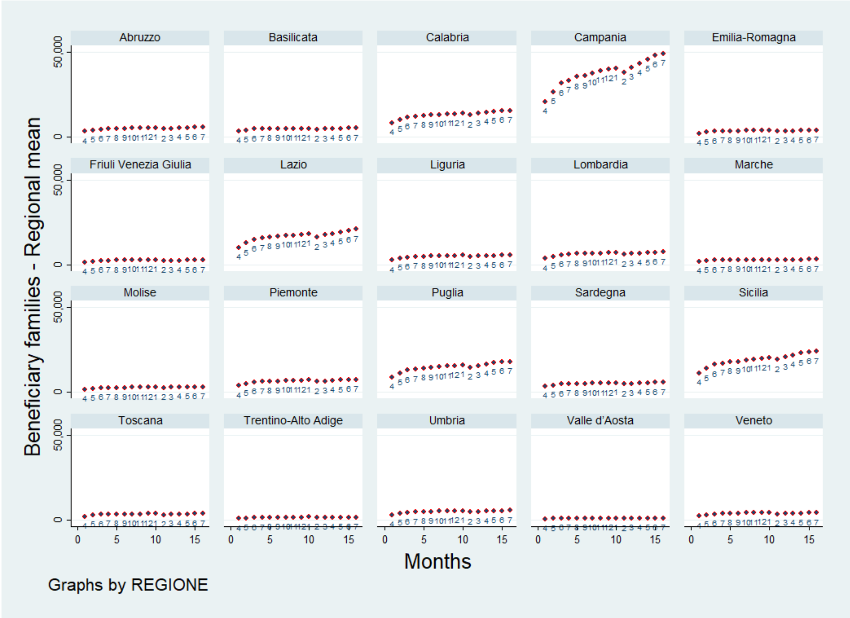
As whole, we can say that the targeted families, the poorest ones, has been likely reached by the RDC. However, the latter may suffer from *inclusion 'errors' or non-eligible applicant inclusion*, because non-eligible applicant are not identified by the controls during the application process. They are likely to be discovered further on, through specific controls, but it is well known that controls are never perfect. Finally, it is less likely that this type of measure suffers from *exclusion errors or eligible applicant exclusion*, however, it might be the case that a share of eligible applicants do not apply because of the possible perceived stigma the RDC may bring.
As a second objective, we want to show the RDC dynamic.
Given the data at our disposal we are able to provide a monthly trend of RDC (Graphs.1-3). As we can see, the log of the amount perceived (averaged over time for each region) follows a positive trend as the average number of beneficiary families. This is probably due to two reasons. On the one hand, the RDC became better known over time and the application process became smoother, encouraging more and more applications. On the other hand, we may argue that the deteriorating economic and social conditions over the last year, and especially in the last months because of the COVID-19 pandemic, strongly contributed to the increasing trend, which partially encompasses also the amount per beneficiary family, although it remains flatter (Graph. 3), as expected, than the other two variables.

Graph.1 – Monthly trend of the average RDC amount in logarithm (From April 2019 to July 2020)



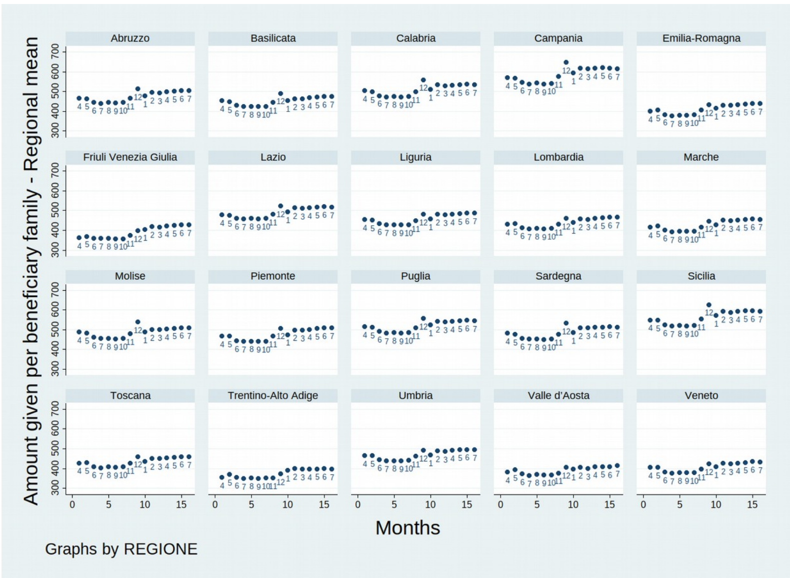
Source: INPS

Graph.2 – Monthly trend of the average number of beneficiary families (From April 2019 to July 2020)



Source: INPS

Graph.3 – Monthly trend of the average RDC amount per beneficiary family (From April 2019 to July 2020)



Source: INPS

The strong tendency to increase over time, both for the average amount and for the number of beneficiary families per region, is also observable in Tabb.2-3 below. In Tab.2 we report the differences in our main variables between the same month, July, of the two year we are covering 2019 and 2020. As it is possible to appreciate, the growth concerns all the regions, with some peaks exceeding a growth rate of 50% in the amount and of 40% in the growth rate of beneficiary families. The rate of growth of our averaged variables seems to be quite independent by the pandemic and the consequent economic crisis. In Tab.3 the differences from January 2020 and July 2020 are reported. As it can be noted, the average amount per region and the average beneficiary families registered at the eve of the lock-down due to the pandemic (January 2020), are surely lower than their July figures, but the rate of growth over seven month are respectively about 10% and 5%, a quarter of the total growth registered over one year: July 2019 – July 2020.

Tab.2 - Differences in regional averages: July 2019 – July 2020

	Diff. July2019 July2020 RDC Amount given	%	Diff. July2019 July2020 Beneficiary families	%
Abruzzo	737602.60	35.26	864.50	18.17
Basilicata	437555.40	21.97	409.00	8.68
Calabria	2517984.80	44.08	3320.20	27.34
Campania	12075018.00	67.32	15565.60	46.59
Emilia-Romagna	412641.20	32.67	462.78	13.78
Friuli-Venezia Giulia	256279.83	29.83	214.50	8.92
Lazio	3720171.30	52.60	5400.00	34.85
Liguria	773186.40	39.02	1012.50	21.76
Lombardia	995486.30	40.90	1380.75	23.01
Marche	335758.90	32.68	367.20	13.97
Molise	467721.90	39.41	643.00	24.55
Piemonte	1093769.70	40.16	1320.75	21.27
Puglia	3301394.10	50.74	4567.50	33.83
Sardegna	707823.40	31.89	817.50	16.59
Sicilia	5375947.10	61.33	6970.33	41.04
Toscana	355115.90	26.47	377.60	11.34
Trentino Alto Adige	169779.32	36.68	271.50	20.44
Umbria	691144.90	33.98	870.50	18.72
Valle d'Aosta	57611.27	16.35	25.00	2.58
Veneto	382103.00	27.37	400.29	10.74
Tortal Mean	1743204.77	38.03	2263.05	20.91

Source: INPS

Tab.3 - Differences in regional averages: January 2020 – July 2020

	Diff. January2020 July2020 RDC Amount given	%	Diff. January2020 July2020 Beneficiary families	%
Abruzzo	281391.40	11.04	281.00	5.26
Basilicata	148847.80	6.53	95.50	1.90
Calabria	1186352.50	16.84	1663.40	12.05
Campania	6019944.00	25.09	8482.80	20.95
Emilia-Romagna	68928.80	4.29	-51.44	-1.33
Friuli-Venezia Giulia	5618.30	0.51	-142.50	-5.16
Lazio	1893654.90	21.28	2776.80	15.33
Liguria	292896.30	11.90	273.00	5.06
Lombardia	279941.10	8.89	207.17	2.89
Marche	98697.60	7.80	29.80	1.00
Molise	208916.70	14.45	295.50	9.96
Piemonte	409130.30	12.00	334.88	4.65

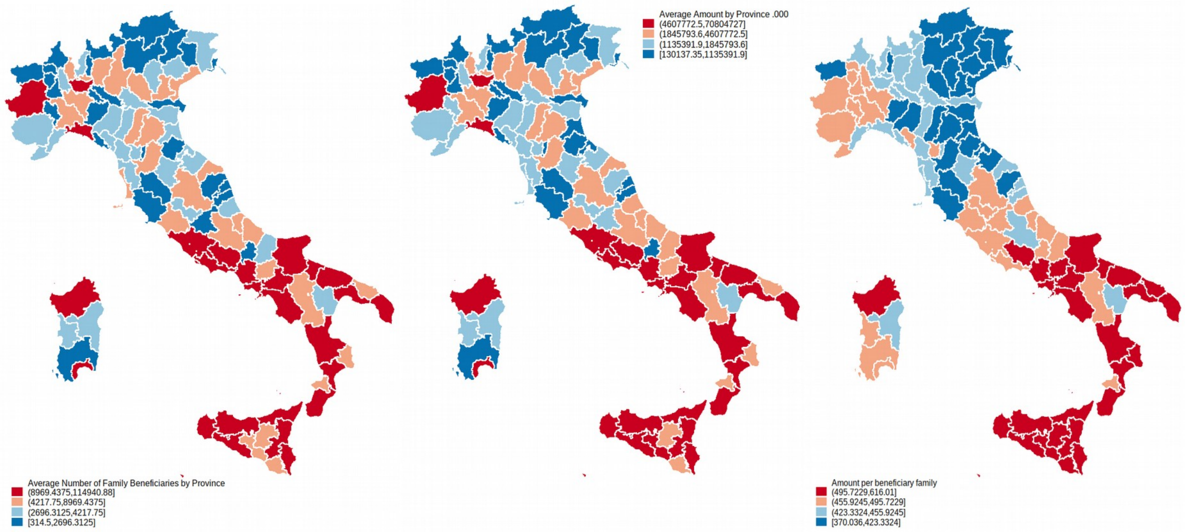
Puglia	1488103.70	17.89	2126.33	13.34
Sardegna	296512.10	11.27	310.75	5.72
Sicilia	2673812.00	23.32	3831.22	19.04
Toscana	91002.30	5.67	22.90	0.62
Trentino Alto Adige	-39608.56	-5.89	-125.50	-7.28
Umbria	232167.00	9.31	195.50	3.67
Valle d'Aosta	-11284.76	-2.68	-69.00	-6.50
Veneto	23090.00	1.32	-181.00	-4.20
Total Mean	782405.67	10.04	1017.86	4.85

Source: INPS

Finally, as third objective, we aim to analyse the potential heterogeneity of RDC distribution by Province, a sub-regional (NUTSIII) geographical statistical unit. This allows to show some ‘within region’ specificity.

A first look to province details shows the presence of a not negligible level of heterogeneity within regional borders. Overall, the North-South divide emerges again, as expected, but again with some North-North and South-South heterogeneity as well. In the North, the RDC distribution is possibly related to the industrialization intensity of the area, where labour shares might have declined. This stream of analysis can be advanced in the future. Metropolitan areas might also suffer more in terms of structural income distribution; the RDC captures this latent fragility. The provincial refinement allows investigating North-North heterogeneity, showing a relative specific weakness of Piedmonte, expression of the north-west type of capitalism, largely based on big firms and clusters of subcontractors, while the north-east model, denser in SMEs, seems to be more resilient in socio-economic terms[8]. In addition, it can be noticed that the most populous provinces are those in which the number of requests is also higher, with those with a high unemployment rate that ‘climb the rankings’. Instead, the less inhabited provinces located in mountainous areas, especially in the North, are confirmed to be those with fewer requests.

Fig.14 – Distribution of the RDC amount and of beneficiary families per province



(a) Average amount (b) Beneficiary families (c) Amount per beneficary family

Source: INPS

[8] Human development analysis at regional and provincial levels could be a fruitful future research to correlate with RDC distribution and effects.

4. Concluding remarks

Overall, the policy appears to effectively address the first distributional objective it aimed at, supporting family income. This seems to occur in well expected areas of the fragile South of Italy, but quite interestingly the RDC applicants are largely diffused in other fragile areas: specifically, former heavily industrialised areas that may have suffered from the loss of jobs in the last decade; metropolitan and urban areas with socio-economic fragile suburbs.

As a welfare policy aimed at fighting poverty the RDC seems to effectively target the most fragile and disadvantaged regions and provinces. However, the second part of the RDC policy package is given by the process of social inclusion and (re)-integration in the labour market of the unemployed applicants. An overall analysis of the entire policy package is needed in order to evaluate its efficacy, but we still lack information on the second part of the RDC policy package.

A further consideration we can draw from the data concerns the dynamic of RDC both before and during the pandemic. As we pointed out, there has been a constant increase in the amount given per region and in the beneficiary families reached by the policy, with peaks in the increases, for some of the most fragile regions, and with some reduction in the number of beneficiary families, for some of the richest regions. Further analysis on new monthly data will tell us whether a plateau is already reached or if the growing trend is going to continue. We may argue that it will depend on the economic conditions we are going to experience in the next months.

Finally, having highlighted the multidimensional fragility of the Southern regions, we clearly cannot state that RDC is a measure that will contribute to the reduction of the North-South divide, also because it is not its aim: the latter remains that of reduce poverty. This might be a first step in a multidimensional logic of intervention to recover disadvantaged regions and sub-regional areas, being that in the southern or in the northern of Italy. Triggering the recovery of disadvantaged areas is a complex tasks that require national and locals intervention, but we may argue that a first step in achieving such an objective is to invest more in educational and training programmes that will make Italy, as whole, to climb the ranking of countries in terms of government expenditure for education (Figg.A1 in Appendix). Investing in human capital might be the main road to follow in order to start reducing the North-South divide, but also in order to address this specific fragility in other disadvantaged areas of the country (e.g. metropolitan suburbs).

On the point concerning complementary policies and investments, a unique opportunity to complement RDC with policy packages addressed to develop, update and ameliorate the socio-economic and institutional dimensions of the lagging regions, in the attempt of making the country more homogeneous than it was before the pandemic, currently comes from the monetary resources of the Recovery Fund.

Further analysis and more insightful evidence can be provided if data on the beneficiary families and applicant characteristics will be made available. In addition, in depth-analysis at province level is likely to provide better evidence on the relation between socio-economic indicators and RDC distribution. Finally, as the series of data on RDC become longer, the possibilities to apply more sophisticated types of statistical analysis increases.

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Appendix

Tab.A1 – Italian regions and macro areas

Italian regions	Macro areas
	North-East
Emilia-Romagna	
Friuli-Venezia Giulia	
Trentino Alto Adige	
Veneto	
	North-West
Liguria	
Lombardia	
Piemonte	
Valle d'Aosta	
	Center
Lazio	
Marche	
Toscana	
Umbria	
	South and Isles
Abruzzo	
Basilicata	
Calabria	
Campania	
Molise	
Puglia	
Sardegna	
Sicilia	

Fig.A1 - Education Expenditure Ranking 2018 Source: own elaboration on Eurostat data