

"The Impact of Limited Duration Unconditional Cash Transfers on Labor Market Outcomes"

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Simple economic theory predicts that individuals react to cash transfers by reducing their labor supply. However, in the presence of imperfect labor markets, this prediction may not hold. Moreover, empirical evidence is still inconclusive. We analyze the labor market trajectories of individuals who benefited from an unconditional cash transfer program financed by Ufficio Pio of the Compagnia di San Paolo, one of the largest bank foundations in Europe. We find 93% of the program beneficiaries in the Inps archives. We find that beneficiaries experienced a sizeable drop in income prior to the program and their income recovers (more slowly) after the program. The recovery is mostly explained by regular employment and quasi-subordinate work. In the future, we plan to evaluate the impact of the program by comparing families on both sides of the 7000 euro income eligibility threshold.