

Deal or No Deal? Europe and the Italian Elections

Written by Manfredi Nulli

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MANFREDI NULLI, APR 25 2018

Many political commentators thought that the deal struck by Matteo Salvini, leader of the right party La Lega (The League) and Luigi Di Maio, leader of Movimento Cinque Stelle (Five Star Movement), which resulted in the election of the speakers for both chambers, paved the way to form the next Italian government. Yet, as so often in politics, what appears is not necessarily what really is. In fact, there are many obstacles ahead for an alliance between these two parties.

As we know, the outcome of March 4 elections was a hung parliament. The clear loser was the pro-European government coalition led by Prime Minister Paolo Gentiloni and the Democratic Party leader Matteo Renzi. It comes as no surprise that the so-called Eurosceptic parties turned out victorious.

The Democratic Party obtained just over 18% of the votes and its entire centre-left coalition achieved less than 23% of the votes. This represents the worst performance ever by the Italian centre-left at the general election since the unification of Italy. First and foremost, the Five Star Movement founded in 2009 by comedian Beppe Grillo and now led by Luigi Di Maio, prevailed as the single largest party reaching 32%. The centre-right coalition received 37% of the votes. Amongst the centre-right parties, the League (formerly known as the Northern League) rose from 4% to 17% at the expense of Berlusconi's Forza Italia that obtained only 14% of the votes.

Both the Five Star Movement and the League made promises during the election campaign that would virtually be impossible to fulfill once they form the government, due to the country having one of the highest levels of debt compared to GDP. Matteo Salvini, who formed an alliance with European right-wing populist parties such as Marine Le Pen's National Front, pledged to repatriate 100,000 illegal immigrants in his first year in office, and to revive the economy by implementing an ambitious but unrealistic flat tax. However, vague economic promises are not a political priority anymore.

A platform focusing on the fight against corruption such as preventing the election of convicted criminals and promoting direct democracy through the internet is at the base of the Five Star Movement's success. With proposals such as the universal basic income that would guarantee salary support for those out of work, and a minimum pension of €780 per month to all retirees, the Five Star Movement managed to get most of the votes from the central and south Italy while the north, traditionally richer, supported primarily the centre-right coalition.

In the last few years, both Salvini and the Di Maio campaigned calling for a referendum for Italy and at other times have promoted the idea of a referendum to leave the Eurozone. This allowed them to gain consensus among Italians who feel they have been worse off since the inception of the Euro and that the European Union is not working for them. However, by the beginning of the election campaign strong anti-European stands virtually disappeared from the political agenda of both parties. In its place, Salvini and Di Maio pledged to change some of the EU treaties to make Europe work better for Italy. In fact, while Italians have grown more Eurosceptic in these last few years, the reality is that even today most of them would not be prepared to leave the European Union.

Matteo Renzi resigned the day after the election results, though he continues to control most of the newly elected MPs from his party. As the party leader, he allocated most of the safe seats to those loyal to him within the party. After the elections, the stance taken by Maurizio Martina, Renzi's former deputy, appointed regent by the Democratic

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Party national executive, was not to engage in any negotiations to form a government with either the Five Star Movement or the centre-right coalition. However, that position is likely to change if the political situation continues to remain in a deadlock. On the other hand, the Five Star Movement is not willing to form a government with the whole centre-right coalition as Berlusconi, who is banned from office, is one of its main players. Matteo Salvini could try to reach a deal with the Five Star Movement but that would imply abandoning his centre-right allies. Yet, he has no interest in doing so as he is going to get even more voters that are likely to switch from Berlusconi, now 81 years old, to the League.

The reality is that some of the political forces that have fought a harsh campaign against each other will need to reach an agreement. If not, the President of the Republic Sergio Mattarella would have to call for new elections. However, what would be the purpose of returning to the ballot so soon? With the present electoral law and three camps competing for an overall majority, it is more than likely that the outcome would be a hung parliament again. Certainly, President Mattarella who has started talks with each of the political leaders to ascertain who could obtain majority in the Parliament to form a government, has begun putting pressure on all parties so that a deal can be reached. Italy will probably not need to wait for six months like Germany to form a new government. But even so, a solution is likely to take some time.

About the author:

Manfredi Nulli is a member of the Consiglio Generale degli Italiani all'Estero (CGIE), the General Council of Italians Abroad. Presided over by the Minister of Foreign Affairs, the CGIE is an advisory body to the Italian government and Parliament on matters concerning Italians who live abroad. Based in London since 1992, Manfredi is a foreign direct investment and property consultant and he also sits on the board of the Italian Chamber of Commerce for the Midwest USA. During the Brexit referendum he actively campaigned in favour of a pro-EU vote.