

## Far from being a disaster, the results of the Italian election could be a turning point for Italy and the Eurozone.

Blog Admin

The results of the Italian elections, in which the centre-left coalition won a majority in the Chamber of Deputies, but not in the Senate, have led to fears that the country could become ungovernable. Jonathan Hopkin takes issue with this perspective, arguing that the results could have a number of positive consequences for both Italy and the Eurozone. The failure of Mario Monti to secure a sizeable vote share, and the success of Beppe Grillo's M5S movement, might spell the end for technocracy and austerity in Italy.



Italy's politics have long seemed opaque and unfathomable to outsiders, and election results have generally refused to conform to the hopes and expectations of foreign observers. *The Economist* magazine ran a lengthy campaign against Silvio Berlusconi, denouncing him back in 2001 as 'unfit to govern Italy', only to see Italy's leading media baron win a thumping majority. This time around, the election of a Senate with no workable majority has provoked anguished reactions all round, with the words 'chaos', 'ungovernable' and 'turmoil' dominating the headlines. But is Italy's election result really such as disaster? There are a number of reasons why this outcome could even help the Eurozone to emerge from its deep economic and political crisis.

The first reason is that despite Berlusconi coming alarmingly close to pulling off a shock comeback, it would have been a pyrrhic victory. Berlusconi's centre-right coalition won only 29 per cent of the vote, down from 47 per cent in 2008, and his party, the PDL (Party of Freedom), won 21 per cent, down from 37 per cent. In short, despite Berlusconi's desperate populist moves during the campaign, including offering a refund on the local property tax (IMU) which he had personally voted for in Parliament, he suffered one of the biggest defeats of a governing party in European electoral history. Although Berlusconi's pivotal position in the Senate means that he retains significant political leverage which he will not hesitate to use, his political career is clearly in decline. This will undoubtedly be welcomed by Italy's Eurozone partners.

The second reason for optimism is, paradoxically, the disappointing performances of the two parties most strongly backed by European leaders: the centre-left Democratic Party (PD) and Mario Monti's Scelta Civica (Civic Choice). Both parties represented continuity in maintaining Italy's commitment to carry out a contractionary fiscal policy, which has squeezed the life out of the Italian economy whilst doing little or nothing to reduce the state's debt burden. Incumbent Prime Minister Monti's result is hard to read as anything other than a rejection of European technocracy and its insistence on pain and sacrifice as the way to recovery. Added to the



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growing chorus of criticism of austerity, including a striking *mea culpa* from the International Monetary Fund's Chief Economist, Olivier Blanchard, the Italian vote may be decisive in forcing a rethink of an obviously failed economic strategy.

Third, the amazing performance of Beppe Grillo's Five Stars Movement (M5S) – at 25 per cent the individual party with the highest vote share, despite being formed only 3 years ago – shows that many Italians, and especially younger voters, have had enough of the systematic corruption and lack of initiative of the country's aging political elite. Of course, it would be naïve to imagine that such an improvised and incoherent political movement as M5S can provide an answer to Italy's deep-seated problems, but the replacement of a political class that has presided over Italy's two decades of stagnation is a pre-requisite for recovery. Moreover, unlike the troubling xenophobic parties that have benefited from the crisis in many other European countries, the M5S represents a more forward-looking, if inchoate, political programme, with a welcome emphasis on ecological issues and the revival of democratic participation. In the circumstances, it is refreshing that political protest has not been directed against the poor or immigrants, as has been the case in a number of struggling European economies.

Of course, this is not the first time that Italy has attempted to renew its political elite: Berlusconi himself entered politics in response to the collapse of the ruling parties in a wave of corruption scandals in the early 1990s. Simply deposing the existing elite does not provide an answer to Italy's problems. But if nothing else, Grillo's success sends a clear signal to the rest of the political elite that a large number of Italians have had enough of the corruption and incompetence that is holding the country back, and may embolden new political actors to enter the fray.

But perhaps the most important result of the election is that it will likely prove to be a turning point in the way in which the European Union deals with the debt crisis in the South. As was the case in Greece, the attempt to impose technocratic rule on a debtor nation to implement austerity and reform has been a political and economic disaster, as Valentino Larcinese argued on this blog. Political instability and economic decline in Greece has been a tragedy for the Greeks, but has had little impact on the rest of Europe. Italy has the third largest economy in the Eurozone, and the third biggest stock of government debt in the world. The Monti experiment produced no clear economic gains and has been decisively rejected at the polls. It would be reckless in the extreme of Europe's leaders not to reconsider their approach.

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Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.

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