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Italy Failed the Test

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The Italian elections of 24-25 February 2013, gave Italians their first chance to vote after the ill-fated experiment of Mario Monti's "technocratic government". These elections were a test in many senses: they were a test for the parties involved to show signs of actual change and detachment from a political system that urgently needed to be cleaned up. They were a test of credibility for the country as a whole, to indicate to its European partners that it was able to achieve the political stability essential to Italy's economic recovery. Finally, the elections were a test on the Eurozone and the feasibility of continuing austerity.

A low electoral turnout (75%) and a widespread protest vote as a reaction to austerity measures resulted in political gridlock and a hung parliament. The Democratic Party (PD) polled the largest share of the vote but failed to gain majority in the Senate: as its leader Pier Luigi Bersani put it, "we did not win, although we came first". The real winners were Beppe Grillo and Silvio Berlusconi. Grillo's Five Stars Movement (M5S), formed just three years ago, became the largest party in the Chamber of Deputies, an unprecedented success achieved by a campaign boasting the prophetic name the "tsunami tour" which focused on the new social media and on a populist rhetoric. Berlusconi's party (People of Freedom – PdL) lost 17% of its voters, but this was the best result possible from someone who seemed to be politically dead in December 2012. His success was achieved through a strenuous campaign reinforced by massive use of TV. His most successful move was the promise to refund to Italians in cash the highly unpopular property tax on the first house reintroduced by Monti – a tax which he had voted for in Parliament.

Italy failed to pass the test for achieving political stability for two reasons. Firstly, the anti- austerity protest vote coupled with a political system generally perceived by Italians to be no longer trustworthy transformed the political scene by overwhelming a traditional bilateralism and inaugurating what could be a new phase of trilateralism. The second reason for the political stalemate in Italy has arisen as result of a grotesque electoral law that, although widely deprecated, has not been amended since its adoption in 2005.

Yet another issue complicates the electoral aftermath. This is the appointment of a new President of the Republic. President Giorgio Napolitano will end his 7-year mandate on 15 May and Parliament will have to name his successor a month earlier. The question arises whether it will be possible to have a working Parliament by then. Moreover, Napolitano finds himself in the so-called "white semester", the last six months of his mandate during which, according to the Constitution, he cannot dissolve Parliament unless it has reached its term. A scenario of early, new elections is therefore not feasible – and for many not even desirable. The most likely outcome appears to be a government led by the PD which will seek cooperation with the Five Stars Movement in the Senate to elect the new President of the Republic and to pass the most crucial new laws, in particular the reform of the current electoral system. Thereafter, new elections should produce a new government able to complete a 5-year mandate.

The feasibility of all this relies on Grillo's willingness to cooperate with the PD and to accept the rules and mechanisms of a political system that the former comedian considers obsolete and unfair. Bersani has made approaches to the Five Stars Movement but he has refused the idea of a *governissimo*, a grand coalition with Berlusconi. For his part Grillo has <u>stated</u> he will not vote in favour of a confidence motion in a government led by Bersani, whom he defined as a "dead man talking". In any case, his <u>tough stance</u> towards the PD is not shared by many in the Five Stars Movement. In the meantime Berlusconi, yet again <u>under investigation</u> for alleged bribery, has offered a helping hand to Bersani – help that the PD cannot accept without losing its already sorely tested party core.

European reactions

Europe – or better, anti-Europeism – was an important theme in the electoral campaign. Berlusconi and Grillo were able to exploit subtle and yet widespread resentment against European institutions and Germany. Both are perceived in Italy to be the

key drivers of the much hated austerity measures. Grillo even claimed that he would go for a referendum to let the Italian people decide whether to stay in the Eurozone or not. In contrast, some candidates tried to exploit the "European card" in their favour. Monti, who is better known and better liked abroad than at home, claimed that Angela Merkel was against a Left-wing government in Italy. Unfortunately for him, the German Chancellor hastened to deny it. Even Berlusconi, speaking at a polling station on 24 February, tried to go back on his criticisms of Europe stating in English to the foreign press "I want mass Europe, not less Europe. I am the first European in Italy" (sic).

Italy's European partners are concerned for the future of the Italian economy, which needs stable government in order to take the necessary measures required for recovery. The markets reacted badly to the political crisis in the Eurozone's third-largest economy, although these initial destabilising effects have eased. However, fears of a so-called contagion are widespread. It is not symptomatic that the first critical comments made on the Italian elections came from Spain, another country under Europe's close scrutiny. A worried José Manuel García-Margallo, the Spanish foreign minister, described the Italian election results as a "jump to nowhere" that would not bring "good consequences".

The crisis has affected Italy's relations with Germany most of all: the electoral results were a clear signal of opposition to the austerity policies as embodied by Monti and backed by Merkel's government. The already testy relations between the two countries have been made worse by diplomatic strains: Napolitano cancelled a recent dinner in Berlin over comments made by the SPD leader Peer Steinbrück, who said that he was "appalled that two clowns won", with reference to Grillo and Berlusconi, calling the latter "clearly a clown with a testosterone boost". Such comments, however, have not been limited to Germany. *The Economist* recently dedicated its cover to the Italian elections depicting the two "clowns" who "threaten the future of Italy and the euro".

And yet, every cloud has a silver lining. Italy's example could show to Eurozone partners that austerity does not pay in the long term and it is not the only possible solution, especially if it is not accompanied by growth measures. The real message that comes from Italian elections is that recovery demands sacrifices, but they must be sustainable. These assumptions could find a widespread support not only from other Southern European countries, but even from France.

For many Italians and Europeans, Italy failed this electoral test. As Christopher Prentice, UK Ambassador to Italy, stated on one of the main political TV talk shows, "what matters is not who will form the government or with whom, but when". It is doubtful whether the European leaders could deal in the same way with Mr. Bersani or Mr. Berlusconi, not to mention Mr. Grillo. But it is indeed true that timing is fundamental. For the stability of the country and of Europe, Italy must prove that it can form a government as soon as possible. Let's hope it does not fail this test as well.

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