

# The stakes are high for the Italian election, but Italy is not about to leave the euro



*Could Italy really leave the euro following the country's general election in March? [Jacopo Mugnai](#) argues that concern in other EU states that the next Italian government could take Italy out of the euro is largely unfounded. However, the election will still be crucial for determining the future trajectory of the Italian economy, and if key problems fail to be addressed then Italy could find itself on a path toward long-term decline.*



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On 4 March, Italian voters will head to the polls. The most likely scenario is one in which no majority is able to form a government. As a [recent simulation by Ipsos](#) reveals, no coalition (or stand-alone party) would currently be able to secure 316 seats in the Chamber of Deputies, the absolute majority required to form a government.

The projection indicates that the Five Star Movement would receive 28.7% of the vote and 169 seats, the centre-left coalition of the Democratic Party (PD) would be in line to get 23.1% and 152 seats, while the overall centre-right coalition, including Silvio Berlusconi's Forza Italia and the Northern League (Lega), would receive 35.9% of the vote and 269 seats. An abstention rate of 34% is predicted.

If these predictions were confirmed, the political equilibrium among the (at one time) main political contenders, Forza Italia and the PD, would be slightly different from the one that came out from the 2013 elections, with the PD still in the lead. However, the PD would be on a declining trend and the result would severely test Matteo Renzi, the young star who once aimed to "scrap" the ancient ruling class and bring the PD to the deserved glory that allegedly its old-guard elite was unable to achieve.

In the case of a hung parliament, it is reasonable to expect a second edition of the current grand coalition, with the explicit inclusion of Forza Italia. Although Paolo Gentiloni, the current prime minister, could remain in office, the composition of the government would depend on the final results secured by Berlusconi's party and the pivotal role Forza Italia might play in the coalition. If one considers that the governments led by Mario Monti and Enrico Letta were both supported (at least for a while) by Berlusconi's party, such a grand coalition is not as unlikely as it might seem. The fact that Berlusconi has recently voiced appreciation for the work and profile of Gentiloni can be seen as a sign that he is ready to join a government with him.

The second scenario – which is unlikely but not impossible – is one in which a centre-right coalition led by Forza Italia will form a government with Lega and those parties that used to be Berlusconi's allies in his previous executives. The least likely scenario – which seems impossible given the mechanics of the electoral law – is one where the Five Star Movement gains a majority to form a single-party government. Even if the left group "*Liberi e Uguali*" (led by those who left the Democratic Party in opposition to Renzi) formed a post-electoral alliance with the Five Star Movement, they would not have enough seats to form a government, unless it was a minority one. This seems, however, very unlikely.

There is potentially a fourth scenario, namely a grand coalition between the Five Star Movement and the PD. Although this might seem desirable on several grounds, given that previous attempts in this direction were unsuccessful it remains pretty improbable. Not least because, for good or bad, the Five Star Movement seems keen on performing a role similar to that of the old Communist Party: being a large opposition party influencing policies through parliamentary committees.

So far so good. While fears have been raised over the country's political stability and governability, Italy, as well as Europe and its monetary union, will likely remain fairly stable after the election. Italy has a long history spanning over 50 years of ever-changing governments. The country has always survived and found its way through. The current legislative term is one of the few which has ran its full course and with only three different governments serving during that period (a low number by Italian standards). If one looks [through history](#), this would have to rank as a remarkable achievement, albeit a discouraging one. The flip side is that today's Italy is no longer the rampant economy of the 1960s and 70s, and if the sort of political fragmentation which has been witnessed since 2013 becomes the norm, the job of future governments may well be the "management of decline".

But the real issue is the absence of a consistent strategy to reinvigorate Italy's industrial economy, as well as a clear vision for the future of the country's political economy and the social problems plaguing it. The sad truth is that, despite his slogans proclaiming a renovation of the country, Renzi has no consistent policy to offer. And the electorate – especially those on the left – has come to understand that. The new leftist formation, however good or bad its programme may be, will remain politically irrelevant. And the centre-right Berlusconi-led coalition is simply offering a variant of the same electoral programme it proposed as far back as the 2001 elections.

As for the Five Star Movement's forays into Euroscepticism, some perspective is required. A referendum on the euro is not going to happen, not only because the Movement's leader Luigi Di Maio has said it is not the right time to have it, but also because the party has never been seriously committed to it. The same holds true – despite the differences between the two parties – for Lega, since their leader, Matteo Salvini, is far from universally popular among the party's electoral base or its (still influential) old guard.

Hence, the election on 4 March will not be an existential crisis for Italy or Europe. Rather, the real concern should be the country's fragile domestic picture, which threatens to steer Italy towards a more prolonged period of decline. Nevertheless, it would be a mistake to interpret Italy's fragmentation as taking place in isolation from the rest of the continent. The rise of populist parties is an undeniable trend, including in former bastions of stability like Germany. Even in France, the possibility that Macron's promises to the French electorate go unfulfilled could generate further turbulence for the European project.

Italy's election will take place within this context, with rising inequality, social divisions, and economic difficulties still powerful drivers of populist politics. While the European economy is recovering, these political challenges are still present. And although the election on 4 March will not pose the threat to European stability that some observers have proposed, the long-term trends for both Italy and Europe are far from certain.

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*Note: This article gives the views of the author, not the position of EUROPP – European Politics and Policy or the London School of Economics.*

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