



PROJECT MUSE®

## How the Populists Won in Italy

Roberto D'Alimonte

Journal of Democracy, Volume 30, Number 1, January 2019, pp. 114-127 (Article)

Published by Johns Hopkins University Press

DOI: <https://doi.org/10.1353/jod.2019.0009>



➔ *For additional information about this article*

<https://muse.jhu.edu/article/713727>

# HOW THE POPULISTS WON IN ITALY

*Roberto D'Alimonte*

*Roberto D'Alimonte is professor of political science at LUISS–Guido Carli in Rome and director of the Centro Italiano di Studi Elettorali. He teaches at the Florence campus of New York University, and has been a visiting professor at Yale University and Stanford University.*

On 4 March 2018, a wind of change swept across Italy's political landscape, and indeed Europe's. That day's parliamentary election made Italy the first country in Western Europe with a populist majority. The government representing that majority is now squaring off against the European Union in a confrontation over Italy's national budget: Populist politicians have plans for higher public spending (and borrowing) that Eurozone authorities say are inconsistent with Italy's fiscal obligations under the rules governing the common-currency arrangement. At the time of this writing in early December 2018, this Rome-versus-Brussels showdown remains unresolved, but it is still worthwhile to examine the path that Italy took to reach this point.

In the March balloting, the populist majority expressed itself through not one but two parties. Together, they won a combined 50.3 percent of the popular vote and with it 56 percent of the seats in the 630-member Chamber of Deputies, the lower house of the Italian Parliament.<sup>1</sup> Voters made the Five Star Movement (M5S) led by 32-year-old Luigi Di Maio by far the largest single party in both the Chamber and the 315-seat Senate, with 227 seats in the former and 112 seats in the latter. The onetime-regionalist formation known as Lega (formerly the Northern League) emerged from the voting as the Chamber's second-largest single party with 125 seats. Led by Matteo Salvini, Lega joined M5S to form a government on June 1.

The almost three months of intense government-formation talks yielded an odd cabinet. The premier is Giuseppe Conte, a law professor who is affiliated with M5S, but only loosely. His ministers are a mix of populist politicians and technocrats, with the latter having been put in

place to placate the EU and the financial markets. Technocrats hold the key posts of foreign minister (Enzo Moavero Milanesi) and economy minister (Giovanni Tria). Di Maio and Salvini each became a deputy premier, with the latter also serving as interior minister.

Another part of the story is how the main parties of the center-left and center-right—the Democratic Party (PD) and Silvio Berlusconi's Forza Italia—saw more than five-million voters abandon them. These parties remain significant forces in the Chamber, where together they hold more than a third of the seats (the PD has 111 and Forza has 105), but they are outside the government looking in.

Today's populism was presaged in the early 1990s, a time when public anger at corruption was destroying the established party system. Into the resulting void stepped the media tycoon Berlusconi. His personalistic party, slick communications strategies, and attempt to delegitimize the judiciary gave postwar Italy its first experience with populism in the halls of power. Today's populist surge cannot be explained without taking into account Italy's chronic economic woes and the traditional parties' failure to find a way out of the morass of slow growth, high unemployment, and rising inequality in which the country has long found itself mired. The lack of answers from the top has fueled the rebellion from below and the growing gap between the elites and the people. Lega and M5S won by promising radical change.

Italy's story may seem familiar, but it does feature two unusual twists: In no other Western country has an internet-driven movement such as M5S gained power, and in no other Western country has a regionalist (and indeed secessionist) party such as Lega transformed itself into a champion of national sovereignty.

Shortly before the vote, Parliament approved new electoral rules. As has been the case since 1993, they are a mix of proportional and majoritarian elements. About a third of the seats in the Chamber and the Senate alike are elected on a first-past-the-post basis in single-member districts (SMDs). The remaining two-thirds are distributed according to a proportional formula among all parties that win at least 3 percent of the total nationwide vote. The presence of the SMD seats promotes pre-electoral coalitions. The Democrats joined three small lists to form a center-left bloc, while Lega and Forza Italia joined a small centrist group plus the right-wing Brothers of Italy (FdI) to form a center-right bloc. Running alone, as it has done since it was founded in 2009, was M5S.

The campaign centered on immigration as well as on lavish promises that parties made to voters without much reference to the limits on public spending that come with Italy's membership in the Eurozone. M5S said that it wanted to guarantee a basic income to Italian citizens in poor economic conditions. Forza Italia and the League called for a major fiscal reform based on a flat tax. Both the League and M5S vowed to change the pension system to allow earlier retirement. The PD ran on

**TABLE—RESULTS OF ITALY’S 2018 GENERAL ELECTIONS**

Lists and Coalitions	Chamber of Deputies						Senate			
	% Vote	PR	FPTP	Abroad	Total	% Vote	PR	FPTP	Abroad	Total
<i>Center Right</i>										
Lega (L)	17.3	73	50	2	125	17.6	37	21	-	58
Forza Italia (FI)	14.0	59	43	1	103	14.4	33	22	2	57
Brothers of Italy (FdI)	4.4	19	13	-	32	4.3	7	11	-	18
Noi con l'Italia-UdC (NCD)	1.3	0	5	0	5	1.2	0	4	0	4
FI-FdI-Mov. Nuova Valle D'Aosta*	0.0	-	0	-	0	0	-	0	-	0
<b>Total</b>	<b>37.0</b>	<b>151</b>	<b>111</b>	<b>3</b>	<b>265</b>	<b>37.5</b>	<b>77</b>	<b>58</b>	<b>2</b>	<b>137</b>
<b>5 Star Movement (M5S)</b>	<b>32.7</b>	<b>133</b>	<b>93</b>	<b>1</b>	<b>227</b>	<b>32.2</b>	<b>68</b>	<b>44</b>	<b>0</b>	<b>112</b>
<i>Center Left</i>										
Democratic Party (PD)	18.8	86	21	5	112	19.1	43	8	2	53
+Europa	2.6	0	2	1	3	2.4	0	1	0	1
Insieme	0.6	0	1	-	1	0.5	0	1	-	1
Civica Popolare (CP)	0.5	0	2	0	2	0.5	0	1	0	1
SVP-PAT	0.4	2	2	-	4	0.4	1	2	-	3
PD-UV-VP-EPAV**	0.0	-	0	-	0	0.1	-	1	-	1
<b>Total</b>	<b>22.9</b>	<b>88</b>	<b>28</b>	<b>6</b>	<b>122</b>	<b>23</b>	<b>44</b>	<b>14</b>	<b>2</b>	<b>60</b>
Liberi e Uguali (LEU)	3.4	14	0	0	14	3.3	4	0	0	4
Others	4.1	0	0	2	2	4	0	0	2	2
<b>TOTAL</b>	<b>100</b>	<b>386</b>	<b>232</b>	<b>12</b>	<b>630</b>	<b>100</b>	<b>193</b>	<b>116</b>	<b>6</b>	<b>315</b>

Sources: Supreme Court, Ministry of the Interior, and the Italian Center for Electoral Studies (CISE).

Notes: The “PR” column reports seats filled by proportional-representation voting; the “FPTP” column reports single-member-district seats filled by first-past-the-post voting.

\*Electoral coalition between FI, FDI and a local movement in the Aosta Valley.

\*\*Electoral coalition between PD and ethno-regionalist parties in the Aosta Valley.

the record of its cabinets that governed since early 2014. It defended membership in the EU and the common currency.

The question of Italy's relationship with Europe—as summed up in the budget battle with Brussels—has emerged as the most salient issue since the government formed. During the campaign the key topic was immigration. The outstanding electoral performance of the League can be largely explained by the strong position against illegal immigration taken by its leader, Salvini. M5S followed suit while the PD and Forza Italia took more moderate positions which turned out not to yield any electoral payoff.

## A Changing Party System

The short history of M5S has been remarkable. It was founded by the comedian and blogger Beppe Grillo (b. 1948) at the end of the 2000s on a platform that emphasized internet-based direct democracy and opposition to a corrupt establishment. In the 2013 election it won 109 seats in the Chamber and 54 in the Senate. This was the best electoral showing *ever* by any first-time party in Western Europe. Historically, populist parties have tended to lose ground in their second election, but not M5S—in 2018, it doubled its share of seats in Parliament.

This growth was driven by the movement's expanding popularity in southern Italy, where the M5S vote share rose from 27 to 43 percent between 2013 and 2018. The citizenship-income proposal paid off handsomely in this region, where general unemployment nears 20 percent and youth unemployment is close to 50 percent. The voters flocking to M5S included many who had previously voted for the PD or Forza Italia.<sup>2</sup> The latter party likely suffered more: The southern strength of M5S kept the center-right coalition from winning an absolute majority in Parliament.

The League was the 2018 election's other big winner. Its popular-vote share more than quadrupled from 4 to 17 percent as disillusioned electors turned away from Forza Italia. Perhaps most remarkable, however, has been Lega's ability to expand beyond its traditional stronghold in the North. Today, the League is the largest party in that region with more than a quarter of the vote (27 percent), even as it has made significant inroads in the rest of the country. In the former "red belt" of Emilia-Romagna, Marche, Tuscany, and Umbria, it has gone from a minuscule 1.5 percent in 2013 to 18 percent. And in southern Italy, this former party of northern secessionism pulled almost 8 percent of the vote.

Most importantly, the League has now overtaken Forza Italia as the top party in the center-right bloc. Berlusconi is 82 years old. In 2018, his party had its worst showing ever, pulling less than 14 percent of the vote. A decade ago, it was Italy's largest party; today, it has become the smallest of the four major parties, as Lega eats away at its northern support while M5S outdoes it in the South. Clearly, the party system has

changed. To the right of center, leadership has shifted to populists of a more radical stripe than Berlusconi and his Forza Italia.

---

***Today every party uses the internet. But in the case of M5S, the web is not just a form of communication and mobilization—the web is the movement.***

---

Along with M5S's and Lega's strong showing, another unexpected 2018 result was the PD's abysmal performance. No pre-election opinion survey put its support at below 20 percent, but on election day it garnered less than 19 percent of the vote, its worst result ever. It lost in all areas of the country and among all segments of the electorate aside from inner-city voters and retirees. In the red belt, its former stronghold, it finished second behind the M5S. It was the first time in postwar history that

the major left-wing party did not win this area.

In the five years it governed the country, with three different cabinets, the PD failed on many fronts. Matteo Renzi, the PD prime minister from 2014 to 2016, antagonized organized interests and individual voters alike. His reforms went too far, too fast. He failed to recognize the depth of the post-2008 recession and the gravity of unemployment, particularly among young people. He underestimated the effect that immigration was having on voters in even the most left-wing areas of the country. He invested a vast amount of political capital in a planned constitutional reform, but his waning popularity and lack of allies doomed this project, which lost badly in a December 2016 referendum. Renzi resigned soon thereafter.

The 2018 election was another step in the party-system transformation that began in 2011. Between 1994 and 2008, electoral competition was mostly left versus right, with a pair of multiparty coalitions alternating in power. In 2011, Berlusconi resigned as premier under pressure from Brussels and the financial markets. A technocratic government under economist and former EU official Mario Monti took his place. Monti's cabinet was supported in Parliament by all the mainstream parties, but not the Northern League. He followed fiscal-austerity policies that met the EU's guidelines—and paved the way for the rise of M5S and Lega in reaction. They became the voice of those who complained that Italy's government had not been elected by its people, but had been imposed by the EU.

In 2013, M5S's success disrupted the old, basically bipolar party system; the 2018 voting has confirmed a new, three-sided pattern. M5S has joined the center-left and center-right coalitions as a viable contender, but there are also fewer parties overall. Will this arrangement prove stable? It seems unlikely. Electoral volatility has been the norm in Italy lately, and the current parties do not appear strongly institutionalized. Large numbers of voters have swung in a short time to create the current situation, and they may yet swing again.

Regional cleavages—especially the gap between wealthier northern Italy and the poorer southern part of the country—remain significant. Then there are newer tensions such as those pitting mainstream against antisystem parties (both Lega and M5S are antisystem parties, albeit each in a different way) not to mention the dispute between the populist M5S-Lega government with its plans for big new spending and the EU (backed by the financial markets) with its insistence on fiscal restraint. How that dispute is settled could change political alignments once more.

### **The Five Star Movement: Between Utopia and Power**

“We will open up Parliament like a can of tuna fish.” That is what Beppe Grillo said just before the 2013 general election. It is a typical populist statement. Yet “populist” does not quite fully describe M5S. Alongside its populism runs a streak of utopianism that makes this movement an intriguing, disturbing, and in many ways unique political phenomenon. It is without a doubt the most important political innovation that Italy has seen since Forza Italia appeared in 1994. Like Berlusconi’s party, M5S has changed Italian politics profoundly by launching a challenge to existing parties, to traditional media, and indeed to representative democracy itself.

When Grillo and the late web entrepreneur Gianroberto Casaleggio (1954–2016) founded M5S in Milan in October 2009, they intended it as a grassroots movement capitalizing on the profound distrust that Italians feel toward the established political class.<sup>3</sup> The main targets were mainstream parties and traditional media. The main idea was internet-enabled direct democracy. Over the last decade, M5S has grown by talking about the need for a cleaner environment and greater public transparency while condemning corruption and the privileges of politicians. It also stood for the public financing of political parties; for elected officials to face term limits; and for the rule of law and judicial independence to be defended. Finally, it criticized the media and European institutions. Since it began winning office, at first in municipalities and then in Parliament, M5S has acquired many of the features of a political party. Its success has somewhat “normalized” it, though it still shows many of its original characteristics alongside new contradictions.<sup>4</sup>

Its internal organization is an original and conflicting mix of old and new elements. Today every party uses the internet. But in the case of M5S, the web is not just a form of communication and mobilization—the web *is* the movement. This is where the party started, with local activists organizing themselves through Meetup and Grillo’s blog. In 2012, came intraparty votes held online. Four years after that came a new online platform, named Rousseau, that is meant to engage ordinary citizens in the life of public institutions. It allows members to vote on nominations and topics, but also to interact directly with elected repre-

sentatives at all levels of government by commenting on bills and suggesting amendments to proposed laws.

This platform has fallen short of its founders' ambitions. It does not allow its users to interact "horizontally" among themselves, restricting them instead to "vertical" interactions with officeholders. Use of it has fallen off.<sup>5</sup> Nevertheless, Rousseau continues to symbolize what makes M5S different from other parties, even now that it has achieved power. The mystique of direct democracy is still alive and forms a potent propaganda tool in an age of disenchantment with traditional elites and representative institutions. Yet here we encounter a clear contradiction: Grillo has never run for any office within the party or in government, but intraparty rules approved in 2017 confirmed him as the supreme M5S "guarantor" with what amounts to veto power on personnel and policy decisions. Meanwhile, Casaleggio Associates, the late cofounder's firm, continues to be the source of strategic decisions for M5S, including those governing how Rousseau is used.<sup>6</sup> The firm and the movement are closely intertwined.

Sudden growth and rising popularity between 2011 and 2013 sped the development of M5S into a tighter and more hierarchical organization. To avoid the rise of factions and a drift toward anarchy, vertical integration increased. After a disappointing performance in the 2014 European Parliament elections, Grillo and Casaleggio intervened to quash dissent among M5S deputies and senators. By mid-2017, Grillo had used his blog to expel from the movement 21 deputies and 19 senators (representing almost a fifth of M5S's Chamber caucus and more than a third of its Senate caucus).<sup>7</sup> In the meantime, after a short experiment with a five-person directorate, Luigi Di Maio emerged as the "political head" of the movement with Grillo's backing and after a vote on the internet.

The message is clear: If internal pluralism threatens the unity of the party or the credibility of its leadership, the leadership will stop tolerating pluralism. From this point of view, M5S resembles a Leninist revolutionary party. The dictatorship of the proletariat has been replaced by the dictatorship of the people. A self-appointed elite of web-savvy technocrats has taken upon itself the responsibility to lead the political revolution that will give a new meaning to the principle of popular sovereignty.

Electoral success has changed M5S in other ways too. Grillo has always refused to define the movement in terms of left and right, preferring to speak the language of being "above" or "beyond" politics as usually conceived. Yet there is no doubt that originally the movement was driven by a left-wing ideology and left-wing activists. The five stars in its logo represent basically leftist policies: sustainable development, public water, the environment, public transport, and digital connectivity. On top of these, other left-of-center stances have always figured prominently in its platform. It has long criticized globalization, consumerism, and multinational corporations while pressing the case for a

guaranteed “citizenship income.” It is true, however, that the Movement has espoused other issues that do not fit the left-right dimension, such as anticorruption or Euroskepticism. And there are also issues, such as immigration, on which the party’s position is clearly right-wing.

Traces of the movement’s original leftism can also be seen in the political orientation of its base. Its early core activists were disgruntled sympathizers of leftist parties who could not find a way to express their demands through traditional channels. Electoral data show that when the party began running in local elections, most of its voters were defectors from older leftist parties, especially the PD. The drain has continued ever since.

Yet success on the scale that M5S has achieved required a broader appeal. By the 2013 election, it had turned into a catchall party. Its electoral base had come to resemble to a large extent the electorate at large in terms of both ideology and sociodemographic characteristics.<sup>8</sup> In 2010, left-wingers accounted for about half of all M5S voters. By 2015, they had fallen to a third, while center-rightists had gone from 11 to 31 percent of the M5S electorate. Will being in power with Lega, a clearly right-of-center outfit, end M5S’s ability to present itself as being “all things to all voters”?

In sum, M5S is a bundle of contradictions. It is a catchall party whose charismatic founder is now an almost invisible leader. It attacks the media but unlike other populist parties around Europe, it defends the judiciary. It advocates direct democracy, yet it has a vertical and opaque organization. It is web-based but likes to use mass rallies for identity-building. Its head is in the North (Casaleggio Associates is located in Milan, Casaleggio’s hometown) but its largest electoral base today is in the South. It is largely a left-wing party, but it governs in tandem with a partner that stands far to the right. Today, M5S with all its contradictions is in power, and must find a way to transform protest into policy. That will prove no easy task for a political force that lacks experience and competence and now finds itself in a cooperative-competitive relationship with the better organized and more cohesive Lega.

### **Lega: From Regionalism to Nationalism**

Unlike M5S, Lega is not new. In fact, it is the oldest extant party in Italy. The northern-regionalist politician Umberto Bossi (b. 1941) founded it in 1991 by gathering together various autonomist movements from throughout the valley of the Po River. Bossi’s party was a regional (and regionalist) formation with a populist appeal. It was not explicitly right-wing. It was called the *Northern League* because its mission was to lead a movement of northern secession from the Italian state in order to found a new “Federal Republic of Padania” (an older name for the Po Valley). After Lega and Berlusconi formed a stable alliance in 2000, it

replaced secessionism with federalism, though it never abandoned its regional roots or its formal pledge to lead its home area out of the Italian Republic.

The original League was also a populist party. Its rhetoric denounced the central government as “Roma ladrona” (Rome the thief), a nest of corrupt elites allegedly bent on exploiting hardworking northerners for the benefit of lazy, profligate southerners. Things changed during the five years (2001–2006) that the League spent governing Italy in conjunction with Forza Italia. Yet populist and regionalist appeals never quite vanished from Bossi’s discourse.

Under Matteo Salvini, who took the party’s helm in 2013, Lega remains populist but is no longer regionalist. Salvini has been intent on transforming the Northern League into a National League, something like Marine Le Pen’s National Front in France. His strategy has been aided by one of the Italian political system’s many quirks, namely—its lack of a national rightist party (Forza Italia is national in scope, but too close to the center to count as right-wing). Bossi’s Northern League was right-leaning, but regionally based. Salvini’s Lega (“Northern” has been unofficially dropped, though it remains the official name in the party statute) has become a national right-wing party. In the process, patriotism has replaced regionalism. Italy has replaced Padania. The EU and immigrants have taken the place once held by Rome and the southerners as the people’s enemy. And the rightist component has become more extreme.

This radical change has gone through phases. At first, the EU was the League’s prime target. Then, as a study of Lega’s Facebook activity notes, the intertwined themes of immigration, security, and terrorism became the most salient issues.<sup>9</sup> The main 2018 electoral slogan, inspired by Donald Trump, was “Italians First.” Salvini, like the U.S. president, dislikes globalization and has a shrewd grasp of how to use social media. Euroskepticism did not disappear entirely, but it was downplayed. Compared to it, immigration had a far greater potential electoral yield that Salvini exploited very effectively.

On Eurobarometer’s list of issues that Italians care about, immigration currently ranks second only to unemployment. Salvini’s antiforeigner rhetoric plays well with the large segment of the electorate that wants to end the flow of immigrants and refugees, whom these voters see as “invaders” and a threat to national identity. Arrivals are down from 2015, but emotions remain strong and perceptions have not changed. Immigrants currently account for about 8 percent of Italy’s population of 61 million, but according to one August 2018 study, most Italians estimate the immigrant share of the populace at 25 percent—the biggest such gap between real and perceived immigrant share in Europe.<sup>10</sup> Since overestimation of the immigrant share also tends to correlate with greater hostility toward immigrants, there may be more than just poor information at work behind this misperception.

Salvini has skillfully exploited the immigration issue to nationalize his party. His actions as interior minister against NGOs rescuing migrants at sea and taking them to Italian ports raised his credibility with

---

***So far, Lega's electoral success has silenced any public criticism, but there remains the problem of how to adapt the rules, organization, and personnel of the old Northern League to the new Lega.***

---

voters. In a climate marked by profound distrust of the political class, he is perceived as doing what he promised. The League's actions regarding immigration have brought it a double benefit. On the one hand, many Italians feel that today something is finally being done to stop illegal immigration. On the other hand, the EU's criticism of Salvini's policy allows him to appear as the leader that Italy needs to protect its interests at the EU level.

There is no doubt that Salvini's strategy is succeeding. Today, the League is the most successful far-right party in Western Europe.<sup>11</sup> Yet there is lingering ambiguity regarding how regional or national it is—just weeks after running in the 2018 general election as Lega, it ran as the Northern League in a northern regional election and as Lega in a southern regional election—but so far this has not damaged Salvini. It is a League *à la carte*. Sooner or later, however, the coexistence of the old Northern League with the new Lega will have to be addressed. The dropping of “Northern” from the electoral symbol, but not from the party statute, will not work forever. The move has been not only unofficial but undiscussed—Salvini made the change on his own through social media, bypassing entirely both the national and the regional party machinery. Regional party leaders have gone along so far, but behind the issue of branding lurks one of substance: How long can the interests of the League's northern constituencies be reconciled with those of M5S and its southern voter base?

So far, electoral success has silenced any public criticism, but there remains the problem of how to adapt the rules, organization, and personnel of the old Northern League to the new Lega. Solving this problem will be no easy task, so Salvini has chosen delay. He knows that for many Northern League activists, who still represent the backbone of the party, the change will be a serious political and emotional break. In the meantime, the party is in a sort of limbo. Many of its members feel puzzled. For a hint of where things may be heading, we can look back to December 2017, when Salvini created on the side a new party called the “League for Salvini Premier,” with a statute containing no reference to the North. For the time being, this Salvini League is an empty vessel, but it foreshadows what Salvini envisions Lega becoming. He may be waiting to consolidate his success with a strong showing in the May 2019

European Parliament elections, after which he might convene a party congress that will give his new party its formal launch.

## Populists versus the EU

Lega and M5S govern together, but they differ. They represent different kinds of populism and increasingly diverse constituencies. They hold in common a vision of democracy based on a holistic conception of popular sovereignty. Yet each has its own answer to the crisis of representation. The M5S idea is utopian: to use the web to do away with elites altogether in favor of direct democracy. Lega has no taste for such grandiosity. For Salvini's party, the mission is nationalism—that is, to regain control of national borders and national policies. Today, Lega and M5S share a common target: national and international technocracies. These are the enemies of the people.

Among such technocracies, the European Union holds a special place. Eurocriticism, which had been put aside during the electoral campaign for tactical reasons, has again become a very salient issue. Indeed, it is now the most salient issue. This is where the claim of restoring sovereignty unites the two parties. It is difficult for M5S, a party that champions direct democracy, to accept the legitimacy of decisions made by nonelected European institutions. For the League the story is pretty much the same, except without Rousseau. Both challenge the supranational dimension of European integration, without calling (yet) for an outright rejection of the idea of a Union. Now that they are in power, Italy is at a delicate turning point.

The 2019 draft budget has become the battleground between the present government and international technocracies. It is the test that will reveal what the two populist parties truly intend. Starting with the Mario Monti government in 2011 and continuing with the center-left cabinets between 2013 and 2018, Italy has pursued a path of fiscal consolidation agreed upon with EU institutions. There have been occasional deviations from this path in the name of flexibility, but they have always been negotiated with Brussels and they have not altered the trend toward reducing Italy's huge national debt.

This debt, which currently equals 132 percent of GDP, is proportionately one of the world's highest. In the EU, only Greece has a worse debt-to-GDP ratio. In order to bring this leading national liability under control, Italy agreed with Brussels to shrink the country's annual structural deficit to zero by 2020. The waymark figures approved by the previous government called for budget deficits equaling 1.6 and 0.8 percent of GDP in 2018 and 2019, respectively.

As of this writing in early December 2018, the M5S and the League have decided to step off the deficit-cutting path. They want to adopt an expansionist economic policy, with a budget deficit equaling 2.4 per-

cent of GDP in 2019 and 2.1 percent for two years after that. The goal of a balanced budget has been postponed indefinitely. In sum, the new populist government wants to replace the old economic paradigm based on austerity and structural reforms with a new set of policies aimed at boosting growth, no matter what.

These developments have set the stage for a double confrontation. The first has been a struggle within Italy. Inside the cabinet, the economy minister has tried to hold the line on the deficit, but has failed. The Bank of Italy, the pension administration, the comptroller-general, and the congressional budget office have all raised questions about the assumptions behind the spending plans, their viability, and the impact on the economy. The parties in power have brushed these questions aside and, more ominously, have openly challenged the independence of the institutions posing them. In typical populist fashion, these institutions have been reminded that they are not elected and do not represent the will of the people. We have seen illiberal trends in other Western countries; is another one on the rise in Italy? A disregard for checks and balances and a propensity to attack independent institutions are well-known signs. How far things will go in Italy may hinge on the outcome of the second confrontation, the one that pits Italy against the EU.

With its defiant economic policy, the government has decided to challenge Brussels (and with it the IMF, rating agencies, and financial markets). The European Commission has complained that the Lega-M5S government is blatantly violating the Growth and Stability Pact as well as commitments made by previous governments. Will the EU apply the excessive-deficit procedure and eventually sanctions? We do not know yet, but we do know that since the March election the spread between Italy's benchmark ten-year treasury bonds and the safer German equivalent has more than doubled, with the interest rate on the Italian debt rising from 2 to 3.6 percent. When it comes to debt-servicing costs, Portugal and Spain are now in a better position than Italy. Any further rise in those costs could trigger a collapse of confidence in Italian debt repayment at a time when U.S. interest rates are rising and the European Central Bank is planning to cut its sovereign-bond buys. The risk of a fiscal and economic crisis is high, but the two populist parties seem undeterred—and close to 60 percent of the public is still backing them.

Italians have become much more Euroskeptical than they used to be, but like Greeks, they do not want to exit the euro. Trust in the EU may be way down from its 1980s peak, but the attitude toward the euro is different. This is what public-opinion polling consistently shows. In the most recent Eurobarometer survey (taken in March 2018, not long after the general election), 61 percent of the Italian respondents said that they favored the euro, while another 10 percent expressed no opinion. In a more recent poll by IPSOS, the percentage of those who said that they want to remain in the Eurozone was exactly the same. Most Italians, like most Greeks,

feel that the EU has not done enough for them. But majorities in both Italy and Greece also feel that to leave the euro would be to take an unwise risk.

This mixed picture should suggest caution to the two populist parties. As of late 2018, however, a sense of caution is not really evident. It is true that after the initial outbreak of hostilities with the EU, the Italian government took a more conciliatory line in late November, aiming at a budget deficit of 2 percent instead of 2.4 percent. Yet it remains to be seen if this will be the final figure in the law, and if (should that be the case) the EU will accept it.

In any event, it is impossible at this stage to say whether this change of attitude is a tactical move or a strategic decision. Both Lega and M5S have strong incentives to press home their challenge to the EU and its orthodoxies. Behind their assertive stand lie reasons both domestic and international. The internal dynamics of the populist coalition are changing. Electorally, Lega is where M5S was in March 2018. According to opinion polls, Lega now has more support than any other party, while M5S has seen its support decline. Immigration made the difference, and at no cost to the public budget. To keep up with its coalition partner, M5S will have to deliver on its pledge to provide “citizenship income.” Whatever that pledge may mean for Italy’s fiscal situation, it is popular with the southern voters who make up the largest share of the M5S base. It is much less popular with some of Lega’s northern constituencies.

On the international front, the looming European Parliament elections are shaping the Rome-Brussels confrontation. To both Lega and M5S, the campaign will offer an excellent opportunity to state their case that the EU cannot solve problems that people care about such as economic growth and immigration. On this front, Lega has moved more quickly than M5S. In the last few months, Salvini has been working with Marine Le Pen and Hungary’s Prime Minister Viktor Orbán to create a Europe-wide bloc of populist, sovereigntist parties. The immediate goal is to win enough seats in the European Parliament to gain some influence over future appointments to the European Commission. The longer-term objective is nothing less than a radical revision of the EU’s institutional architecture and policies to dilute Franco-German leadership. The clash over Italy’s draft 2019 budget is the opening engagement in what may well prove a lengthier contest.

The problem is that neither the EU nor the financial markets seem willing to accept the prospect of an Italy that breaks fiscal-stability rules and hurls itself deeper into debt. If the conflict escalates—and takes interest rates up along with it—there could be another financial crisis similar to that of 2011 which forced Berlusconi out of office and led to then-president Giorgio Napolitano’s appointment of the technocratic Monti government. This time, however, the “soft landing” of a parliamentary majority willing to back President Sergio Mattarella’s appointment of a technocratic government will not be there. That will likely mean an early election in which the populists face off against the pro-European

parties. In the background will lurk the prospect that Italy might restructure its national debt or leave the euro—or perhaps do both. None of this would be good for either Italy or the EU. At the time of this writing, the probability of this happening is not high, but it is not zero. What is certain is that Italy will remain in a limbo for quite a while.

## NOTES

1. The full Senate, which is half the size of the Chamber (not counting six seats held by senators-for-life), was also up for reelection. The result there was basically the same. Figures used in this essay refer to the Chamber.

2. Alessandro Chiamonte et al., “Populist Success in a Hung Parliament: The 2018 General Election in Italy,” *South European Society and Politics* (September 2018): 13–14.

3. Filippo Tronconi, ed., *Beppe Grillo's Five Star Movement: Organisation, Communication and Ideology* (Farnham: Ashgate, 2015); Piergiorgio Corbetta and Elisabetta Gualmini, eds., *Il partito di Grillo* (Bologna: Il Mulino, 2013); Fabio Bordignon and Luigi Ceccarini, “Five Stars and a Cricket: Beppe Grillo Shakes Italian Politics,” *South European Society and Politics* 18 (September 2013): 427–49.

4. Filippo Tronconi, “The Italian Five Star Movement During the Crisis: Towards Normalisation?” *South European Society and Politics* 23 (February 2018): 163–80.

5. Lorenzo Mosca, “Democratic Vision and Online Participatory Spaces in the Italian Movimento 5 Stelle,” *Acta Politica* (June 2018): 1–18.

6. Mosca, “Democratic Vision and Online Participatory Spaces in the Italian Movimento 5 Stelle.”

7. Tronconi, “The Italian Five Star Movement During the Crisis,” 173.

8. Luigi Ceccarini and Fabio Bordignon, “The Five Stars Continue to Shine: The Consolidation of Grillo's ‘Movement Party’ in Italy,” *Contemporary Italian Politics* 8 (August 2016): 131–59; Andrea De Pretis and Thomas Poguntke, eds., *Anti-Parties Parties in Italy and Germany: Protest Movements and Parliamentary Democracy* (Rome: LUISS University Press, 2015).

9. Daniele Albertazzi, Arianna Giovannini, and Antonella Seddone, “No Regionalism Please, We Are Leghisti! The Transformation of the Italian Lega Nord Under the Leadership of Matteo Salvini,” *Regional and Federal Studies* 28 (September 2018).

10. Jessica Phelan, “Italians Overestimate Immigrant Population More Than Any Other Europeans: Study,” *The Local (Italy)*, 29 August 2018, [www.thelocal.it/20180829/italians-overestimate-number-of-immigrants-in-italy-more-than-any-other-europeans-study](http://www.thelocal.it/20180829/italians-overestimate-number-of-immigrants-in-italy-more-than-any-other-europeans-study).

11. Gianluca Passarelli and Dario Tuorto, *La Lega di Salvini: Estrema destra di governo* (Bologna: Il Mulino, 2018).

12. Nando Pagnoncelli, “Manovra, Italiani divisi sui richiami Ue: Ma calano i nottaggi della lira,” *Corriere della Sera* (Milan), 14 October 2018.

13. Italy's president is chosen for a seven-year term by both houses of Parliament plus a group of 58 electors representing each of the twenty *regioni*, the largest subunits of the Italian Republic. The president has the constitutional power to appoint a cabinet, but soon after being sworn in the new cabinet must win a vote of confidence from both houses of Parliament. If the cabinet fails to win Parliament's confidence votes, the cabinet must resign immediately.