

Luiss
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Italian politics has always been an arcane subject. A handful of specialists and enthusiasts love to talk of its Machiavellian intricacies for hours on end, but most people, especially north of the Alps, not only do not understand it, but see no reason why they should bother to understand it. Today there are at least three reasons why they should. First, in Italy the crisis of the political establishment that is now evident in many advanced democracies began a quarter century ago. This means that the country is further down the road of the democratic malaise – it is a laboratory and a bellwether. Second, Italy is the first country from within the historical core of the European community to be governed by anti-establishment parties. Third, its politics represent the greatest threat to the stability, or possibly even the existence, of the common European currency.

Founded in 2010 in a University that has a very strong international vocation, the Luiss School of Government aims to facilitate the connection between Italy and the world outside of it. It aims to prepare the future Italian public elite for the complexities of an ever more integrated planet, and to provide first-class education to non-Italian students in Italy's capital city. SoG professors have often helped non-Italian journalists and newspaper readers understand Italian politics. Thus, it seems only natural to me that, in light of the recent European elections, the Luiss SoG should offer a monthly report on Italy that provides an interpretation of the country's recent political events, and makes an educated guess about what happens next.

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1. Politics and Policy

a. Government

The big reverse. The month of August brought a government crisis into Italian politics which ended up with a new cabinet, with the same Prime Minister, with a different majority in Parliament. In early September the second Conte government was born on the basis of a parliamentary agreement between PD and the Five Star Movement. The new executive is the result of the break-up of the previous League-Five Star coalition decided by Matteo Salvini.

The League's leader abruptly opened the crisis in early August. During an electoral tour on the beaches of the peninsula to meet his voters, Salvini announced he had had enough of his Five Star ally and that the government experience of the populist coalition was at the end of the road. He ended the alliance and called for snap elections. There were basically three reasons which convinced Salvini to pull the plug: a) the divergence with the Five Star Movement on economic and infrastructural policies. The League's leader attacked his coalition partner for its Nimby approach to infrastructure and its resistance on fiscal reform. Salvini was probably concerned about drafting a new budget law with the Five Star Movement; b) the rise of Giuseppe Conte as a moderate and pro-European leader. The Prime Minister has changed tune very fast in the last year, moving from being a techno-populist stereotype (he described himself as the "people's lawyer"), to a mainstream figure. Particularly, after the European elections, where the Five Star Movement suffered a major drop in its vote, Conte aligned its position to that of Merkel and Macron at European and international level. The Prime Minister openly counter-balanced the euro-scepticism represented by the League and positioned himself as the guarantor of the external tie between Italy and Brussels. This position was also appreciated by the President of the Republic Sergio Mattarella. The new direction for the Five Star Movement became clear in July when their votes in the European Parliament became fundamental to electing Ursula von der Leyen as President of the European Commission. The League and the Five Star Movement split on the vote to confirm von der Leyen, with the latter reinforcing its pro-European position. Finally, for Salvini it had become increasingly difficult to govern with Conte as prime minister and to negotiate with him and the Five Star Movement a common agenda to present at European and international level; c) the consensus of the League was at its peak in the polls. For many analysts this factor was the most important one to trigger the crisis. Salvini saw the opportunity of snap elections and an excellent chance of winning them and then to govern alone or allied with the Brothers of Italy, a small right-wing party led by Giorgia Meloni. His idea was to capitalize on the League's support, thus becoming Prime Minister and to take office before approval of the budget law in order to achieve the League's fiscal reforms and infrastructure plan. Moreover, he aimed to free himself of the Five Star Movement in order to carry on the League's euro-sceptical politics and economic policy.

As soon as Salvini announced the break-up of the coalition, senator and former Prime Minister Matteo Renzi, who was still very influential with the Democratic Party's parliamentary group, stated that his party should be willing to enter into talks with the Five Star Movement to form an institutional government, which would at least approve a new budget law before going back to the polls. Much like Salvini's move, also Renzi's was surprising. Indeed, Renzi opposed negotiation between PD and the Five Star Movement after the 2018 election and in the last year he was a strong opponent of the Five Star Movement. However, in this government crisis Renzi saw the opportunity to prepare his comeback as a political leader and avoid snap elections. The former Prime Minister will use the coming months to assault the leadership of the PD or, if this plan fails, to create his own new party. Renzi desperately needed more time before the next election and his strategy worked in buying time. For this reason, he promoted the alliance with the Five Star Movement, despite having been a fierce and harsh opponent of the populist party.

The new Secretary of the PD, Nicola Zingaretti, was not at first enthusiastic about Renzi's plan. Indeed, Zingaretti would have preferred snap elections in order to put his people on the electoral lists and to consolidate his grip on the party. However, in a few days Zingaretti realized that most of the PD members of Parliament opposed snap elections and that the pressure from above, from the international and European establishment, was too strong to stick to his position. Consequently, the PD's leader offered a "legislature pact" to the Five Star Movement to form a political government with a long-term perspective. Zingaretti and Renzi agreed and they worked together to negotiate with the Five Star Movement.

The Five Star Movement was taken by surprise by Salvini's move, but it soon became clear that snap elections were the worst scenario for the party, which was suffering a serious drop in the polls. A large majority of its MPs opposed snap elections. In the Parliamentary debate on a "no confidence" motion in the government promoted by the League, the Prime Minister Giuseppe Conte accused Salvini of being selfish and greedy for power and he offered some olive branches to the Democratic Party at policy level. For Luigi Di Maio, the Five Star's leader, the crisis represented a major political problem. On one side, he lost his grip on the party with the rise of Giuseppe Conte as political leader, now backed by the founder of the Movement Beppe Grillo, and, on the other side, he had to manage the negotiation with the PD, a party that he has opposed since he stepped into politics. The loss of credibility as political leader for him has been severe because he had been the head of the anti-establishment alliance with the League, an alliance which soon after the 2018 election was preferred by the Five Star's leadership to that with the Democratic Party. However, to maintain the unity of the party and his cabinet post, he swallowed the bitter pill and he backed the agreement with PD.

This multiple convergence of political interests created the grounds for a successful negotiation. In less than two weeks the PD and the Five Star Movement gave rise to a new majority, a new policy programme and a new government. Many analysts expected a more technocratic cabinet, but in the end the two parties agreed on an entirely political government, including in the economic ministries, and President of the Republic Mattarella, who had applied pressure to appoint technocrats in the key roles when the League and the Five Star Movement allied, this time left the parties free to appoint politicians. The pro-European approach by the new government probably reassured the Head of the State who allowed the parties to select their ministers without interfering with their choices.

Moreover, one week after the confidence vote in the new government, Renzi split from the Democratic Party and founded his own movement, Italia Viva. The former Prime Minister has gathered about thirty MPs who will remain part of the majority. Renzi divorced from his party due to the divergence on political strategy with Zingaretti, whom he considered too leftist and too weak as leader, and due to the need to keep his hands free regarding the duration of the legislature. Furthermore, with an autonomous party Renzi's bargaining power on public appointments and the government's programme will probably be stronger. He could leverage the other political forces in the coalition to pull the plug on the government in order to exercise more influence on governmental action.

The composition of the new government. Giuseppe Conte has remained as Prime Minister, the PD accepted him as a neutral figure in the negotiation, allowing him to lead the government once again. This time Conte will not have any deputy prime minister (in his first cabinet there were two, Salvini and Di Maio) and he will probably have more autonomy from the political parties, particularly in managing European and international affairs. The PD got some important ministries, notably the Ministry for Economy and Finance, appointing Roberto Gualtieri, a long-term MEP and former Chairman of the Economic Commission at the European Parliament, as minister. The PD also obtained two other strategic posts in the cabinet: the minister of Defence (Lorenzo Guerini, a politician very close to Matteo Renzi) and the minister for Infrastructure (Paola De Micheli, very close to Zingaretti). Among economic departments, the Five Star Movement got the Ministry for Economic Development where Stefano Patuanelli has replaced his leader Luigi Di Maio, who has become the new Minister for Foreign Affairs. Riccardo Fraccaro, the former Minister for Direct Democracy and righthand man to Di Maio, has been appointed as undersecretary in the Prime Minister's office, a singular and powerful role in the Italian Republic. Fraccaro will control and influence the government actions undertaken by the Prime Minister, thus promoting the priorities of the Five Star Movement. Finally, the PD appointed Luciana Lamorgese, a public official as prefect, as Minister of the Interior, where she has succeeded Salvini. She is the only purely technocratic figure in the government.

The new relationship with Brussels. The new executive was born with strong endorsement from Brussels and major international leaders, namely Merkel, Macron and Trump, for Prime Minister Giuseppe Conte. Italy has realigned its foreign policy to a mainstream European vision. The big reverse from a national-populist government to a pro-European one enabled Italy to propose for appointment as European Commissioner the former Prime Minister Paolo Gentiloni (PD). Ursula von der Leyen accepted and appointed Gentiloni to the important role of European Commissioner for Economic Affairs. However, the new pro-European government is not without its ambiguities. While Giuseppe Conte is promising to the Commission that his government will control the budget deficit and impose fiscal discipline, at the domestic level he is promising the electorate very expensive reforms in terms of deficit spending. There is no longer in power a strongly euro-sceptical force such as the League, but it is very likely that the second Conte government will follow the previous executive by demanding of Brussels more space and flexibility for deficit spending without outlining a credible plan, at least so far, to reduce the significant public debt. The risk that Italy could leave the eurozone with this government is practically zero, but the uncertainties on economic policy remain open. Most of the future evolution

of the relationship between Rome and Brussels, and the future of this government as well, will depend on how effective the deal to relaunch economic growth and to manage immigration will be in next year. The approach of the new Minister of Interior will be softer, but not no borders. Conte stated that he will look for a common solution on immigration with the other member States. He aims to amend the Dublin Treaty rules to create stronger cooperation between Mediterranean countries and the others. In recent years, the inability of the EU and centre-left Italian governments to solve immigrant redistribution has been the main driver of the League's success. A failure now will weaken further a government which is starting with a very low approval rating among voters.

Public appointments. Besides avoiding snap elections, public appointments are the other incentive to form a new government. Indeed, in 2020 the top management of the most important authorities and State-owned companies (such as ENI, ENEL, Leonardo, Terna and others) must be renewed by the government. The parties of the coalition can exercise significant patronage, appointing hundreds of loyal people to these institutions and companies. Patronage is one of the few public powers which has remained entirely in the hands of the national government. The parties are hungry to exercise it and was a further incentive to avoid snap elections and Salvini's probable victory. Moreover, the appointment process will be a test of the unity and homogeneity of the government. If some disagreements occur, it might be read as a sign of friction within the coalition.

b. Opposition

The League. A new life is starting for the League in opposition. Salvini is still leading most of the country, despite suffering a political defeat with the formation of the new government. Salvini made a political mistake in August, underestimating the strength of Giuseppe Conte at international and European level (and the League's isolation), the influence of Matteo Renzi on PD's parliamentarians and flexible political vision, and the Five Star Movement's desire to remain in power. He torpedoed his government, he did not get snap elections and he moved to opposition. According to the polls the League lost around 5% of electoral support during the crisis and it is polling around 31-32%. Now Salvini will have to recast his role as opposition leader. Meanwhile, he has to manage some bad feeling within the League. Indeed, the regional governors from Northern Italy, the oldest and most powerful faction of the party, are demanding a new political course. Zaia, governor of wealthy Veneto, is suggesting Salvini become more moderate and abandon the ambiguities over Italexit. In recent years, the League's leader has refreshed the party in two ways: a) by involving some anti-euro intellectuals and economists; b) by looking at Southern Italy. The first strategy helped him attract media attention, forge an anti-establishment message and grow from 4% to the 17% he achieved in the 2018 general election, the second enabled the League to reach 34% in the European elections. However, with such a broad-based party now Salvini has to make some choices. He might continue to remain ambiguous on Italexit and hyper-critical towards the EU and the common currency betting on the failure of the European system in a distant future or he could put that behind him and create a large, popular, rightwing party to govern Italy in coming years. Salvini will have to choose between a Kurz-like political strategy or a LePen-like one. The older and wiser part of the party, which is successfully governing the richest part of the country, is putting pressure on him to pursue the first strategy. To

achieve it, he will probably have to downsize the anti-euro fraction of the party, which is the most outspoken on media and social media. In this case, he would remain right-wing and euro-sceptic but without being considered unreliable and dangerous by financial markets and most of the European establishment.

Brothers of Italy. The crisis has been an opportunity for the small right-wing party led by Giorgia Meloni, indeed Brothers of Italy has jumped to 8-9% in the polls (they got 4.5% in 2018). Meloni exploited the strategic defeat of Salvini to gain consensus and she stressed the need of an alliance with the League. Now Meloni is in a very strategic position should there be elections because with its electoral growth the seats of Brother of Italy will be essential in forming a right-wing coalition and governing the country. It is likely in the next few months that she will fight Salvini for southern voters where Brothers of Italy is stronger and we might expect a further slight increase in support for this party.

Forza Italia. Many observers believed last month in the possibility that Berlusconi's party would join the new majority. However, the tycoon decided to remain loyal to Salvini and Meloni, remaining in opposition. It would have been very difficult for Berlusconi to side with his political enemies of the Five Star Movement. We cannot exclude that a faction of Forza Italia might support the governing majority, particularly the former allies of the Democratic Party, on some issues if needed. Indeed, Forza Italia is losing support and many of its parliamentarians are ready to do whatever it takes to keep the current legislature until 2023. In particular, a faction of Forza Italia seems attracted by Renzi's new initiative to build a centrist and moderate party. While another faction, consisting of nine MPs and led by Liguria's regional governor Giovanni Toti, split from Forza Italia this month, looking more explicitly at forming a stable alliance with Meloni and Salvini. Moreover, Berlusconi reproached Salvini for his political mistake which enabled the Democratic Party to come back to power. Even with such attrition, the alliance between the three right-wing parties should be safe, because in coming months the centre-right coalition will have the opportunity to win many regional and local elections.

c. Public Policies

In terms of programmes, the new government presents a typical leftist and environmentalist approach. It focuses on fighting inequality and low wages and on promoting public investments and fiscal redistribution. These are the main points listed by the Prime Minister:

- **The Green New Deal.** The most idealistic proposal is the idea to deploy a Green New Deal. There are too few details now, but it will imply increasing public investment and tax expenditures for green initiatives and infrastructure. The policy follows the march of new environmentalism which is spreading across political parties in Europe. It will certainly affect renewable energies and the waste cycle and it might introduce new taxes to finance investment and to encourage green behaviour. Some industrial sectors (chemicals, car manufacturers, food and beverage)

could be affected by new regulations and taxes. It is too early to assess possible costs, benefits and risks.

- **Lowering taxation on medium-low wages and minimum wage.** The introduction of a minimum wage was in the programme of both the Five Star Movement and the Democratic Party. To realize this, the government must convince business associations and unions to strike a deal on the appropriate level for the minimum wage. They should probably offer some compensating policies in exchange, such as lowering taxation on labour and new recruitment. The reduction in taxation on medium-low wages puts this government on the same path as that of Matteo Renzi when the former Prime Minister decided to reduce the taxation on medium level wages. That policy has survived until today and it might be reinforced by the current executive.
- **Immigration.** The government will probably have a softer approach on immigration. The closed ports policy pursued by Salvini might be suspended, while the executive will start to work on a new agreement with the EU Commission. We should not expect an “open borders” approach, but a light downsizing of the most critical elements of Salvini’s security decrees. The approach to NGOs should be less tough. The effectiveness of the new immigration policy will mostly depend on the negotiation with the other Member States on the redistribution of migrants.

d. Forecasts

Probability of snap elections:

Elections within Q2 2020: **10%**

Elections between 2020 and 2021 (spring): **40%**

Elections after 2021 or at the end of the legislature (2023): **50%**

Towards a new political system? The new government is perfectly lawful in constitutional terms. Italy is a parliamentary republic and the President of the Republic, in the case of a government crisis, has to see if there is a new majority in Parliament before calling snap elections. In this case a new majority between PD and the Five Star Movement has emerged and a new executive has been formed. The government is legal, but it suffers a lack of legitimacy, some argue. The new majority is certainly made up of two parties which have been at each other’s throat for a decade and the main reasons for the alliance, which was created in Parliament and has moved Italy’s biggest party into opposition, are postponing elections and building up a block against Salvini and the League. In this context the Italian political system is facing two possible scenarios: a) if the alliance between the Democrats and the Five Star Movement is only an exceptional measure against Salvini the system will probably face a fragmentation of the political scene and the drafting of a new proportional law. The two parties will govern together but they will remain distant on the political spectrum, without forging an alliance at local level and an electoral one when a new general election comes; b) on the contrary, if the

commonality of ideas, interests and programmes prevails the Italian political system could be simplified in coming months. The alliance between PD and the Five Star Movement will become the new centre-left. In this case the system would return to the bi-polar model of the 2000s, with a competition between a right-wing coalition led by the League against the new centre-left formed by the Five Star Movement and PD. The electoral law will remain as now.

At the moment the parties are offering mixed signals. On one side, Di Maio and Zingaretti are weaving an alliance at the Umbria regional elections, where they are supporting the same presidential candidate. The alliance sets the ground for a bi-polar competition, at least at local level. A new confirmation for the centre-left would give it a firm foothold. The Five Star Movement would implicitly join the left side of the political spectrum. In this scenario the present electoral law, a mix between proportional and majoritarian systems, might be useful to give a better chance to the two groupings to govern with a more stable and homogenous majority.

However, on the other side, Matteo Renzi left the PD and created his own movement soon after the confidence vote on the new executive. This would imply the arrival on the scene of a new party in the governing majority and the possibility of passing a new proportional law would become more likely. This is because both Renzi and Di Maio have good reasons to introduce it. The former Prime Minister would have more space for his new centrist and moderate party because he would not be forced to join an alliance with his former party (PD), while the Five Star Movement would remain more coherent with their anti-political nature, flexible and equidistant from the left and the right.

How long will the government last? At this stage it is very difficult to forecast the length of the government. There are two scenarios on the table. If the polls show a rise for Renzi's new party, and a decline for the Five Star Movement and PD in coming months, we might have snap elections in 2020 or 2021. If this does not happen, it is possible the government will last until 2023, exploiting the opportunity to elect the next President of the Republic. The duration will depend also on European politics and the international economy. If in Brussels a "more of the same" strategy on political economy and fiscal rules prevails, the life of the government becomes more complicated. The room for manoeuvre to enact pro-growth and social policies will be reduced. In this case, political leaders might prefer to put an end to the experiment and return to the polls. A government with weak legitimacy in the middle of economic stagnation might be considered harmful to the credibility of the political parties which support it.

e. Mapping risks

There are two major risks at this moment concerning the Italian political system:

- **Uncertainty over the new budget law.** Today we do not have a clear view on the content of the 2020 budget law. The programme stated by Giuseppe Conte is costly in financial terms, to realize it soon would imply a breach of the EU fiscal rules. It seems likely the implementation of the programme will be very gradual, considering the pro-European approach adopted by Conte. Moreover, some measures, such as the Green New Deal, present risks for some industrial

sectors. Indeed, tighter regulation or heavier taxation might produce, in the short-medium term, negative outcomes in terms of employment and revenues. It is likely that continuity with the previous government will prevail in terms of social policy, hence citizens' income and the pension reforms (quota 100) will not be repealed. Furthermore, in setting out its programme the government has not presented a credible solution to reduce public debt. A positive note is that the downsizing of political risk associated with a euro-sceptical government (as the previous one was perceived to be by supranational institutions and markets) combined with Draghi's new quantitative easing is stabilizing government bonds.

- **Political instability.** With Renzi splitting from the PD, a new party, formed by 30 MPs who followed the former Prime Minister, will be part of the government coalition. In this scenario, Renzi has more bargaining power with the other forces and he can decide to pull the plug when the polls show it is convenient for him and his new party. Moreover, Renzi's party will have a say both in public appointments in State-owned companies and authorities and in the government's programme. Renzi's ideas are more centrist and liberal compared to those of the Five Star Movement and the Democratic Party, and with his own party the leader will be able to put more pressure on the government and to orient some policies according to his preferences and interests. The most radical environmental and social spending policies will probably be called into question by Renzi. This dynamic might exacerbate tensions with the Five Star Movement. In this scenario, political instability remains a major risk and it might impact on the length of government and on its policies.

The risks for the pro-European message. With this government there are some risks even for pro-European politics and, albeit indirectly, for the EU. The government was born with a very strong European and international endorsement for Conte. The political reversal was justified to avoid snap elections that probably would have delivered the government to Salvini and his euro-sceptical coalition. The strategy of the Five Star Movement and the Democratic Party might be read as a way to secure the country against the far-right and to safeguard pro-European politics. The operation was entirely developed within the corridors of power, without popular legitimacy. If Conte fails to deliver his promises on reviving economic growth and finding a solution on immigration at European level, the risk of a far-right return to power in future years remains very high. Moreover, a failure of this government will be probably interpreted by the electorate as a failure of pro-European politics, because of the strong supranational endorsement it has received. The strong tie between Conte-bis and the EU is a double-edged sword: it could be an opportunity to propel structural reforms, but it is a risk both for Italian and European mainstream parties. There is the risk of repeating the same story that occurred with Monti, when the technocratic pro-European government failed to reignite economic growth and triggered the populist and euro-sceptical backlash.

2. Public Opinion Trends

a. Polls

One year after its formation, the yellow-green government fell at the initiative of its junior partner, the League. After the striking success in the European elections (May 2019) of his party (and the demise of the Five Star Movement), Matteo Salvini pulled the League out of the Conte government in August, in an attempt to bring the country to new elections in the autumn.

However, the move had an unexpected consequence, leading the M5S and the Democratic Party to form a new majority and give birth to a new government, led once again by Giuseppe Conte. If the hot summer of Italian politics might represent an earthquake, the latest data on voting intentions among the electorate suggest otherwise. True, something has changed (as we shall see), but since the last European elections, the balance of power among the different political parties seems to have stabilized (Table 1)..

	Polls last week of June	May 26 European elections	Polls last week of March	Polls last week December	March 4 elections
League	32.4%	36.2%	34.3%	33.1%	32.9%
Five Star	19.7%	18.0%	17.1%	21.3%	26.3%
PD	20.9%	23.4%	22.7%	21.0%	17.6%
FI	6.7%	7.4%	8.8%	9.6%	8.7%
FDI	7.2%	6.7%	6.5%	4.5%	3.8%
+EU	2.3%	2.8%	3.1%	2.9%	2.5%
Italy Alive	4,6%				

Table 1: Electoral trends in recent surveys

As expected, the League has paid the price for its decision to bring an end to the government when it was still enjoying broad support in public opinion. In the European elections, Salvini's party obtained 34.3% of the votes; at the end of June the party had grown by almost 2 percentage points; at the end of September, with the crisis already over, the party lost almost 4 percentage points. Whether it is a simple stabilization of the party's electoral support or rather a setback is soon to say. Nevertheless, the

party remains firmly the first party in terms of electoral support (32.4%), confirming its pivotal role not only in the centre-right, but in the entire Italian political arena.

However, the decline of the League does not seem to have benefited the two new governing parties, the M5S and the Democratic Party. Compared to the latest surveys at the end of June, the M5S has gained just over 1 and a half percentage points, approaching the 20% threshold. On the contrary, the Democratic Party, which had also registered a positive trend in the last year, lost almost 2 and a half percentage points. It is difficult to say precisely the reasons behind this slightly negative trend, but two factors may have had a significant impact. On the one hand, some PD voters may have struggled to digest the alliance with the M5S, after years of open hostility and mistrust between the new allies. On the other hand, there is a new player in town: the former prime minister and PD secretary Matteo Renzi, after sponsoring the formation a new coalition government with the M5S, decided to leave the PD and to create a new political party: Italy Alive. In the most recent surveys the party polls around 5%, although it is still too early to establish what its real electoral strength is. However, it seems plausible that the party managed to mobilize a small portion of the PD electorate, already a few days after its formation.

In the right-wing camp, the party of Giorgia Meloni (Brothers of Italy, FdI) also confirms the positive trend that has characterized its electoral performance for a year now. In the European elections the party obtained 6.5% of the votes, while today it polls around 7.2%. If the radical right (the League and FdI) maintains broad electoral support, the decline of Silvio Berlusconi's party is now clear. FI, now standing at 6.7%, may also suffer a further setback after the formation of Italy Alive. The political ambitions of Matteo Renzi's party are in fact linked to a moderate electorate, which could be much more transversal than the one gathered now under the PD's flags. In other words, alongside the potential votes from the Democratic Party, Renzi could also manage to mobilize the votes of the moderate FI voters who do not like Salvini and Meloni.

b. Local elections

As already noted, the recent events that have marked the Italian political landscape have not radically altered the balance of powers (in electoral terms) between Italian political parties. The picture at the end of September is essentially the one that came out of the last European elections, with the League doubling its votes and the M5S instead halving them. Only a year after highly volatile legislative elections (March 2018), almost 40% of Italian voters changed their vote in the following European Parliament elections (May 2019).

To understand why so many voters changed their mind and the reasons behind the fortunes/misfortunes of different political parties, we have investigated the impact of specific issues on voting shifts between the general elections of 2018 and the EP elections of 2019. In particular, we have tried to understand whether and to what extent the credibility of political parties (as assessed and rated by voters) in achieving specific policy goals has been relevant in explaining the most recent electoral trends that we can observe in the polls. The results of this analysis are summarised in Table 2, where we report the issues which have had a statistically significant impact on voting shifts among voters, both in terms of outflows (that is, why voters decided to leave the party they voted for in 2018)

and inflows (that is, why people decided to vote for a different party in 2019 compared to the general elections of 2018)¹.

Inflows	Outflows
Competence on fiscal policy: Italy VS EU	Support Italian economic growth
Competence on budgetary policy: Italy VS EU	Make Italy count more in Europe
Make Italy count more in Europe	
Increase or reduce job market flexibility	
Protect Italy from terrorism	

Table 2: Significant policy issues in explaining electoral inflows/outflows between the general elections of 2018 and the EP elections of 2019.

The evaluation of party credibility on issues concerning the management of fiscal and budgetary policy (that is, whether these two policies should be decided at the national or the European level), the role of Italy in Europe, the deregulation of the job market, and the defence of the country from terrorist attacks were crucial in explaining why voters decided to vote for a specific party in 2019, changing their voting preferences compared to the general elections of 2018. Accordingly, the assessment of party credibility in boosting Italian economic growth and protecting Italy from terrorist attacks were key factors in explaining why people decided to abandon a party they voted for in the general elections of 2018.

The most striking result that emerges from the table, however, concerns the nature of the issues that have been most relevant in determining the most recent electoral trends: both for electoral inflows and outflows, the dynamics of voting shifts are dominated by economic rather than by cultural issues. This is especially relevant in a political situation which the Italian media portray as dominated by the immigration issue carried forward by the League’s Matteo Salvini. In fact our analyses (in line with other research that confirmed this even for the 2018 national election) highlight that even behind the success of the League (and its ability to provide a new anchor for centre-right voters in disarray with the twilight of Berlusconi’s leadership: by far the dominant dynamic of the 2019 EP election), there is indeed the ability to promote a clear right-wing *economic* agenda. In other words, *it’s the economy, stupid!*

¹ These results have been obtained by means of a linear probability model, using as a dependent variable (explanandum) the vote shifts between the general elections of 2018 and the EP elections of 2019. The independent variables (explanatory variables) are measures of party credibility in achieving specific policy goals. We estimated two models, one for inflows (explaining why voters decided to vote for a different party in the EP elections of 2019 compared to their choice in the general elections of 2018) and the other for outflows (explaining why voters left a party they voted for in the general elections of 2018 to support a different political party in the EP elections of 2019). The analyses were carried out using an original CAWI survey administered by Demetra on a non-probabilistic sample, weighted by sociodemographic characteristics of the targeted population (Italian citizens aged 18 or more) in the month preceding the EP elections of 2019 (N=1000).

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