

Italy and the EU: On a Collision Course?

by Ferdinando Nelli Feroci

The present Italian government, born out of a peculiar alliance between two political forces – the anti-establishment Five Star Movement (*MoVimento 5 Stelle* – M5S) and the right-wing League party – each with different electoral constituencies and political platforms, can explain much of Italy's current attitude towards the EU.

The results of the political elections of 4 March 2018 forced the M5S and the League to engage in complex negotiations to form a government, as the distribution of seats in parliament made it impossible to form other governing coalitions.

Yet, the two parties had to reconcile different – and often divergent – electoral promises. The result was the signature of what the two parties have called a “contract” (an effort to distinguish it from a full-fledged common programme) as the basis for the new government's policy agenda.

The two political platforms had very few things in common. These ranged from a strong and ideologically motivated antagonism against mainstream political parties and the élites that had ruled the country; an evident fascination for the idea of being the only legitimate representative of the “people”; a strong emphasis on the objective of protecting the interests of Italian “citizens” over those of other nationalities; an insistence on the need to enhance national sovereignty; and a pronounced hostility against the EU, portrayed as a supranational institution lacking democratic legitimacy and ruled by unelected “euro-bureaucrats”.

Ideas as such Italy leaving the EU, exiting the Euro or holding a referendum on Italy's membership of the Eurozone, mentioned in numerous political statements by the leaders of both parties before the elections, were subsequently put on hold after the formation of the government. Yet, both parties have continued to promote a euro-sceptic

Ferdinando Nelli Feroci is President of the Istituto Affari Internazionali (IAI).

(if not euro-phobic) narrative which stigmatises the EU, depicted as an entity imposing constraints rather than offering opportunities for Italy.

The EU, particularly the rules governing the Euro, continue to be presented by key government figures as the main culprits of the country's stagnating economy. According to this narrative, the austerity measures imposed by the EU to contain Italy's public deficit and debt have had damaging pro-cyclical effects on an already weakened economy and have prevented the adoption of measures that could have alleviated social malaise. The EU is also criticised for not showing the necessary solidarity towards a country more exposed than others to the impact of migratory flows.

Not surprisingly, therefore, the first major contrast with the EU was over the budget law for 2019. The original draft submitted by the Italian government to the European Commission (based on the assumption of a deficit of 2.4 per cent of GDP and of an overly optimistic 1.5 per cent growth for 2019) was a deliberate violation of the EU's fiscal rules. The not-so-subtle objective was to challenge the legitimacy and validity of those rules and, more broadly, the authority of the European Commission.

This decision and the subsequent threat by the Commission to open an infringement procedure for excessive debt provoked an immediate negative reaction from financial markets which fretted about the stability of Italy's public finances. A sharp increase in Italy's borrowing costs followed suit, reflected in wider yield spreads with

German bonds.

The government was hence forced to quickly revise the draft budget. It eventually agreed with the Commission on a new public deficit target – 2.04 per cent of GDP – bringing Italy broadly in line with previous commitments. But the process was painful.

There were harsh and repeated rhetorical assaults on "European bureaucracy" and the allegedly unjust rules governing the Euro. These criticisms have in turn fuelled disaffection and hostility towards the EU among the Italian public. In this context, the President of the Republic, Sergio Mattarella, a strong advocate of cooperative relations with EU institutions, played a crucial role in inducing the government to revise its position.

Migration has been another major source of friction between the Italian government and the EU. Prompted by Matteo Salvini, leader of the anti-immigrant League party, Deputy Prime Minister and Minister of the Interior, who has made the fight against irregular migration his rallying cry, the government adopted a tough stance on the issue.

On several occasions the government has prevented boats carrying migrants from docking in Italian ports, cynically playing on the unbearable humanitarian conditions of these migrants to increase pressure on other EU countries to help Italy by agreeing to accept some form of responsibility for the distribution of migrants across the EU. At the same time, the government

has also tightened the conditions for issuing residency permits to foreigners for humanitarian reasons.

The M5S-League government has thus lost no time in accusing the EU of a lack of solidarity in managing migratory flows. In so doing, it has deliberately confused the responsibilities of individual member states, many of which have refused to show increased solidarity on the migration issue, with those of EU institutions, which have instead done much to promote a cooperative and orderly management of the phenomenon.

This has deepened misperceptions among the Italian public, with many believing that the lack of a coordinated response to migratory flows is a direct responsibility of EU institutions. In this sense, the EU has been transformed into a convenient scapegoat for the difficulties in obtaining support and solidarity from national partners.

The on-going campaign for the European parliamentary elections this May has increased competition between the League and the M5S, with the former well ahead in the polls. Leading figures from both parties have multiplied their attacks on the EU, while looking beyond Italian borders for potential allies among the nationalist and anti-EU parties in other European states.

As a result, the government has become increasingly isolated and marginalised in Europe. Having neglected, and in some occasions even antagonised, traditional allies like France and Germany, Italy has sought convergence

with Visegrad group countries on the basis of their shared nationalist posture, overlooking the fact that their agendas and priorities are often at odds with basic Italian national interests.

In the run up to the European elections, Italy's ruling parties have updated their narrative. They now argue that the government is no longer anti-EU or against the Euro, but against "this" EU. By this, the two parties are pretending to reform this EU, bringing it closer to the interests of ordinary citizens and less attentive to the interests of banks, financial institutions, multinationals or lobbies.

Against this backdrop, both the M5S and the League party are gambling that the upcoming elections will produce a dramatic change in the political equilibrium in Europe with a defeat for the mainstream pro-European parties. This will also make the EU, so the argument goes, more attentive to Italian interests.

Such efforts may sound appealing but the fact is that in the meantime, the government has not been able to define a clear strategy, or concrete proposals on how to shape the future of the EU. It has failed to present a clear idea of the role of Italy in the EU, and of the EU in the world.

Moreover, and in no small part as a result of the government's frequent criticisms of traditional allies, Italy is presently absent from the main negotiating tables, including the preliminary conversations on the renewal of top positions in EU institutions. As a result, Italy appears to be more isolated in

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Europe, lacking both in negotiating leverage and credible strategies of alliance building.

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Via Angelo Brunetti, 9 - I-00186 Rome, Italy

T +39 06 3224360

F + 39 06 3224363

iai@iai.it

www.iai.it

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