

A view from...

Italy

News from FTI Consulting's European affiliate network

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European elections may represent a turning point for Italian politics. After almost a year of a Government led by Lega (former Northern League) and Movimento Cinque Stelle (M5S - Five Star Movement), the two parties increasingly appear as fierce competitors. An outcome strongly favourable to Matteo Salvini may rebalance the power sharing, while the rise of an alternative from the opposition still looks unlikely.

The EU elections come as first nation-wide test of strength within Italy's governing majority after almost a year after the birth of the cabinet led by President Giuseppe Conte. After a solid run in regional elections, Matteo Salvini's Lega reached a favourable position in the polls, possibly aiming at reverting the balance of powers in case of a landslide win on May 26th. The outcome of European elections will then be crucial to terminate or exacerbate the conflict-ridden atmosphere which is surrounding the Government over the last months, involving direct and intense confrontation between the two deputy-prime ministers: Matteo Salvini and Luigi Di Maio.

Then, very short space remains on the political scene for the opposition parties to try to overcome the *status quo*: the Partito Democratico entered a new leadership phase in March but, even if trying to coalesce many different actors on the centre-left scene, it is struggling to consolidate consensus over the 20% threshold. Forza Italia, which has missed Silvio Berlusconi, its leader in the electoral campaign, in the last few days, is targeting a minimum of 10% to keep alive its chance of rebuilding a centre-right coalition with Lega.

The unstable balance within the majority

While the '*Contract of Government*' ensured a task-oriented alliance between Lega and M5S, differences between the two parties increased significantly over time to distinguish their positioning on important topics including issues such as infrastructures, justice, economics and security. Looking at the electoral campaign, the two main parties dominating Italy's political landscape are rallying their constituencies and supporters around their identities of their respective leaders.

Salvini's Lega is presenting itself as a defender of the national interest on the European stage, setting security and stability for Italian citizens as its main priorities. This entails an emphasis on fighting immigration, illegal drugs and criminality, a '*strongman*' position on which Lega is building an alliance with other nationalist parties across Europe, namely Viktor Orban's Fidesz in Hungary. Lately, also economic issues returned to the spotlight with the proposal of extending to families and businesses the flat tax rate regime currently applied to freelancers.

At least three goals are on Salvini's agenda. First, testing the real chances of Lega forming a Government without allying with either the M5S or other centre-right parties such as Forza Italia and Fratelli d'Italia. Second, confirming an upward trend of consensus in Italy's southern regions, currently a strong constituency for the M5S. Third, securing the largest number of seats at the European Parliament so as to lead the choice for Italy's Commissioner in the next European Commission.

However, the main challenge to Lega's plan comes from its governing ally, the **Movimento Cinque Stelle**. After months of a downward trend in national polls, its leader **Luigi Di Maio** approached the electoral campaign trying to limit Salvini's attempt to position himself as the Government's major shareholder. M5S obstructed the approval of larger administrative autonomy for three Northern regions (Lombardia, Veneto and Emilia-Romagna), a long-awaited measure for Lega's constituencies but a potential cause of further competitive disadvantages for southern regions.

With Lega echoing the pro-sovereignty far right movement, the M5S is then increasingly looking at the leftist wing of the government coalition. On a range of topics (civil and social rights, migrations, labour) Luigi Di Maio is promoting a progressive-like stance, also calling on expansive economic policies at the European level to challenge previous austerity plans. Compared to Lega, however, it is less clear the scope of the coalition that the M5S will be able to set up at the European Parliament, where it aims to coalesce around moderate Eurosceptic parties.

Notwithstanding the increasing distance between the two main parties, breaking the national alliance may however not be the only foreseeable outcome of the European vote. Their combined votes will still create a potential majority well ahead of the 50% threshold in current polls. If either is able to consolidate some sort of consensus at either end of the far left or far right, then the usual Italian model of converging around the centre usual, may change, producing a credible governing alternative.

What about the opposition?

Looking at the official opposition, the centre-left is showing its first signs of new life. Right after the election of **Nicola Zingaretti** as its new leader, the **Partito Democratico** (PD) embraced a more progressive stance on labour and social rights, creating a recovery in the party's fortunes and rebuilding a coalition within the broad social-democratic area. According to polls, PD may be able to challenge the M5S to receive the country's second largest number of votes. This is partly also due to the alliance with **Siamo Europei**, a pro-business and pro-Europe movement led by **Carlo Calenda**, the former Minister for Economic Development. However, elsewhere, no agreement was found to with +Europa, another strongly pro-Europe movement adhering to liberal views. PD is also showing little ability to influence the European election campaign with other short-term issues and topics that are able to galvanize support. Its preference is to show credible economic policies focused on the medium term, based on lower estimates for GDP growth.

The same goes for **Forza Italia**, which is struggling to defend the moderate-conservative positioning of the EPP in Italy with voters instead leaking to both Lega and Fratelli d'Italia. This is a signal that the centre-right electorate, which traditionally represented entrepreneurs and small businesses, is moving towards the far right which has been busy championing the protectionist proposals aimed at defending Italian manufacturers.

For more information, please contact:

Paolo Zanetto

Partner

Tel +39 069 451 7950

Email paolo.zanetto@cattaneozanetto.it