

Five Bullets: ITALY'S IS NOT A POPULIST GOVERNMENT

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- Italy's government is not just another populist government, more or less similar to the Greek, the British or even the Hungarian governments. It is different because it is not one plain populist government like the others. In fact, it is made of two different and competing populist forces – the League and M5S - combined in one single government. The two populist souls are battling in one body for who has the most resonant populist voice.
- What happened during the composition of the recent financial plan (DEF) is revealing. Technocrat Finance Minister Giovanni Tria had agreed with the EU Commission on a deficit target for 2019 of 1.6% of GDP, slightly above the limits set by past commitments. The League wanted more fiscal leeway and demanded a 2.0% deficit. For days, a negotiation went on within the government about slight deviations from the 1.9-2.1% targets. Then, suddenly, the M5S leader demanded a much higher deficit – 2.4% of GDP – in sharp contrast with any European rule and former commitments. The request sounded outlandish and provocative to non-partisan observers. The finance minister was rumored to be threatening the government with his resignation. However, the League was ready to align with the M5S and write the 2.4% figure into the government's financial plan.
- What this is telling us is that two distinct populist forces are competing with each other and are reinforcing populist temptations. Internalizing the normal dialectic between government and opposition, this unusual Italian government is setting aside the normal checks and balances of democratic institutions, while its internal antagonism favors the most radical choices.
- If this competition is ingrained in the nature of the current Italian government, we may see another episode of “competitive radicalism” after the Draft Budget Plan is delivered to the European Commission. The Brussels authority is likely to demand that the Draft Budget Plan is modified and brought more into line with the Stability and Growth Pact. In that case the League and M5S will compete for the most sovereigntist and anti-European voice, allegedly defending the rights of the Italian people against the European bureaucrats.

- Changing the rhetoric of a democratic power that is “government and opposition” at the same time will not be easy. Financial markets may pile on the pressure, but the rhetoric that will prevail within the country will not see that pressure as rational, but as an act of violence against the “government of the people”. Finally, as a consequence, the government may close Italy’s borders to the rest of the world, stepping out of Europe or trying to do so before the Italian citizens’ sense of self-preservation might prevail.