

FT Collections **European politics: can the centre hold?**Opinion **Instant Insight****Italy delivers a damning verdict on its elite**

The populist gains lessen Rome's chances of teaming up with France and Germany

TONY BARBER

Officials oversee the vote count in Rome on Sunday: Italy can scarcely afford five years of policy drift before the next scheduled election © AP Tony Barber MARCH 5, 2018

Sunday's parliamentary [elections in Italy](#) could hardly have delivered a more damning verdict on the shortcomings of the political classes that have governed the nation for the past quarter of a century. The political order established after the collapse of Christian democracy and communism in the early 1990s is buckling under the weight of policy failures and an arrogant, self-serving attitude to power that has alienated millions of Italian voters.

If the result was a triumph for “populism”, it was also a defeat for “populism lite”. [Matteo Renzi](#) and [Silvio Berlusconi](#), two former mainstream prime ministers, each rose to power by deploying an artfully populist political style. But in this election they were trounced. Voters, fed up with two decades of economic stagnation and wave after wave of irregular migration into [Italy](#), swept them aside.

It was, in fact, a victory mainly for anti-establishment and radical rightist forces. This may have serious consequences for a long-awaited Franco-German initiative on closer eurozone and EU integration. An obstacle to this initiative disappeared on Sunday when members of Germany's Social Democratic party [voted](#) in favour of another grand coalition government with Angela Merkel's Christian Democrats.

Italy's bureaucratic, financial and industrial establishment dearly wants to join the Franco-German initiative. But Italy's centre-left and centre-right parties, which in many respects share this outlook, have suffered humiliating defeat. On EU policy, these parties are no longer in a position to make the political weather.

With insurgent movements critical of EU fiscal and economic orthodoxies tasting unprecedented electoral success in Italy, it is open to question how far Germany and like-minded northern European states will want to go down the road of deeper eurozone integration. At particular risk may be the project of completing Europe's banking union. German sceptics will seize the chance to argue that risk-sharing with Italy in the financial sector is even more unacceptable than it was before Sunday.

More broadly, the northern Europeans will surely demand solid evidence that the next Italian government is committed to fiscal discipline and reform-minded economic policies. This may be too much to ask of any government that includes the maverick Five Star Movement or the anti-immigrant, far-right League. Having won more than 30 per cent of the vote, Five Star will be the largest party in parliament. The League has emerged as the strongest party on the right, displacing Mr Berlusconi's Forza Italia.

It will not be clear for weeks, perhaps months, whether Five Star or the League will supply Italy's next prime minister. But neither party has a reputation for sound economic judgment or administrative expertise. Indeed, Five Star is untested at national level, whilst the League was only ever a junior partner in Berlusconi-led coalition governments. Profound differences about the purpose of politics divide Five Star's activists. Some of the movement's leaders seem ambitious to wield power at national level. Others, however, see their mission as the destruction of the existing political system, after which — so they say — they propose to dissolve their movement and go home.

The outlook for Italy's fiscal stance and debt equal to more than 130 per cent of gross domestic product is not necessarily so bleak. Recent Italian governments have run primary budget surpluses — that is, after excluding debt interest payments. Italy's sovereign debt profile is favourable, with an average maturity of more than seven years.

Since the 1990s, the Italian state has taken care to protect the public finances from political manipulation and resist pressure for excessive spending. Credit goes to the professionalism of the finance ministry and central bank, backed by peer pressure in the eurozone. This is the main reason why European concerns about Italy's political direction are not likely, in the near term, to turn into extreme anxiety.

However, there are justified doubts about whether Italy's next government will continue the structural economic reforms begun by Mario Monti's technocratic government in 2011 and advanced by centre-left governments after 2013. A failure to extend these reforms would be a terrible mistake.

Every year tens of thousands of Italy's best and brightest young people leave to work abroad. When the European economy grows, Italy's always grows a bit less. When a recession strikes, Italy's downturn is always harsher. The election result provides no answers about how Italy will address these challenges.

tony.barber@ft.com

Letter in response to this column:

[*Resilience is embedded in the Italian DNA / From Rosario A Iaconis, Mineola, NY, US*](#)

[Copyright](#) The Financial Times Limited 2018. All rights reserved.