Italy: Elections, crisis and Europe

As Italy prepares for elections in 2013 the markets and Europe remain anxious. The possible victory of the Democratic Party versus the return of Berlusconi. In the middle is the role of the “professor” Monti with a “third axis”.

Assoc. Prof. Bruno Mascitelli
Swinburne University of Technology
(Contemporary European Studies Association of Australia)
Italy: Elections, crisis and Europe

Summary of the presentation

• As Italy prepares for elections in 2013, the finance markets and Europe remain anxious. What way is Italy going to go?
• The return of Berlusconi, the re-emergence the Democratic Party or the continuation of the austerity “Professor” Monti?
• In background - 5 Star Movement and its social media following as well as the “separatist” and xenophobic Northern League.
• Election provide framework - election new President.
• Expectations on outcome – The Economist – Who will save Italy?
• Global financial crisis, Eurozone debt crisis pressure on Italy.
• The end of Berlusconi? – Continuation of Mario Monti?
• The economic crisis and the austerity axe of the professor.
• Paralysis of Italian politics - dissatisfaction with politics
• Berlusconi and populism against Europe – Monti Pro-Europe

Monti progresses to being a politician – 360 degree platform
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Background on the global financial crisis/Eurozone debt – Ousting of Berlusconi – In comes Monti

• GFC moved brutally throughout world’s developed economies.
• Europe was hit in 2009 striking all EU economies especially those with poor growth rates - with large public debts.
• European governments forced to stimulate and spend.
• Increase their public debt - fear in repaying the debt.
• The markets began responding negatively.
• European scenario was awash with market punishment of the Greek, Irish, Portuguese and Spanish markets.
• Especially in the public debt area.
• Domino effect and savage irrationality of punishing markets.
• Warning to the Italian markets, economy and government.
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The global financial crisis/Eurozone debt – Effect on Italy

- Berlusconi in government since 2008 – tired and distracted.
- His government responded poorly and little during the GFC.
- Berlusconi had been battling magistrates, internal bickering, a loss of credibility internationally, the Ruby case etc.
- Berlusconi faced confidence motions - his time running out.
- Berlusconi misjudged the markets – being a capitalist he thought he could manage them.
- Eventually Berlusconi ousted by the markets not by the parliament in November 2011.
- Bond markets went into gyrations made worse by poor economic performances for Italy including credit rating cut.
- Berlusconi still managing in traditional ways of thinking - public debt was stable and under control.
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The global financial crisis/Eurozone debt – Effect on Italy

• Berlusconi resigns – President assigns task to “Technical government” – professor Mario Monti.
• Berlusconi orders his PDL party to support the economic program for this Technical government.
• Berlusconi withdraws temporarily from politics.
• His PDL party engages in in-fighting.
• Monti grasp of government doesn’t immediately calm markets.
• The new government establishes an severe austerity package.
• This would become a defining policy which pleased the markets but not the Italians.
• Berlusconi see this was his opportunity for a return to politics.
Italy: Elections, crisis and Europe

The state of the Italian economy and the 2013 elections

• Many see this election as key to Italy’s and Europe’s future.
• Italian economy at best sluggish - 1% growth in 10 years.
• High unemployment – 30 per cent youth unemployment.
• Austerity imposed Monti economic reforms.
• A real dislike for the Euro – loss of competitiveness.
• Poor productivity, a declining state, high public debt.
• Though low budget deficit.
• Endemic corruption – especially the few State corporations.
• Struggling industrial districts.
Elections in Italy – some of the mechanics

- 47 million Italians eligible to vote on 24-25 February 2013.
- Will elect 618 deputies and 309 senators for 17° legislature.
- 3,200,000 voters abroad vote - 12 deputies & 6 senators.
- Senate less will vote - 43,224,709 - age restriction (over 25).
- The voting system is a messy one has been defined as a «pigsty» (Porcellum) and was introduced by Northern League Calderoli some years back and has never been recified.
- The voting system is proportional system with a «Majority Prize» and minimum entry for parties and coalitions – i.e. The Party/Coalition which carries the most votes will receive 55 per cent of the seats.
- Senate not possible to apply «Majority Prize» - more complex.
- Expectation centre-left will win the Deputies – win 340 dep.
- Need stronger number to win the senate – therefore coalition.
Italy: Elections, crisis and Europe

• Major Candidates - Mario Monti “With Monti for Italy”
• Mario Monti was born in Varese on March 19, 1943.
• Graduated in 1965 in Economics - Bocconi University of Milan.
• In 1969, at 26 years old, became professor - University of Trento.
• 16 years later was appointed Professor of Economics at the Bocconi University in Milan, director of Institute of Economics.
• In addition to numerous managerial positions in private companies (Fiat, General, BCI), Monti has held leading roles in several government and parliamentary committees.
• Monti was European Commissioner (1995 to 2004), with responsibility for the Internal Market, Services, Customs and Taxation from 1995 to 1999 for Competition from 1999 to 2004.
• From 2005 and 2011 was International Advisor - Goldman Sachs.
• On November 9, 2011 appointed senator for life by Napolitano.
• November 13, 2011 following the resignation of Berlusconi, he was tasked by Napolitano with forming a new government.
Italy: Elections, crisis and Europe

- **Major Candidates - Silvio Berlusconi People’s Freedom Party**
  - Silvio Berlusconi born in Milan on September 29, 1936.
  - Started business career in construction, expanding to telecommunications sector (Mediaset), publishing (Mondadori), finance (Mediolanum) and sports (AC Milan), setting up a business empire controlled by the family company, Fininvest.
  - In 1993 launched the centre-right political movement ‘Forza Italia’, which merged in 2008 with People’s Freedom Party.
  - Has been prime minister four times - Last tenure 2008 to 2011.
  - Resigned following international and domestic pressure to step down amid corruption trials, sex scandals, political divisions and indecision in the face of economic and financial crisis.
  - Mario Monti - a period of technocratic government.
  - Understood to have a personal fortune of $US5.9 billion - in 2012 Berlusconi sixth richest in Italy - 169th richest in the world.
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• Major Candidates - Beppe Grillo – 5 Star Movement
• Giuseppe Piero Grillo (Beppe Grillo) born in Genoa 1948.
• Primarily known as a comedian, media personality, politician.
• In the 1980s, his biting and outspoken political satire earned him a ban from Rai television in 1986; accusing Bettino Craxi’s Socialists of being thieves.
• Continued to work in theatre and in the 90s organized debates on the banking system and the environment.
• 2005 launched a blog became very popular in the country.
• In 2007 he proclaimed ”V Day” (Vaffa day, or ‘Fuck You day’) in Bologna (Piazza Maggiore) as part of a campaign against the so-called “old italian politics” drawing thousands of supporters.
• In 2009 launched the "5 Star Movement " in Milan, running in the administrative elections of 2010, 2011 and 2012, with strong results.
Italy: Elections, crisis and Europe

• **Major Candidates - Pier Luigi Bersani – Democratic Party**
  - Pierluigi Bersani born in the province of Piacenza, 1951.
  - Graduated in philosophy did a brief stint as a teacher, and then he devoted himself full-time to political activity.
  - Elected regional councillor in Emilia Romagna in the ranks of the Democratic Party of the Left in 1993, he was then President of the Region of Emilia-Romagna and re-elected in 1995.
  - Resigned in 1996 to become a member of the Prodi government.
  - In 2001 he was elected to the Chamber of Deputies for the first time, and became a member of the National Secretariat of the DS and appointed Treasurer of the party.
  - Was briefly in the European Parliament.
  - In 2006 he was appointed Minister to the second Prodi government.
  - In December 2012 - at the party primary ballot - he was chosen by 60% of voters as candidate to run as leader in the elections.
Italy: Elections, crisis and Europe

• **Major Candidates - Antonio Ingroia – Civil Revolution**
• Antonio Ingroia was born on March 31, 1959 in Palermo.
• Trained professionally in the Sicilian capital Palermo, he began his legal career as a judicial auditor, and in 1987 started working with anti-Mafia judges Giovanni Falcone and Paolo Borsellino.
• In 1992 he became a deputy prosecutor in Palermo, becoming the Anti-mafia section Attorney (DDA) in 2009.
• He led, among others, the investigation into Marcello Dell'Utri, a senator and member of Berlusconi’s PDL party and the inquiry into the "negotiation between the State and the Mafia".
• He has recently stated: "Borsellino was killed because it was considered an obstacle to negotiation... If the massacre of via d'Amelio was not planned, and acted by men of the State, the State was certainly complicit. This I can say I know."
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• **Major Candidates - Roberto Maroni – Northern League**
  • Born in Varese in 1955 and began his political career as a Marxist-Leninist militant, becoming a member of the extreme left Proletarian Democracy movement until 1979.
  • He was drawn to the Northern League (Lega Nord, then the Lega Lombarda) after meeting with Umberto Bossi.
  • He has been a member of the Lower Chamber of parliament since 1992, and in the same year became the Northern League's first elected mayor in a provincial capital - Varese.
  • In Berlusconi’s governments he was appointed Minister of the Interior and Minister of Labour.
  • In the up-coming election he is a candidate for the presidency of the Lombardia region.
The Democratic Party (PD) (Pierluigi Bersani)
• The PD platform is to be the real centre in Italy
• Had a tighter and more disciplined leadership
• Primaries process effective and convincing.
• Will seek an alliance to govern.
• They want to remove Berlusconi at all costs.
• To carry out austerity with some sensitiity
• To support Europe and the Eurozone
• Bersani probably has a plan for Monti to be part of his government.
• They have their finger on trade union quiescence.
• Expect to introduce “conflict of interest” legislation.
• Most likely will be the winners
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What is Mario Monti saying?

• Monti – “If the centre-right were to win, Italy return to the risky position it was in November 2011 and reforms would end”.
• Cialartans who say that Italy was in good shape in 2011!
• If PD wins – a ore secure environment but maybe reforms will not be continued.
• Monti allied himself with the so-called “centre” – (with Fini and Casini) because "They were the first who saw the limits of conflictual bi-polarism”.
• Prepared to reform the country and create «Third Pole».
• According to Monti the revelations of large Italian companies making corruption payments see a return of Tangentopoli of the 1990s.
Italy: Elections, crisis and Europe

What is Berlusconi up to?

• Berlusconi commands the PDL - when he is away it falls apart.
• Have had some splits and loss of support
• Vatican put its weight behind the new DC movement (Monti)
• His alliance with the racist Lega Nord confirmed
• Flirting with Mussolini statements – “He did good things”
• Flirtation - mixture of right wing skullduggery/rattling cages.
• While totally insensitive he is not a fool and so its deliberate.
• Berlusconi is many things - his personal sense of importance.
• Embraces Cold War rhetoric - defines bureaucracy of the Italian state as part of communism
• Above all he believes that he is chosen disciple of an “Italian miracle”
• Feared by the stock markets, European Union, world markets.
• Declared will cancel the Property tax (IMU).
Italy: Elections, crisis and Europe

What is Berlusconi up to?

• Berlusconi & corruption – They are paid – no to “a moralistic view”.
• Acts of corruption effecting large Italian companies ENI, ENEL and Finmeccanica - large Italian companies negotiate with third world countries (themselves imperfect democracies) there will be conditions in order to win the contracts.
• Handouts? Like external commissions requested in these countries – democracies like our own these things don’t exist.
• Italian magistrates investigating are committing self harm on Italy - no-one will work with these large Italian companies.
• Grillo “he is a threat to our democracy”.
• Berlusconi - reintroduce “parliamentary immunity” if elected.
• Berlusconi: On Monti says he doesn’t know much about the economy. Responsible for the terrible economic recession.
• Changes in his party – Alfano the best replacement – There will be a generational change including himself.
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The view from Europe (Financial Times)

• Government to maintain the reform path of Mario Monti.
• Has Monti involved in policy making of Monti (premier, finance minister, state president or another influential role).
• Hope that social unrest remains ebbed with deep austerity.
• Stop Berlusconi coming in and out of politics.
• Outcome is important – decide the eurozone’s efforts in 2013 to emerge from its debt and banking sector crisis.
• Traditional and populist right, forces of Berlusconi, Northern League and Beppe Grillo, 5 Star Movement account for 40%.
• None of these three agrees with Monti austerity and reform.
• On the left, the Democratic party with 33-37%, and the Left Ecology Freedom party with 5%, another 40 per cent.
• About 10 per cent of voters are undecided.
• Leaving 10% for the centre Monti parties of the pro-reform.
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The view from Europe (Financial Times)

• Monti centre coalition will not get a majority nor get enough votes to be senior partner in a government with PD.
• The Italian centre is weak for several historical reasons.
• The Centre Parties - Union of the Centre, (Casini - ex Christian Democracy) and Future and Liberty (Fini), former post-fascist who successfully reinvented himself but lost electoral support.
• Towards the Third Republic a creature of Montezemolo, a businessman but not an experienced politician.
• Most of these parties are not too enthusiastic about reforms.
• Outside parliament, ranks of anti-reform lobbies such as Italy’s professional orders and trade unions.
• Momentum of Mr Monti’s reforms has, in any case, been slowing down.
• Some say improvements came from Mario... Draghi not Monti!
Italy: Elections, crisis and Europe

Italian confidence in the European Union project

LA FIDUCIA NELL'UNIONE EUROPEA
Quanta fiducia prova nei confronti dell'Unione Europea? (valori percentuali di coloro che dichiarano Moltissima o Molta fiducia, al netto dei non rispondenti – Serie storica)

In base all'orientamento politico

<table>
<thead>
<tr>
<th>Party</th>
<th>PD</th>
<th>IDV</th>
<th>SEL</th>
<th>UDC</th>
<th>FI</th>
<th>PDL</th>
<th>LEGA NORD</th>
<th>MOV. 5 STELLE</th>
<th>TUTTI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>54.7</td>
<td>29.5</td>
<td>46.4</td>
<td>38.8</td>
<td>16.5</td>
<td>25.6</td>
<td>23.5</td>
<td>33.7</td>
<td>36.0</td>
</tr>
</tbody>
</table>

Fonte: Sondaggio Demos & Pi, Settembre 2012 (base: 1416 casi)
### Italy: Elections, crisis and Europe

**Election forecast (January 2013) – House of deputies**

#### STIME ELETTORALI (CAMERA DEI DEPUTATI)

Se oggi ci fossero le elezioni politiche nazionali, Lei quale partito voterebbe alla Camera? (valori percentuali *)

<table>
<thead>
<tr>
<th>Partito</th>
<th>STIME DI VOTO</th>
</tr>
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<tbody>
<tr>
<td>Pd</td>
<td>33.5</td>
</tr>
<tr>
<td>Sel</td>
<td>4.0</td>
</tr>
<tr>
<td>Altri partiti di centro</td>
<td>0.8</td>
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<tr>
<td>Scelta Civica - Con Monti per l'Italia</td>
<td>11.6</td>
</tr>
<tr>
<td>UdC</td>
<td>3.6</td>
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<tr>
<td>Altri partiti di centro</td>
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<td>Pdl</td>
<td>18.1</td>
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<td>Lega Nord</td>
<td>4.5</td>
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<tr>
<td>Altri partiti di centro destra</td>
<td>3.2</td>
</tr>
<tr>
<td>Movimento 5 Stelle</td>
<td>13.0</td>
</tr>
<tr>
<td>Rivoluzione Civile</td>
<td>4.5</td>
</tr>
<tr>
<td>Altri partiti</td>
<td>2.4</td>
</tr>
<tr>
<td>Totale</td>
<td>100.0</td>
</tr>
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</table>

*I risultati delle forze politiche che non raggiungono il 2% sono in “altri partiti”*

**Fonte:** Sondaggio Demos & Pi, Gennaio 2013 (base: 1222 casi)
### STIME ELETTORALI (SENATORE DELL’ITALIA)
Se oggi ci fossero le elezioni politiche nazionali, Lei quale partito voterebbe al Senato? (valori percentuali *)

<table>
<thead>
<tr>
<th>Party</th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>PD</td>
<td>34.9</td>
</tr>
<tr>
<td>PSI</td>
<td>3.0</td>
</tr>
<tr>
<td>Altri partiti di centro-sinistra</td>
<td>0.6</td>
</tr>
<tr>
<td>Con Monti per l’Italia</td>
<td>16.1</td>
</tr>
<tr>
<td>Lega Nord</td>
<td>4.4</td>
</tr>
<tr>
<td>Altri partiti di centro-destra</td>
<td>2.8</td>
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<tr>
<td>Movimento 5 Stelle</td>
<td>12.1</td>
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<tr>
<td>Rivoluzione Civile</td>
<td>4.6</td>
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<tr>
<td>Altri partiti</td>
<td>2.8</td>
</tr>
<tr>
<td>Totale</td>
<td>100.0</td>
</tr>
</tbody>
</table>

* Risultati delle forze politiche che non raggiungono il 2% sono in “altri partiti.”

Fonte: Sondaggio Demos & Pi, Gennaio 2013 (base: 1222 casi)
## Italy: Elections, crisis and Europe

### STIME ELETTORALI (CAMERA DEI DEPUTATI)
Se oggi ci fossero le elezioni politiche nazionali, Lei quale partito voterebbe alla Camera? (valori percentuali*)

<table>
<thead>
<tr>
<th>STIME DI VOTO Camera dei Deputati</th>
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<tbody>
<tr>
<td></td>
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<tr>
<td>PdI</td>
</tr>
<tr>
<td>Sel</td>
</tr>
<tr>
<td>Altri partiti di centro-sinistra</td>
</tr>
<tr>
<td>BERSANI</td>
</tr>
<tr>
<td>Scelta Civica Con Monti per l'Italia</td>
</tr>
<tr>
<td>Udc</td>
</tr>
<tr>
<td>Altri partiti di centro</td>
</tr>
<tr>
<td>MONTI</td>
</tr>
<tr>
<td>PdI</td>
</tr>
<tr>
<td>Lega Nord</td>
</tr>
<tr>
<td>Altri partiti di centro-destra</td>
</tr>
<tr>
<td>BERLUSCONI</td>
</tr>
<tr>
<td>Movimento 5 Stelle</td>
</tr>
<tr>
<td>GRILLO</td>
</tr>
<tr>
<td>Rivoluzione Civile</td>
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<tr>
<td>INGROIA</td>
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<tr>
<td>Altri partiti</td>
</tr>
<tr>
<td>Totale</td>
</tr>
</tbody>
</table>

*I risultati delle forze politiche che non raggiungono il 2% sono in "altri partiti"

Fonte: Sondaggio Demos & Pi, Febbraio 2013 (base: 1009 casi)
Table 1 – Allocation of Italian overseas seats by Electoral College

<table>
<thead>
<tr>
<th>Electoral college</th>
<th>Chamber of Deputies (n. of seats)</th>
<th>Senate (n. of seats)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>South America</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>North and Central America</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Asia, Africa, Oceania and Antarctica</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
<td><strong>6</strong></td>
</tr>
</tbody>
</table>

Swinburne University of Technology, Melbourne, Australia
Italy: Elections crisis and Europe

Table 2 - Candidates for the 2013 elections

<table>
<thead>
<tr>
<th>Party/coalition</th>
<th>House of Deputies</th>
<th>Senate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partito Democratico/Democratic Party</td>
<td>Marco Fedi (Melbourne) Giuliano Giacovazzi (Sth Africa)</td>
<td>Francesco Giacobbe (Sydney)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Silvia Finzi (Tunisia)</td>
</tr>
<tr>
<td>PDL/People’s Freedom Party</td>
<td>Theresa Restifa (Sydney) Sharon Nizza (Israel)</td>
<td>Ivano Ercole (Melbourne)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Salvatore Cristaudo (Sth Africa)</td>
</tr>
<tr>
<td>Con Monti per l’Italia/With Monti for</td>
<td>Theodoro Spiniello (Adelaide) Maurizio Aloisi, (Sydney)</td>
<td>Nicola Care’(Sydney)</td>
</tr>
<tr>
<td>Italy (includes also UDC, FLI and</td>
<td></td>
<td>Joe Cossari (Melbourne)</td>
</tr>
<tr>
<td>MAIE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movimento 5 Stelle/5 Star Movement</td>
<td>Omar Bassalti, (Singapore) Francesco Pecorari, (Hong Kong)</td>
<td>Andrea Tosatto, (Dubai)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ermenegildo Pin, (Sydney)</td>
</tr>
</tbody>
</table>

Source: Author
### Italy: Elections crisis and Europe

**Table 3 – AAOA Electoral college, Party Result, 2008 elections**

<table>
<thead>
<tr>
<th>Political party/coalition</th>
<th>Votes (Chamber of Deputies)</th>
<th>%</th>
<th>Seats</th>
<th>Votes (Senate)</th>
<th>%</th>
<th>Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>PD</td>
<td>23,981</td>
<td>47.32</td>
<td>1</td>
<td>21,427</td>
<td>44.66</td>
<td>1</td>
</tr>
<tr>
<td>PDL</td>
<td>21,479</td>
<td>42.38</td>
<td>-</td>
<td>20,648</td>
<td>43.04</td>
<td>-</td>
</tr>
<tr>
<td>UDC</td>
<td>3,569</td>
<td>7.04</td>
<td>-</td>
<td>3,042</td>
<td>6.34</td>
<td>-</td>
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<tr>
<td>PS</td>
<td>1,642</td>
<td>3.24</td>
<td>-</td>
<td>1,122</td>
<td>2.33</td>
<td>-</td>
</tr>
<tr>
<td>SA</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,733</td>
<td>3.61</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50,671</strong></td>
<td><strong>100.0</strong></td>
<td><strong>1</strong></td>
<td><strong>47,972</strong></td>
<td><strong>100.0</strong></td>
<td><strong>1</strong></td>
</tr>
</tbody>
</table>

Source: Adapted from *Il Globo*, 18 April 2008

**Table 4 – Ballot papers sent and received in Australia and AAOA Electoral College, 2006 and 2008 elections**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>posted</td>
<td>Received</td>
<td>posted</td>
</tr>
<tr>
<td>Australia</td>
<td>94,520</td>
<td>39,032</td>
<td>97,321</td>
</tr>
<tr>
<td>AAOA</td>
<td>152,203</td>
<td>67,152</td>
<td>155,409</td>
</tr>
</tbody>
</table>

Source: Italy’s Ministry of Foreign Affairs, 2006 and 2008 elections.
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Conclusion

• Though PDL closing the gap it might be too late for Berlusconi.
• If he loses it will be his political closure.
• Will need to be a coalition government for the Chamber.
• Monti not doing so well despite the excitement there is for him abroad.
• The Democratic Party still holding a lead but not by much.
• The 5 Star Movement could well be what Berlusconi defined as “a threat to democracy”.
• Chamber of Deputies has a clear winner but not the Senate.
• External electoral colleges again might be the deciders for the senate majority.
• Italy could return to the polls in this event even this year.
Thank you
Any questions?