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Italian Austerity in the Polls: The Results

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In my [previous post \(http://www.economonitor.com/blog/2013/02/italian-austerity-in-the-polls/\)](http://www.economonitor.com/blog/2013/02/italian-austerity-in-the-polls/) before Italy's general elections, I argued that the economic legacy of the Monti government was problematic, not so much in reason of the doses of austerity inflicted on the country as to the poor deliverables regarding the promises of "more equity and growth" and a reasonable perspective of recovery. Now we have seen the astonishing response of voters. But was it really unpredictable?

Unlike previous "bipolar" elections, this time we had four major competitors: the center-right coalition with the Northern League, revitalized by Silvio Berlusconi, the center coalition gathered by Mario Monti, the center-left coalition around the leader of the Democratic Party Pierluigi Bersani, and the stand-alone, brand-new "Movimento 5 Stelle" (M5S, Five Star Movement) created by Beppe Grillo. As is probably known even outside Italy, M5S was the real new political offer, entirely created via the web outside the traditional party system and "from the bottom" of civil society, but with a strong charismatic relationship with the founding father and commander in chief. M5S political profile and identity is uneasy to draw and understand, but its roots are basically the same as those of such movements as No Global, *Indignados* or Occupy Wall Street, with a strong emphasis on war against corruption, public immorality, privileges and all the evils of the old party system.

The big issues have been two: how to find a way out from the crisis, and a radical reform and sanitization of the political system. All competitors have put forward programmes and promises on the former issue. Two fronts have emerged quite clearly: to do something more and better to rekindle the economy but with firm anchorage to Europe (center + center-left), let Europe and euro go if necessary (center-right and M5S). In the pro-Europe front, Monti has chosen to mark and stress his distance from the left of the center-left heralding the Brussels comandament of structural reforms (read: labour market) notoriously unpalatable to the left. Bersani has instead stressed a (very) moderate "Keynesian" approach based on a) a concerted renegotiation of the terms and timing of fiscal consolidation placing recovery first, b) a commitment to supporting the institutional reforms of the monetary union lying on the table. The other issue of reforms against the "political caste" has been monopolized by M5S, with the other parties either silent (center-right) or vague (center) or not so credible (center-left).

On the eve of the elections, opinion polls were stably in favour of the center-left, quoted around 35%, followed by the center-right between 25% ad 30%, Monti and M5S struggling for the third position between 15% and 20%. Hence the expected result was a center-left + center government. Real votes have been dramatically different, as you can see in the following table:

	Deputy Chamber	Senate
Center-left	29.5%	31.6%
Center-right	29.1%	30.7%
M5S	25.5%	23.8%
Center	10.5%	9.1%

(<http://www.economonitor.com/wp-content/uploads/2013/03/Rtambor1.jpg>)

Owing to the absurd mechanism of the electoral system (one of the missing reforms of the Monti government), the center-left alone will take the absolute majority of seats in the Deputy Chamber, whereas neither the center-left alone nor the center-left + center coalition are sufficient to obtain the majority of seats in the Senate (where seats are attributed on regional basis, and the center-left has lost the four regions with the largest number of seats). Hence, either “innatural” majorities are tried (e.g. center-left + M5S or center-left + center-right) or no government is possible. Awaiting for more technical analyses of electoral flows, a few considerations appear rather clear.

First the true winner is not Silvio Berlusconi but Beppe Grillo, whose movement largely overshot expectations. The center-right performance, once again thanks to the magics of its leader, has been remarkable with reference to initial dreadful conditions, but this time Berlusconi has been unable to go beyond the opinion polls by capturing the last-minute voters. Actually, the center-right has lost about 40% of votes with respect to the galactic victory of 2008. But it is one of the preferred magics of Berlusconi that a defeat appears as a victory.

The true surprise is the poor performance of the Democrats and of Monti’s coalition, which have stopped well below the respective expectations. As to the Democrats, they have lost about 3 million votes relative to 2008, but their fatal 5% leakage from the opinion polls to true votes exactly corresponds to the extra 5% of true votes for M5S. Ex-post, three strategic mistakes appear. First, the Democrats saw this election as the usual head-to-head competition against Berlusconi, whereas their actual competitors were two. Second, they also thought their constituency was immune from the M5S *tsunami*, which has turned out to be untrue. My guess is that most of the migration of Democrats’ votes is not against Europe but against the “political caste” to which the party’s leadership is associated. Third, the Democrats overvalued the electoral attractiveness of “Monti-sm” towards the center-right constituencies, and in particular the personal endowment of the former prime minister.

Among the key faults underlying the failure of this first attempt to open a new post-Berlusconi political phase, I rank (self-) overvaluation of “Monti-sm” first. This was a generalized mistake among self-referential political and economic élites, both in Italy and in Europe, disconnected from the real voters’ sentiment. In the first place, these élites have been lulling themselves and a whole generation of politicians with the faulty idea that in Italy there exists a vast “moderate” area unwilling to vote left, but eager to leave Berlusconi for a serious, liberal, European-style leader. After twenty years of attempts to transform the existing reformist left into the non-existing moderate right, the messiah eventually materialized in the person of Mario Monti. He certainly has those much awaited characteristics, but it is now crystal clear that the elect people is rather thin, much thinner than the non-contendible core of Berlusconi’s fans. And the 40% who abandoned Berlusconi and the Northern League either have not voted or have voted for M5S with enthusiasm.

For those living in Main Street, it was palpable that Monti's popular support was falling apart. Note that this did not happen at the time of the emergency surgery, with the approval of the 2012 budget law and the awesome pension reform, when Monti still scored a remarkable 60% of support, but discontent crept as most people were not perceiving any real reward from sacrifices: debt still on the rise, rumours of necessity of further fiscal restraints, intolerable fiscal pressure, credit crunch, massive foreclosures of businesses, higher and higher unemployment, impoverishment. True, the spread was eventually tamed in the fall of 2012, but with scant, if any, tangible effect on real life in the subsequent six months.

Is discontent – or should we say rage – only due to irrationality, immaturity, and the populist propaganda of the oppositions? Maybe, but Monti has appeared totally aphasic and unable to convincingly explain people how, and especially *when*, his austerity therapy would have delivered the fruits he had promised in his programme. In his campaign Monti has argued that his work is unfinished, that more radical structural reforms will be needed because they have been hindered by cross vetoes of the parties backing his government. This is only partly true, but what is worse, this message conflicts with the basic truth that “austerity obstructs real economic reforms” (see W. Munchau *F.T. online*, February 24 (<http://www.ft.com.ezp.biblio.unitn.it/intl/cms/s/0/888950de-7c54-11e2-99f0-00144feabdc0.html#axzz2M7qkrok2>)), and you can hardly have people vote for both at the same time, even more so if you irritate the electorate of your future government partners. Hence, rough and unfair as it may be, the perception is that austerity is not working, sacrifices are fruitless, and Monti does not have plan B, or that plan B may be even worse than plan A. Monti's coalition partners and the Democrats have tuned their campaign on the message that they loyally supported the government that saved the country, and that there would be continuity (with minor corrections) after the elections. This, I am afraid, turned out to be a liability more than an asset.

Also, the second pillar of the political narrative of Monti and the Democrats – Europe – proved to be much more frail than it used to be in the past. As a matter of fact, almost 56% of votes (center-right + M5S) went to parties with more or less aggressive anti-European or anti-euro messages. All in all, Monti got not so much from Europe, and from Germany in particular. True, after years of Italy's irrelevance, Monti brought to Brussels his high personal status and important connections. His credibility helped “the other Mario” to overcome Germany's opposition against the creation of the ECB's anti-spread shield – and against Draghi himself. European leaders paid Monti lip service abundantly, and endorsed his electoral race. But in the year of Monti's premiership, the (hypothetical) alliance with the new French government never took off, negotiations for the much awaited reforms of the monetary union made little progress, the many weaknesses of the union's financial stabilization mechanisms were not amended, the austerity strategy imposed by the German block was not corrected, the ridiculous European budget was cut under the pressure of the British conservatives. German anti-Italian sentiments are still alive (as the shameful episode of Mr. Steinbrück shows) reciprocated from the Country of Lemons more warmly than ever. The idea that the blood and tears of the Italians were the toll to pay to have a say in the negotiations has not produced visible results. Of course, Monti is not the sole responsible for such a meagre European campaign. Actually, he, and the Democrats, are just the latest illustrious victims of the systematic demolition of pro-Europe popular sentiments and leaders due to Europe's non-policy, which in few years' time will push the continent back to its stone age. Beppe Grillo's M5S is just the appetizer.