

Power for the “populists”

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The same day the German Social Democrats announced the result of their referendum, Italy elected a new parliament, and like in Germany the center did not hold. The Partito Democratico (PD), led by Renzi who had promised to “demolish” the old political class and its institutions, under the *nom de guerre* of *il rottamatore*, ended up with a mere 19 percent (23 percent including allied parties), and had to go. Note that this was roughly in the order of the disastrous result of the SPD half a year earlier. 33 percent went to the Five-Star Movement (Movimento Cinque Stelle, M5S), while 37 percent voted for the right-of-center alliance between the Lega, the reborn Lega Nord, and Berlusconi’s Forza Italia.

The election made Italy the first EU member state with a solid “populist” and essentially anti-euro, if not anti-EU, majority. Overall the outcome reflects deep despair over more than a decade of economic stagnation and unfulfilled promises, when the country was deadlocked between the pressures of the hard-currency euro regime for neoliberal “reform” and effective popular resistance against it. Equally fateful was immigration. Like in many other European countries it seems to have become a symbol for a sort of “openness” that brings with it a loss of popular-democratic control, together with relentless pressures for never-ending change in everyday life, economic, social and cultural.

Forming a new government will take time, perhaps as much as it did in Germany. However this will work out, from a European perspective what will matter most is the implications for the common currency. While the election outcome was not (yet) anti-euro, it was certainly not pro-euro either. Paradoxically this may widen a future Italian government’s room for maneuver. Berlusconi and his allies had during the campaign promoted the idea of a second currency in addition to the euro, called New Lira, but had subsequently toned it down to focus on immigration. M5S, on its part, had initially promised a referendum on the euro, only to keep silent on it later. Apparently both were afraid of adding to voters’ economic anxieties and thereby perhaps playing into the hands of Renzi and his pro-euro centrism. In any case, whoever will in the end govern in Italy cannot be expected by Germany, France or the ECB to push through the neoliberal “reforms” that cost Renzi and his party their political life. Macron’s new call for fiscal discipline will go as unheard as German con-

cerns over a banking union under which Germany will have to pay for the rescue of Italian banks.

Thus instability and political confusion at home can become a source of political strength in Europe. With a second currency and a euro referendum as political options, conditions for European support will be impossible to enforce, and Italian governments can insist on all sorts of bailouts as reward just for holding on to the common currency. Whilst abandoning the euro or introducing a New Lira may seem extremely risky for Italy itself, especially if done unilaterally without support from Merkel and Macron (who both want to avoid at all cost to open a safe way out of EMU), it may be just as risky for its European partners. For Germany in particular, it could mean the end of an economic bonanza that Merkel had defended tooth and nail under the cover of “the European idea”. If Italy can credibly create the impression that it is politically prepared to blow itself up, taking the rest of the Eurozone with it – and after this election it might be able to create exactly this impression – it would enormously enhance its European bargaining power. Remember the famous dialogue from the Watergate tapes, where Nixon’s chief of staff, Haldeman, enters the Oval Office and breathlessly reports another Middle Eastern war to be imminent. Nixon: “Put all our nuclear forces on alert!” Haldeman: “Mr. President, the Russians will think you are mad!” Nixon: “That’s exactly what I want them to believe!”