



What do the Italian Elections Mean for Europe?

#LSEItaly

Professor Francesco Caselli

Norman Sosnow Professor of Economics at the LSE Department of Economics

Lorenzo Codogno

Visiting Professor in Practice at the LSE European Institute

Dr Miriam Sorace

LSE Fellow in EU Politics at the European Institute

Chair: Dr Sara Hagemann

Associate Professor in European Politics at the LSE European Institute

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Dr. Miriam Sorace

Outline

- Key actors in the electoral campaign
- Italian public opinion
- Vote intention and seat projections

Matteo Renzi – Partito Democratico



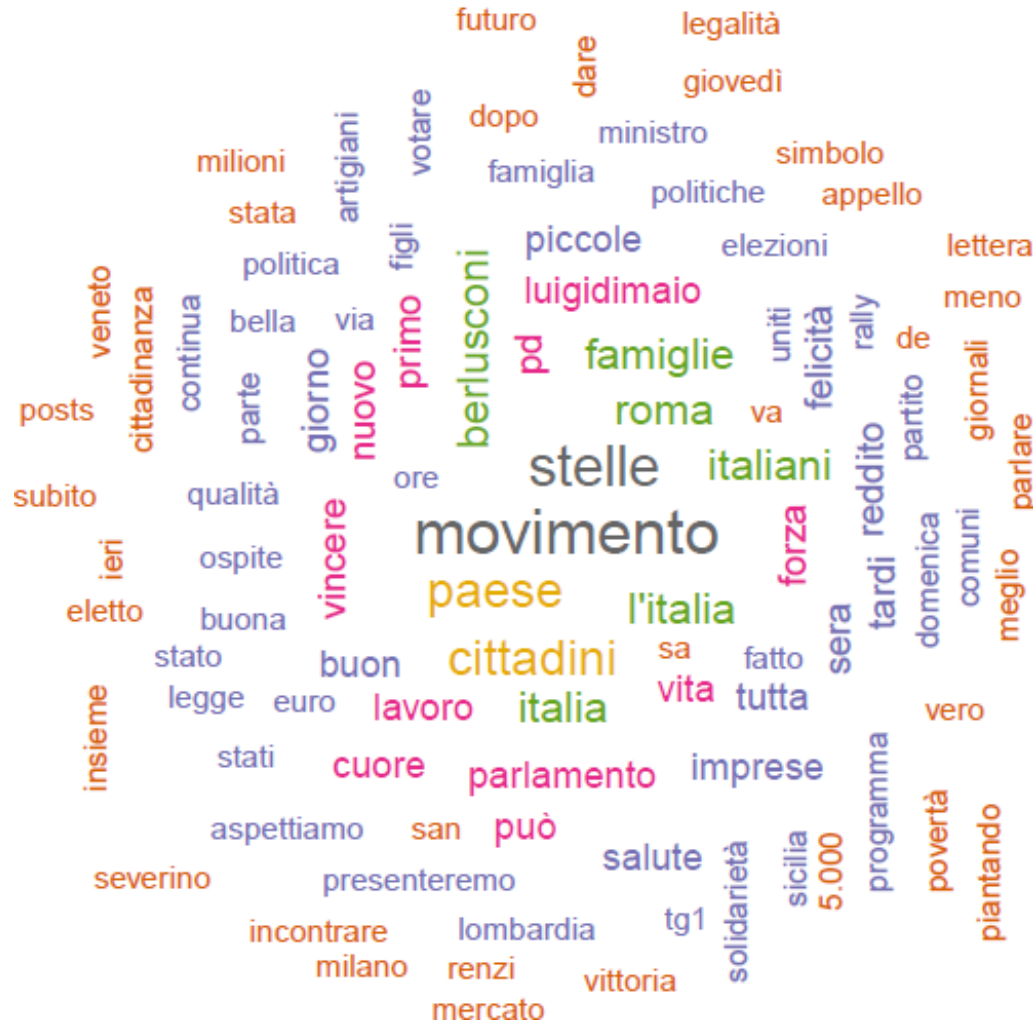
Top ‘policy’ words

Jobs
Euro
Europe
Culture
Youth/Children
Budget
Science



Top 100 tf-idf weighted words in tweets from Nov 7th until January 22nd.

Luigi Di Maio – M5S



Top ‘policy’ words

Family/Children

Jobs

Income

Businesses

Artisans

Health

Euro

Rule of Law

Poverty



Top 100 tf-idf weighted words in tweets from Nov 7th until January 22nd.

Silvio Berlusconi – Forza Italia



Top ‘policy’ words

Tax/Fiscal

Jobs

Pensions

Europe

Euro

Income

Businesses

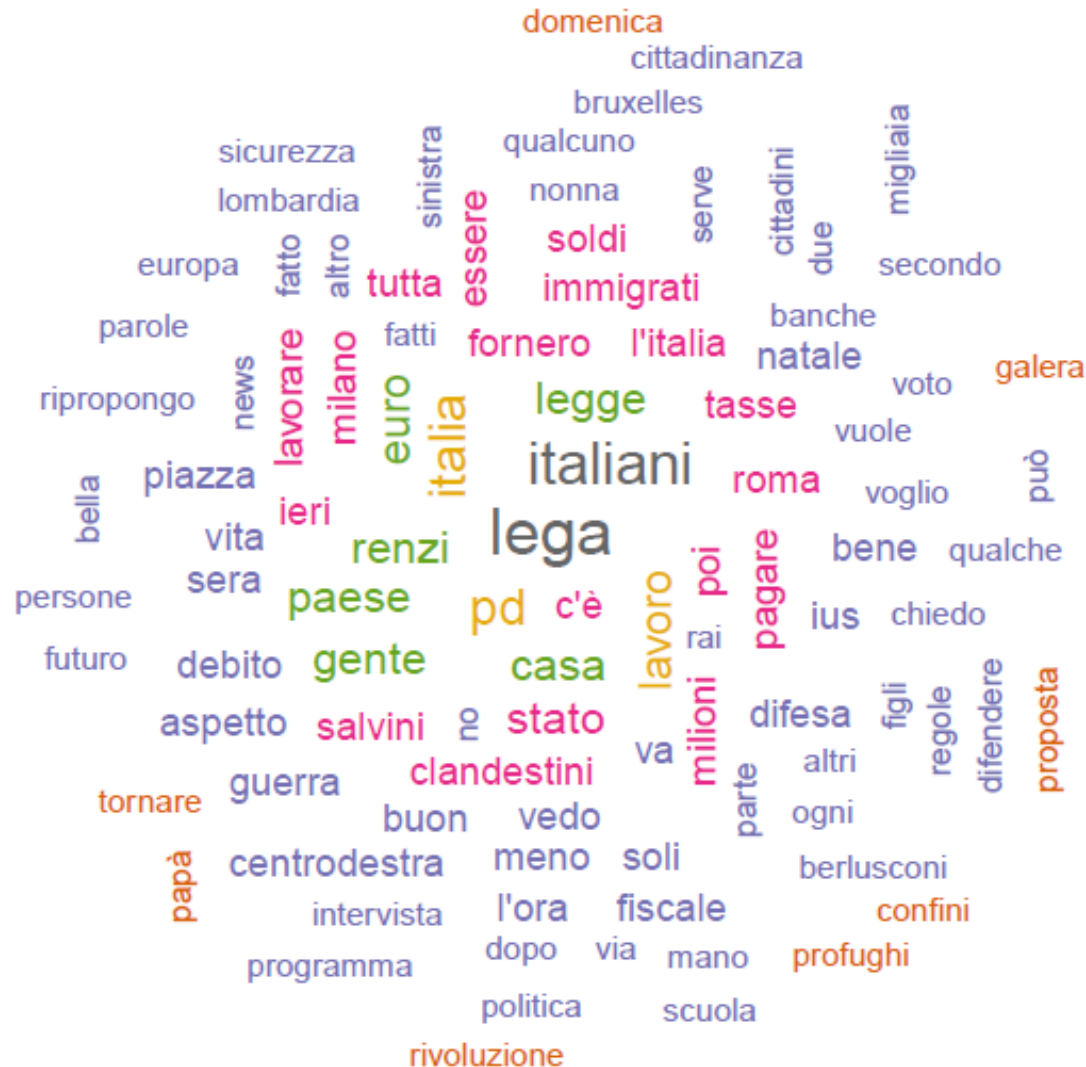
Poverty

Security



Top 100 tf-idf weighted words in tweets from Nov 7th until January 22nd.

Matteo Salvini – Lega



Top ‘policy’ words

Euro

Jobs

Immigrants

Illegal immigrants

Pensions

Tax

Europe/Bruxelles

Defence

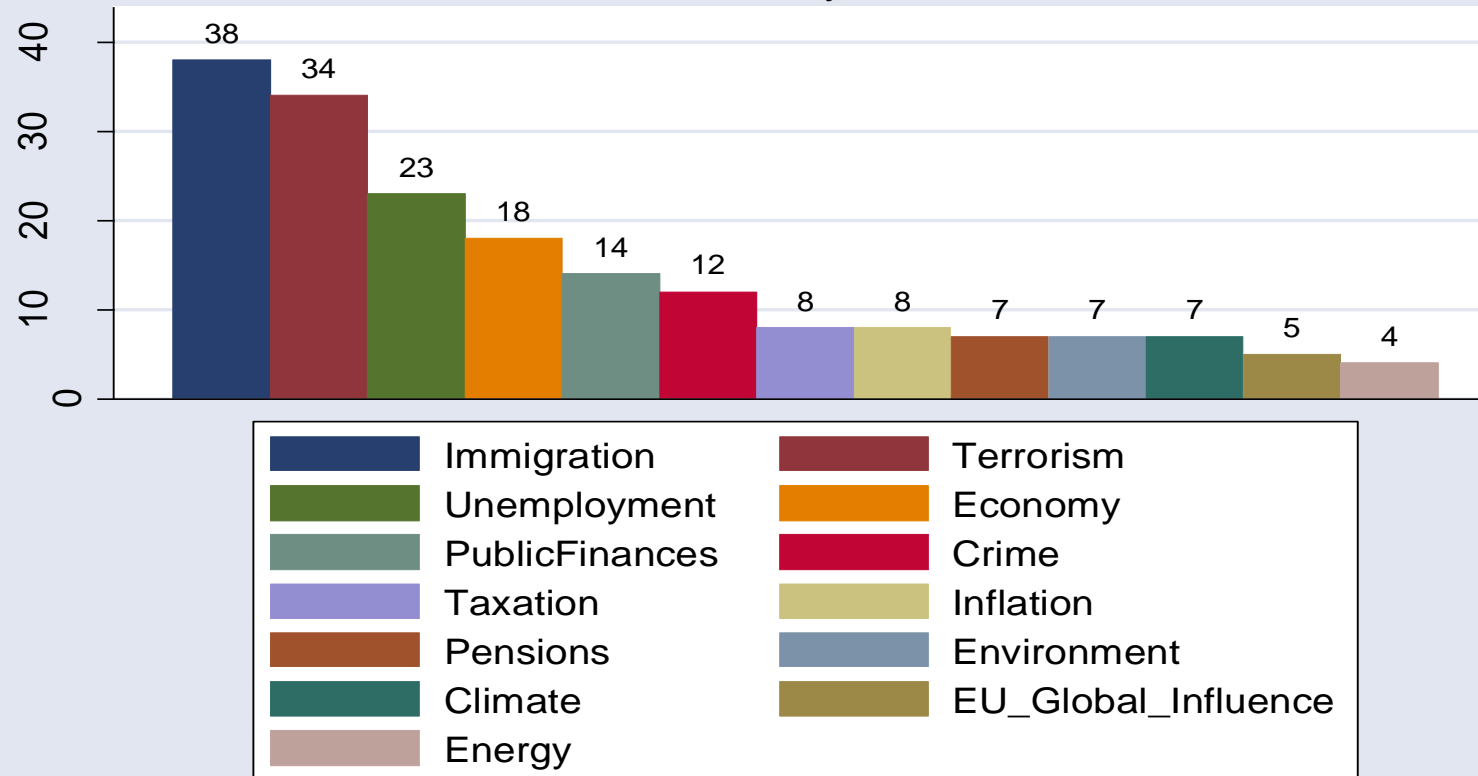
Security/Jail



Top 100 tf-idf weighted words in tweets from Nov 7th until January 22nd.

Italian Public Opinion

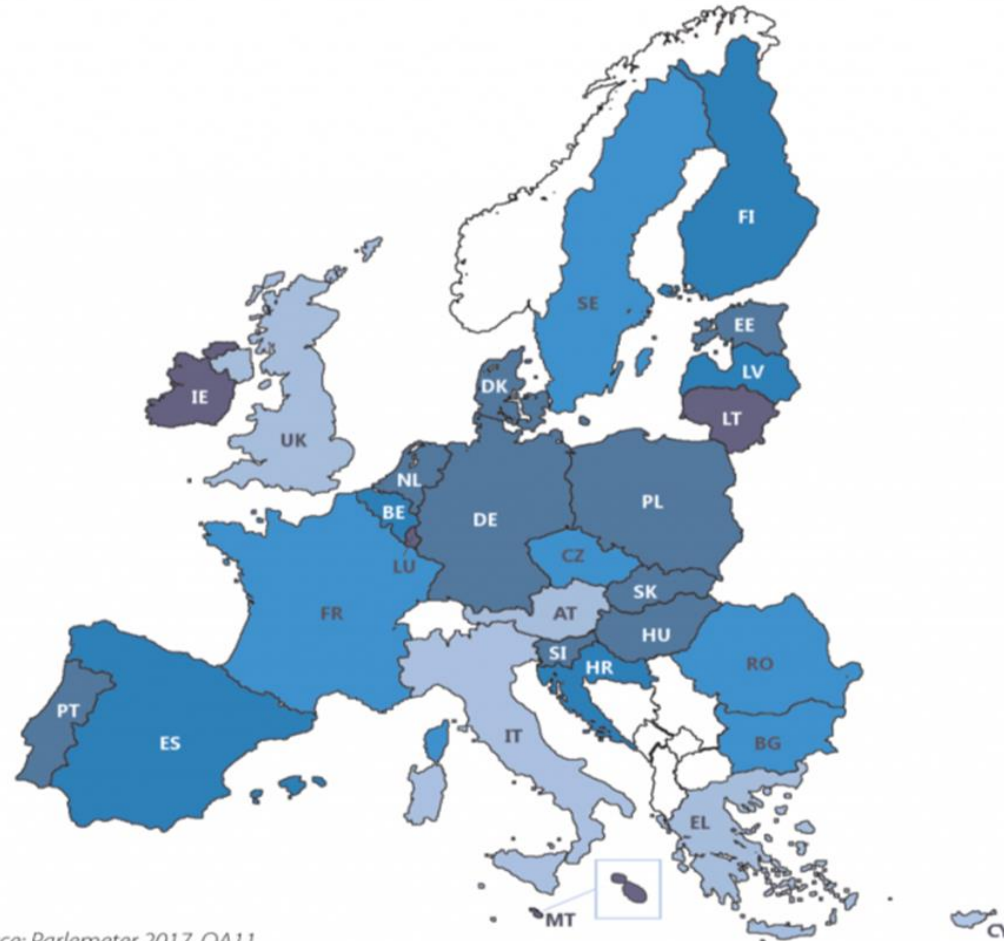
Most Important Problem in your Country
Italy



Eurobarometer 88 (Nov 2017)

Euroscepticism

Taking everything into account, would you say that [our country] has on balance benefited or not from being a member of the EU? (Total "Benefited")



Source: Parlemeter 2017, QA11

Source: Parlemeter Sept/Oct 2017

Exit Euroscepticism

I would vote for my country to leave the European Union ▼

EU 28 / 6MS

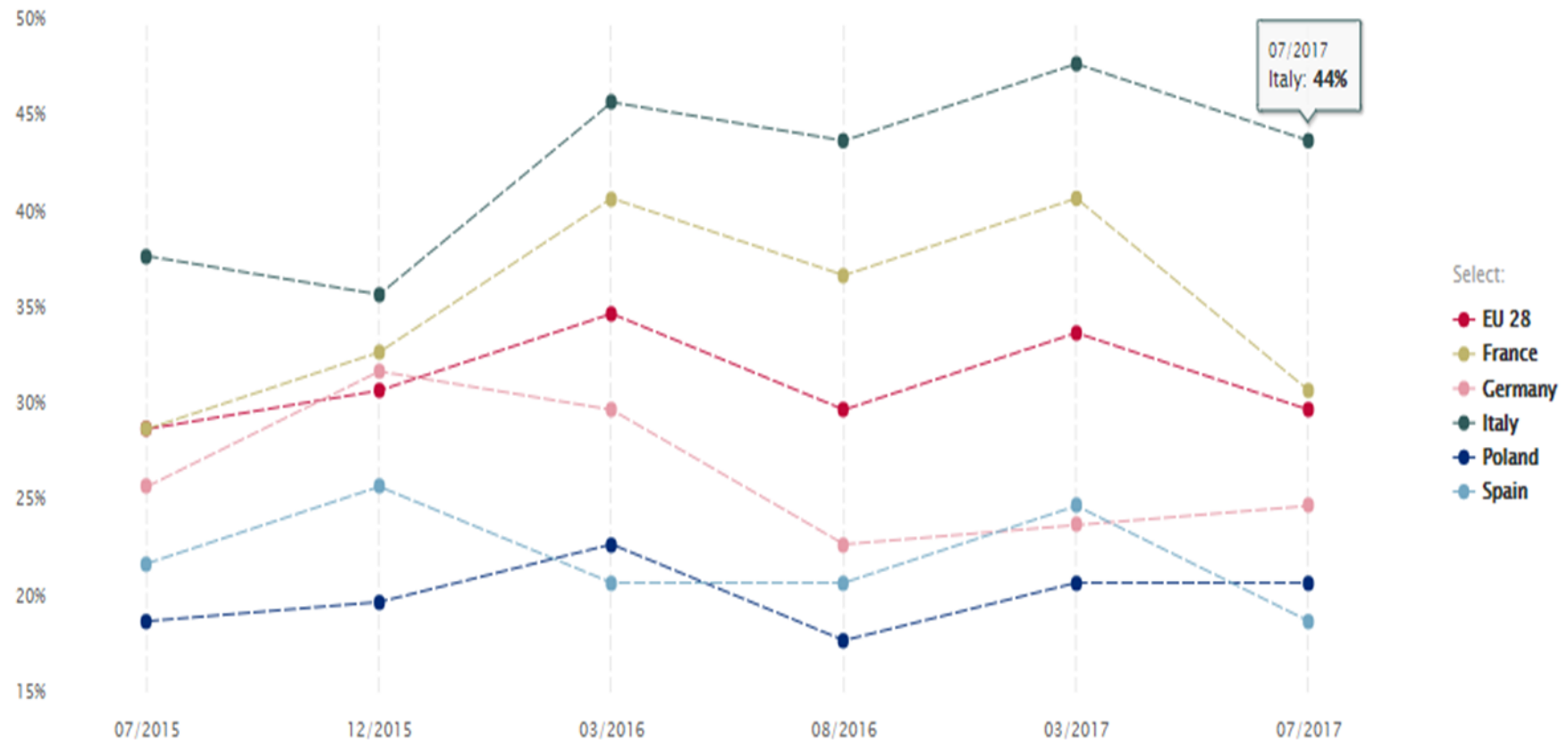
Region

Age

Urban Rural

Gender

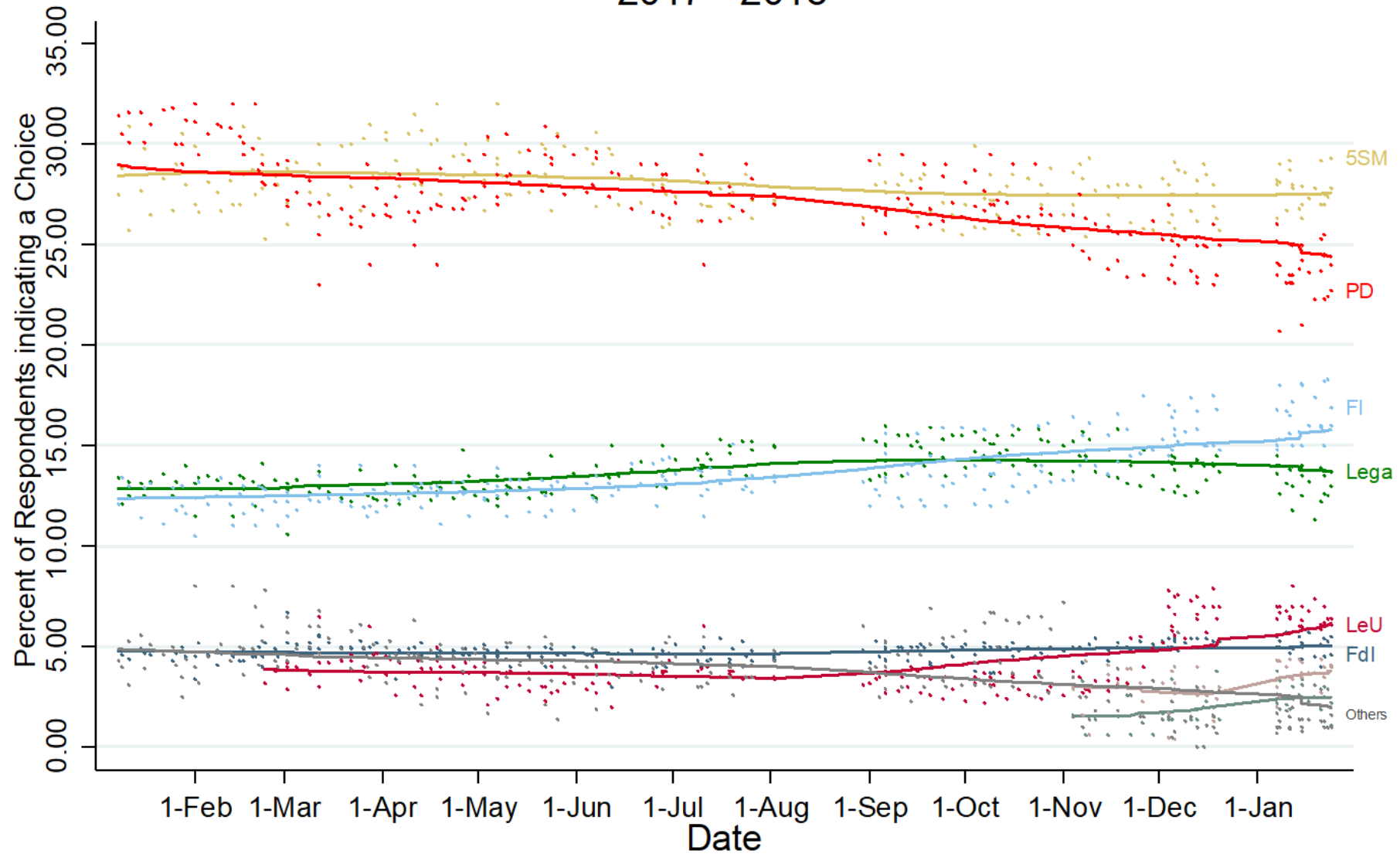
Education



Source: eupinions.eu

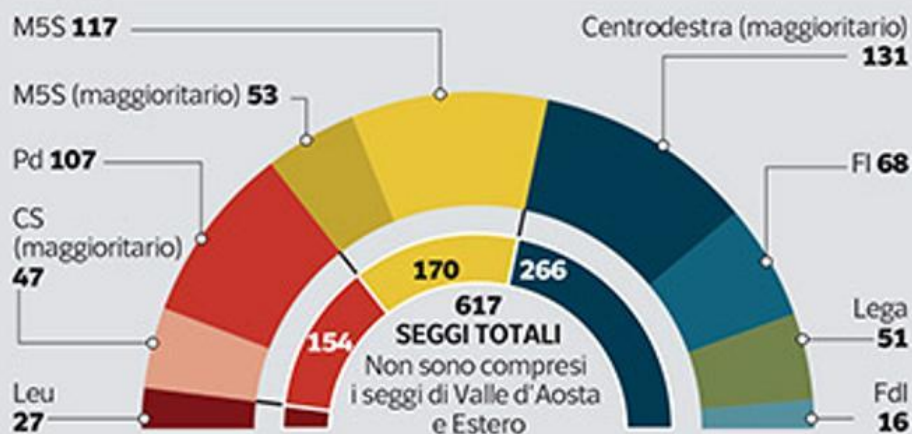
Poll of Polls

2017 - 2018

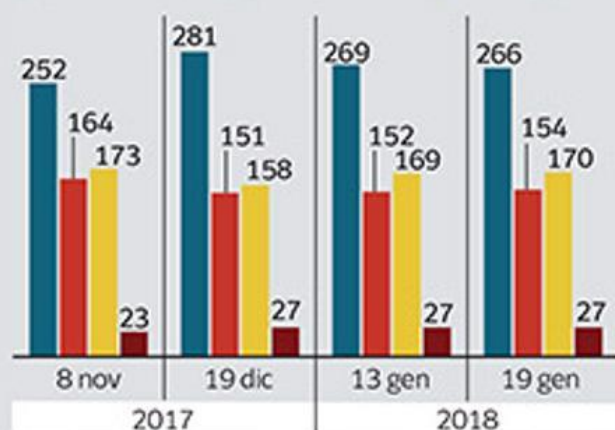


The dots represent surveys done by various Italian public opinion institutes at any given time point. The line is the running mean calculated via `lowess` in Stata. For the full data see: <http://www.youtrend.it/2010/03/11/tabella-riepilogo-sondaggi-politici-elettorali/>

I seggi alla Camera con il Rosatellum 2.0

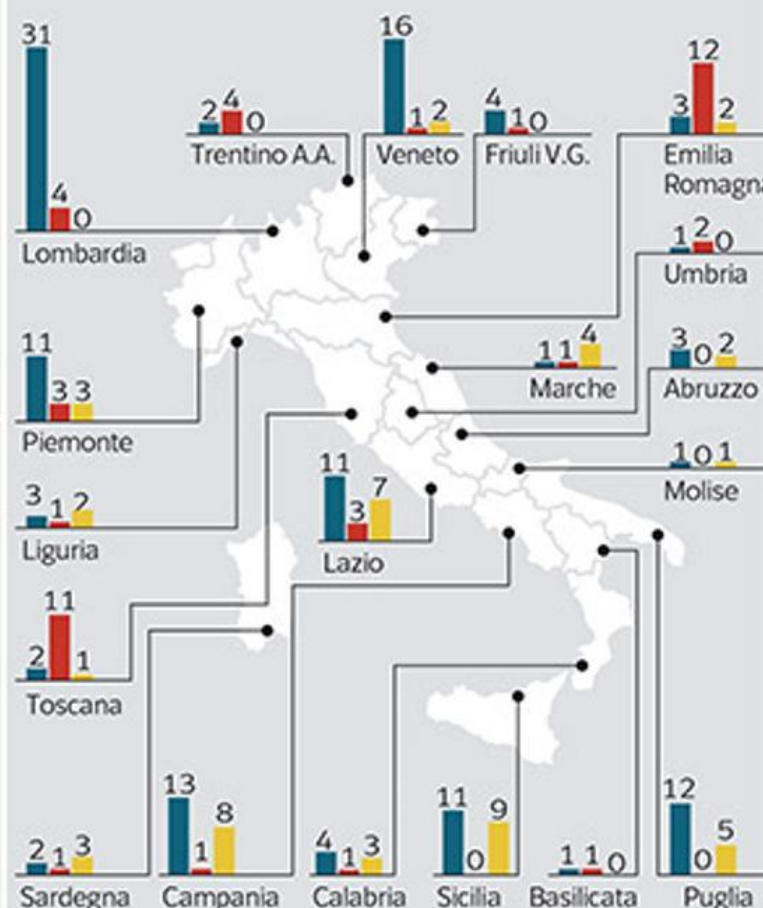


■ Centrodestra ■ Centrosinistra ■ M5S ■ Leu



Nei collegi uninominali

■ Centrodestra ■ Centrosinistra ■ M5S



Per le stime dell'assegnazione dei seggi proporzionali sono state utilizzate le intenzioni di voto di un sondaggio realizzato da Ipsos per Corriere della Sera presso un campione casuale nazionale rappresentativo della popolazione italiana maggiorenne secondo genere, età, livello di scolarità, area geografica di residenza, dimensione del comune di residenza. Per dare stabilità alle stime di voto i risultati presentati sono il prodotto di un'elaborazione basata su un archivio di 5.007 interviste svolte nell'ultimo mese, cui si sono aggiunte ulteriori 999 interviste (su 4.142 contatti), condotte mediante mixed mode CATI/CAMI/CAWI tra il 17 e 18 gennaio 2018. Il documento informativo completo riguardante il sondaggio sarà inviato ai sensi di legge, per la sua pubblicazione, al sito www.sondaggiipoliticoelettorali.it. Per le stime dell'assegnazione dei seggi nei 231 collegi uninominali sono state elaborate le intenzioni di voto a livello di collegio, utilizzando le interviste svolte da Ipsos negli ultimi 10 mesi; numero interviste utilizzate: 50.000; periodo di riferimento: interviste realizzate da marzo 2017 a gennaio 2018; aree territoriali escluse dall'analisi per collegio: Valle d'Aosta, estero; metodo di intervista: misto (linee fisse, cellulari, web - CATI CAMI CAWI).

Caveats

- Undecided+potential abstainers hover around 34-35% (Ipsos 13/01/2018)
- New electoral law: the ‘mechanical’ and ‘psychological’ effects from the introduction of single member districts (1/3 of seats) are still playing out

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Slow motion political clash or non-event?

London, 31 January 2018

Lorenzo Codogno

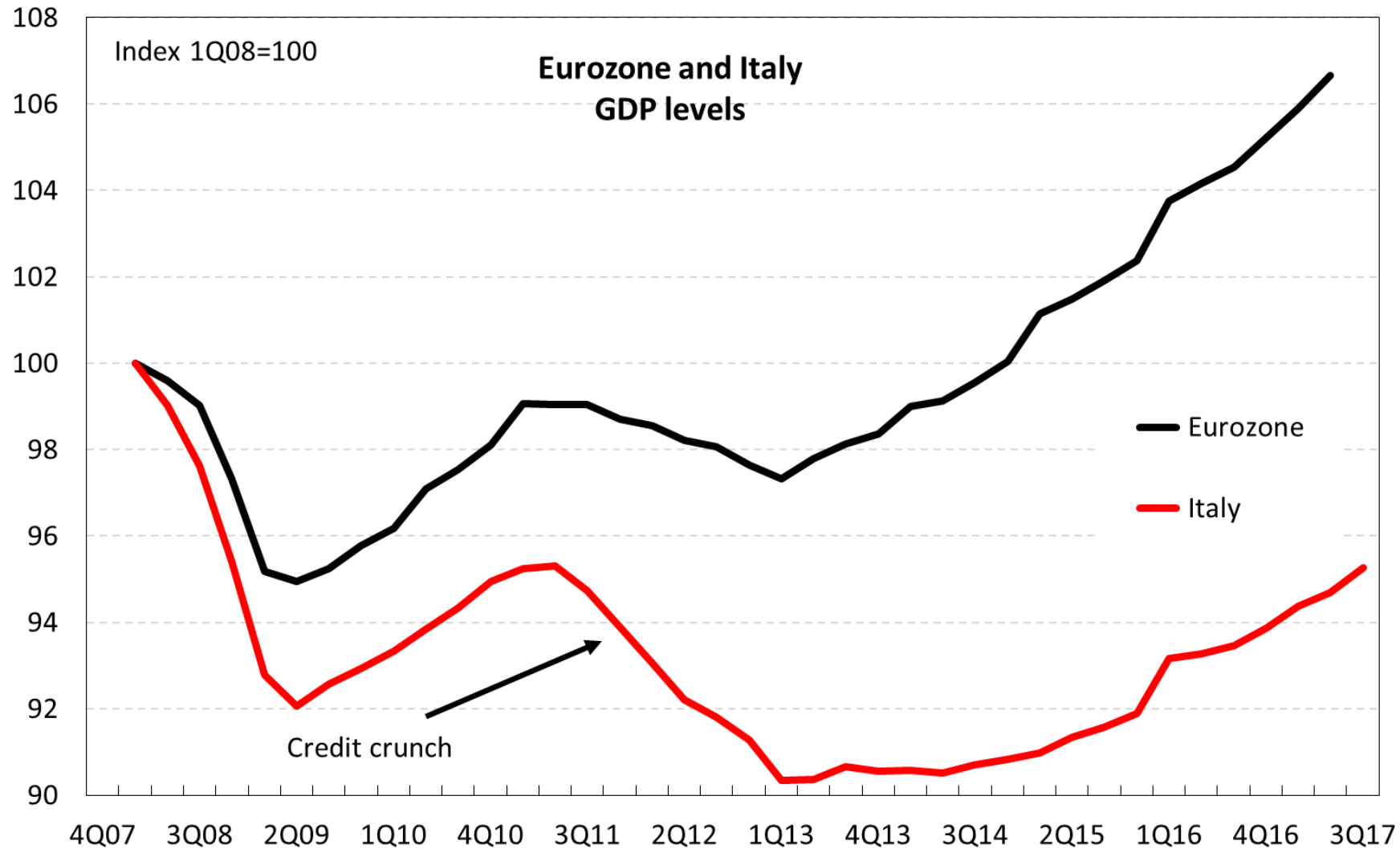
Visiting Professor in Practice at LSE, European Institute

L.Codogno@lse.ac.uk



THE PROTEST VOTE: WHY HAS ITALY GOT TO THIS POINT?

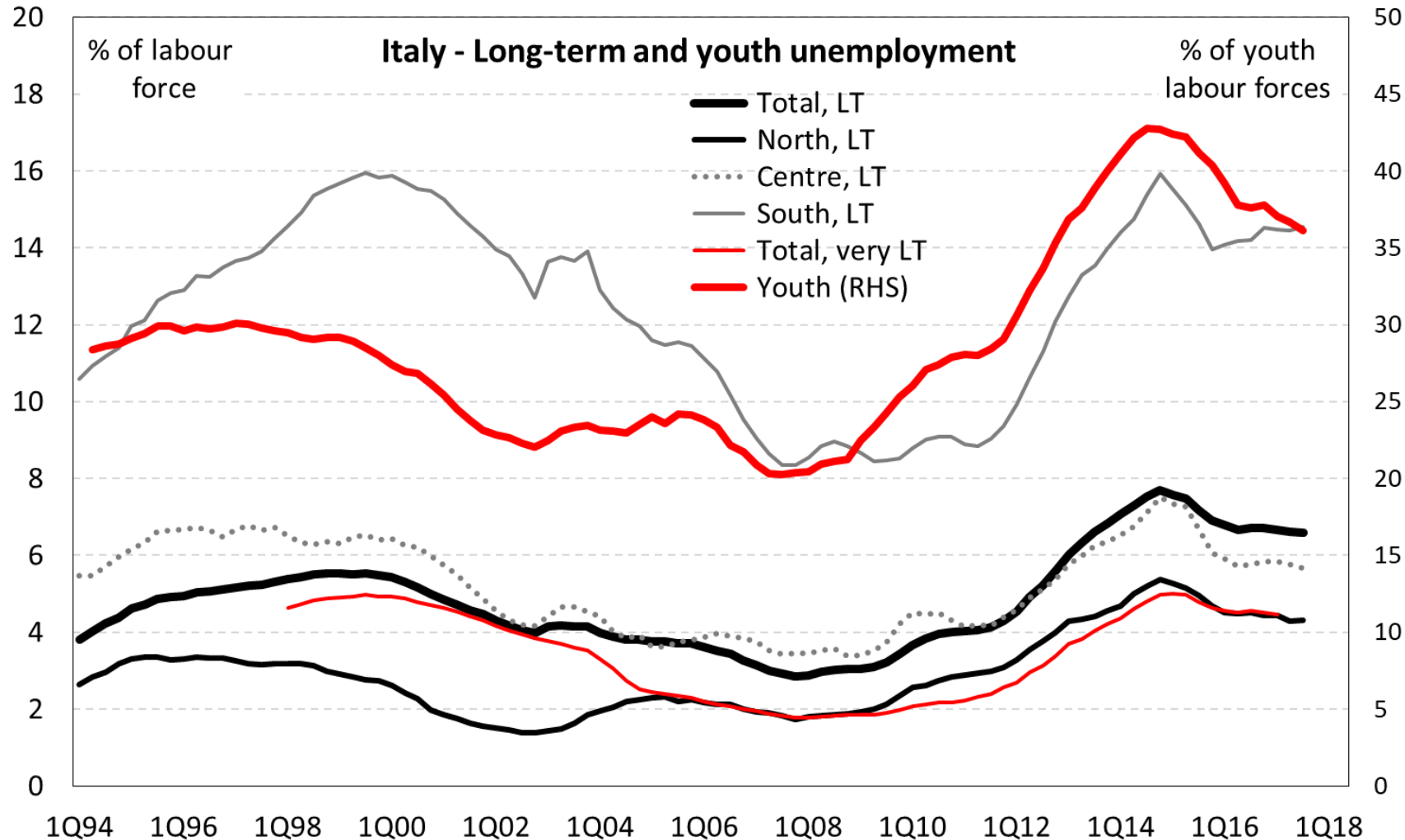
It's the economy, stupid



Source: Eurostat, ISTAT, Thomson Reuters Datastream, LC-MA calculations

THE PROTEST VOTE: WHY HAS ITALY GOT TO THIS POINT?

High youth unemployment explains the 5SM protest vote



Source: Thomson Reuters Datastream, ISTAT, Eurostat, LC-MA calculations; 4-term moving average of quarterly data. (Very) Long-term unemployment = ratio of job seekers for more than (24) 12 months to labour force.

Immigration: badly managed crisis

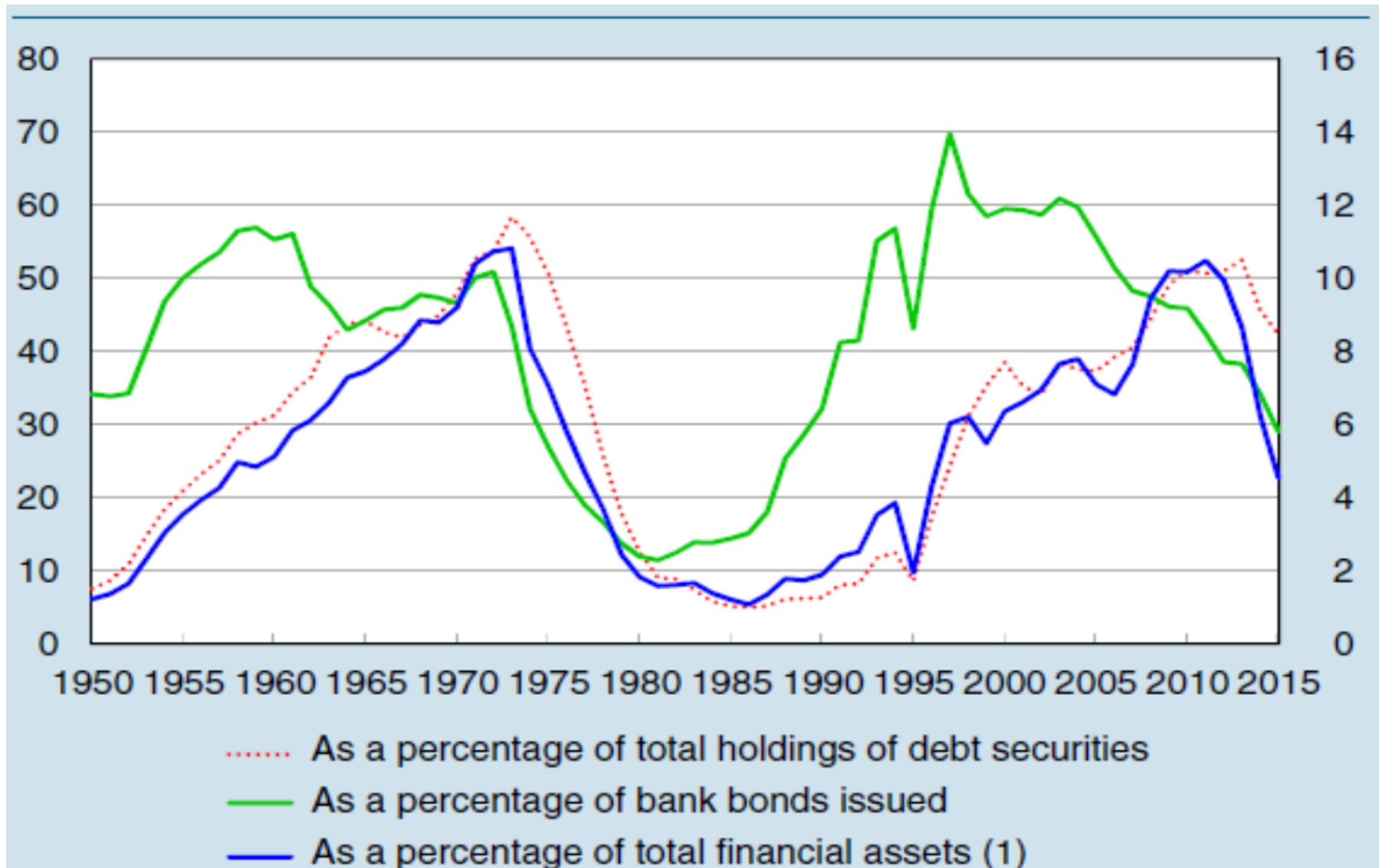
- ◆ **Poor demographics:** Demographics remains unfavourable, unless immigration of skilled workers increases sharply.
- ◆ **Government policies:** Italy is good to save life at sea, bad in integrating migrants.
- ◆ **High concentration:** Foreign 'regular' residents at 5,047k in 2016, only 8.3% of the population; 3,714k ex-EU; within the EU mostly from Romania. However, 14.1% of the 18-39y and high concentration in Northern Italy and in major cities. Inflow was 301k in 2016, 45k from Romania.
- ◆ **Prisons and crimes:** 35.6% of population in prison is foreign-born. Crimes are 7 times higher for immigrants.

But it is much broader than that: a demographic implosion

- ◆ **Demographics:** Resident population at 60.6Mn in 2016. New born at 473k, death at 615k = natural rate -142k. Natality rate at 0.8%. Fertility rate at 1.35%; 1.27% Italians, 1.94% foreigners. Age of the woman at birth: 31.7y. Population between 0-14y only 13.5% of total.
- ◆ **Households:** Marriage rates at record lows, i.e. 0.32% of the population, while separations and divorces at a record high (0.14%). 31.6% of households by only one member, the highest on record.
- ◆ **Education attainment:** Weak results in PISA and other surveys. Decline in the number of students at universities during the crisis. Low return on education. Brain drain: 157k migrated abroad in 2016 (115k Italians), mostly skilled. A steady rise over the past few years.

THE PROTEST VOTE: WHY HAS ITALY GOT TO THIS POINT?

Blame game on banking problems



Uncharted territory due to the new electoral law

- ◆ **Complex system:** 37% first-past-the-post and 63% proportional representation, no majority premium, threshold at 3% for parties (1% to avoid wasting votes), lists decided by the parties, same system for both Houses, new constituencies.
- ◆ **Winners and losers:** The losers will be the 5SM (and smaller parties) and the PD (following the split with Free & Equal), centre-right to win big due to the coalition agreement.
- ◆ **Coalition light:** Coalitions must agree on a leader, a single programme and single names in first-past-the-post constituencies. There is no strong commitment to stay together after the elections.
- ◆ **Constitutional Court:** It may rule against the electoral law after the elections.

THE ELECTORAL LAW: WHY IS ITALY IN A TOTALLY UNCHARTED TERRITORY?

Voters have limited choice (no split vote)

The ballot paper is a sample form titled "FAC-SIMILE FORMATO FINITO". It contains 15 numbered boxes for voting, arranged in two columns. Each box is labeled "NOME COGNOME (Candidato uninominale)".

Left Column:

- Box 1: 1. Nome Cognome, 2. Nome Cognome, 3. Nome Cognome, 4. Nome Cognome
- Box 2: 1. Nome Cognome, 2. Nome Cognome
- Box 3: 1. Nome Cognome, 2. Nome Cognome
- Box 4: 1. Nome Cognome, 2. Nome Cognome
- Box 5: 1. Nome Cognome, 2. Nome Cognome, 3. Nome Cognome, 4. Nome Cognome
- Box 6: 1. Nome Cognome, 2. Nome Cognome
- Box 7: 1. Nome Cognome, 2. Nome Cognome

Right Column:

- Box 8: 1. Nome Cognome, 2. Nome Cognome
- Box 9: 1. Nome Cognome, 2. Nome Cognome
- Box 10: 1. Nome Cognome, 2. Nome Cognome
- Box 11: 1. Nome Cognome, 2. Nome Cognome
- Box 12: 1. Nome Cognome, 2. Nome Cognome, 3. Nome Cognome, 4. Nome Cognome
- Box 13: 1. Nome Cognome, 2. Nome Cognome
- Box 14: 1. Nome Cognome, 2. Nome Cognome
- Box 15: 1. Nome Cognome, 2. Nome Cognome, 3. Nome Cognome, 4. Nome Cognome

First-past-the-post candidate

Proportional representation candidates

Preference for the party

OPINION POLLS

An overall assessment, including first-past-the-post seats

	Seats at the Lower House				Possible government coalitions (majority=316)
	Total	First-past-the-post	Proportional	% votes ITAPOL	
Five Star Movement (5SM)	164	50	114	28.2	Centre-right 282 ↑
Centre Left (CL)	155	45	110	26.6	Centre-left 155 ↓
Democratic Party (PD)	150	40	110	23.2	Centre-left + Left 184 ↓
Centre-left centrists	6	6	0	3.4	Broad Grand Coalition (CL and CR) 438 ↓
Free & Equal (L)	28	2	26	6.4	Narrow GC with Bol but without NL 336 ↔
Centre Right (CR)	282	134	148	36.4	Very Narrow GC without NL and Bol 297 ↔
Forza Italia (FI)	133	61	72	16.6	Anti-establishment (5SM only) 164 ↔
Centre-right centrists	8	8	0	2.1	Anti-establishment (5SM + NL) 266 ↔
Nothern League (LN)	102	47	55	12.7	Anti-establishment (5SM + NL + Bol) 305 ↔
Brothers of Italy (Fdi)	39	18	21	4.9	Anti-establishment (5SM + L) 192 ↑
Others	0	0	0	2.5	
Total	630	232	398	100.0	

Source: Various opinion polls and LC-MA calculations; first-past-the-post seats within the coalition are allocated according to proportional votes.

THE DAY AFTER WHAT ARE THE POSSIBLE SCENARIOS NAFTER THE VOTE?

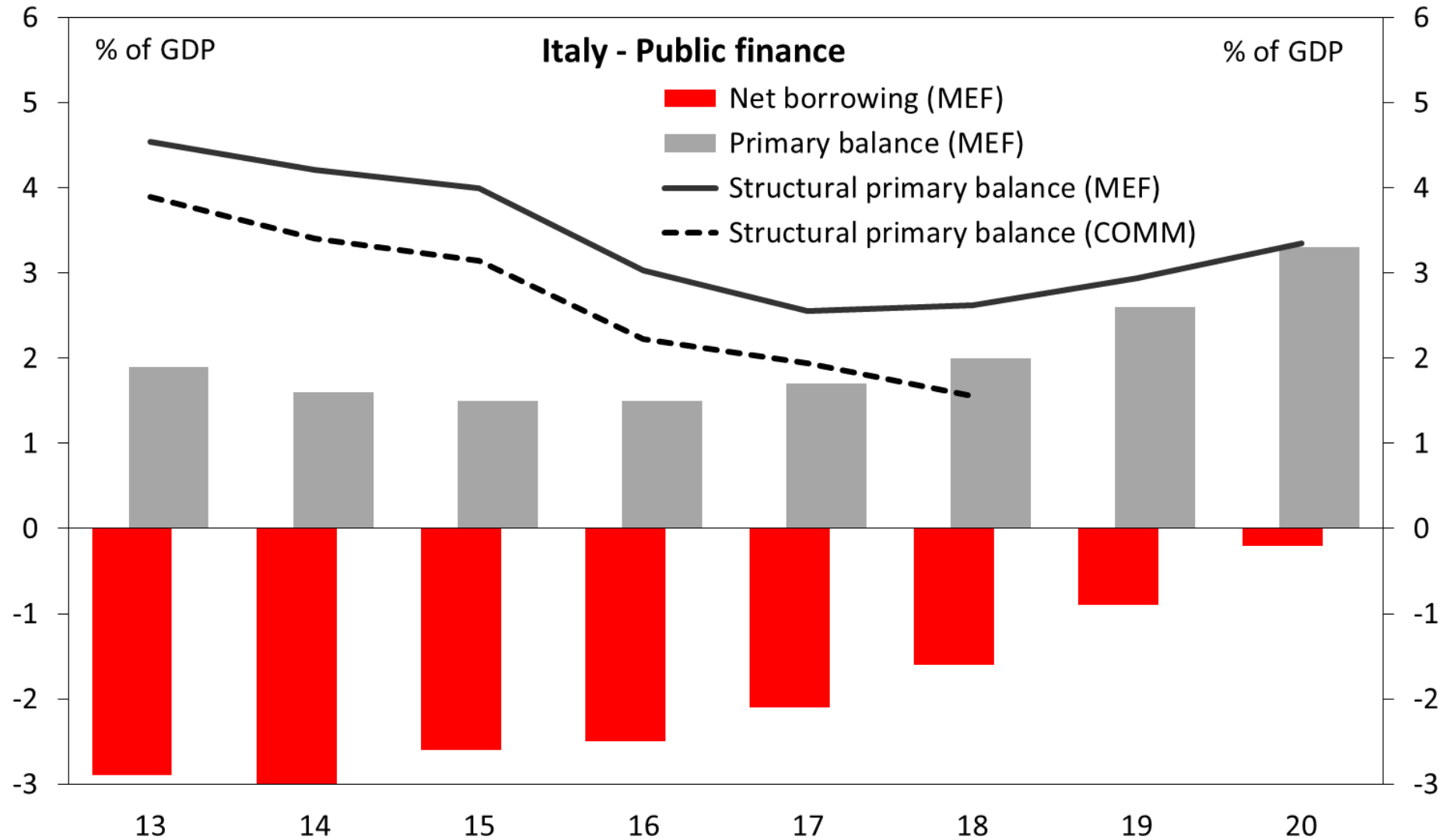
(Very subjective) Assessment of the likely outcome

- ◆ **10% Hung parliament, Very Narrow Grand Coalition.** It would include only the PD, Forza Italia and centrist groupings.
- ◆ **45% Hung parliament, Narrow Grand Coalition.** It would include also Brothers of Italy.
- ◆ **10% Hang Parliament, Broad Grand Coalition.** A sort of 'national responsibility or unity government'.
- ◆ **20% Hung parliament, no agreement, new elections** within six months.
- ◆ **12% Outright centre-right victory.**
- ◆ **3% Nightmare scenario,** anti-euro anti-establishment government.

A Narrow Grand Coalition: much of the same on Europe

- ◆ **European governance:** Mostly aligned with the Commission: more mutualisation. Fiscal capacity. Structural reforms. Investments. Deepening the single market. Eurozone Finance Minister.
- ◆ **But also:** flexibility in fiscal rules and fiscal space to be used for support to economic growth, support to demand, more coordination of fiscal and economic policy (imbalances), EU unemployment insurance. Eurobonds for defense & security. Policies on immigration.
- ◆ **France:** A rocky start with Macron, but now there seems to be common views on how to reform the EU/Eurozone.
- ◆ **Germany:** Main obstacle in the **risk reduction – risk sharing debate**. With a Grand coalition in Germany, chances to close the banking union. Germany unlikely to accept major steps towards fiscal union.

So-called “austerity” was already over in 2013



Source: Thomson Reuters Datastream, Italy's Ministry of Economy and Finance, LC-MA calculations.

Anti-euro anti-establishment government would be a problem

- ◆ It would attempt a big reshuffle of European governance, in favour of bringing **sovereignty back to Italy**, effectively undermining the European integration. Rest of the EU more likely to go for different speeds.
- ◆ **Fiscal rules forgotten**: a major headache in Brussels, with possible risks of a financial crisis.
- ◆ **Risks of Italexit over time**. A re-run of the Greek case? How quickly will the new government come to term with the EU/Eurozone process? Risk of a delay in European integration.
- ◆ Thousand shades of grey for **intermediate outcomes**, i.e. a Broad Grand Coalition or an outright victory for the centre-right.

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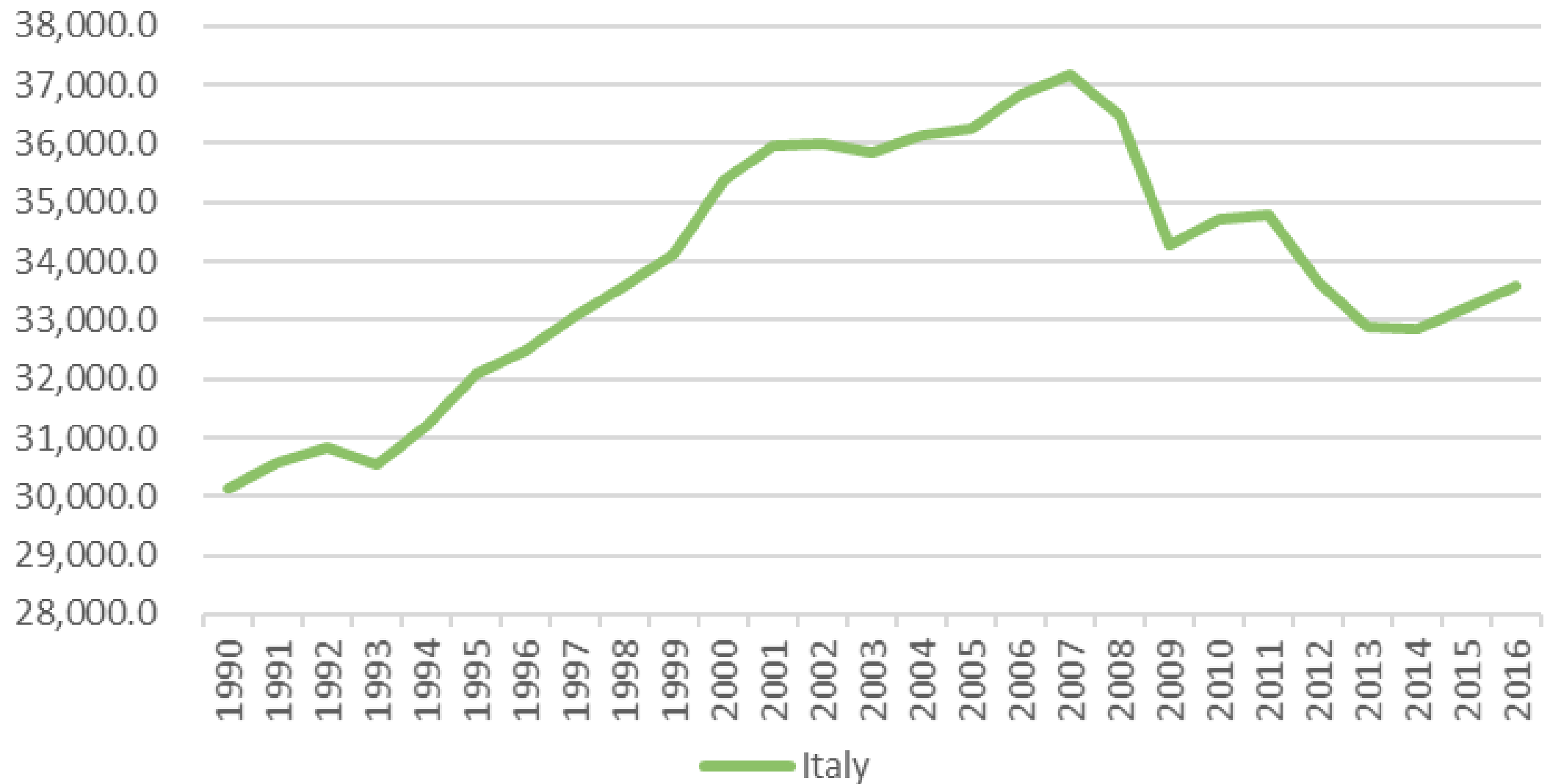
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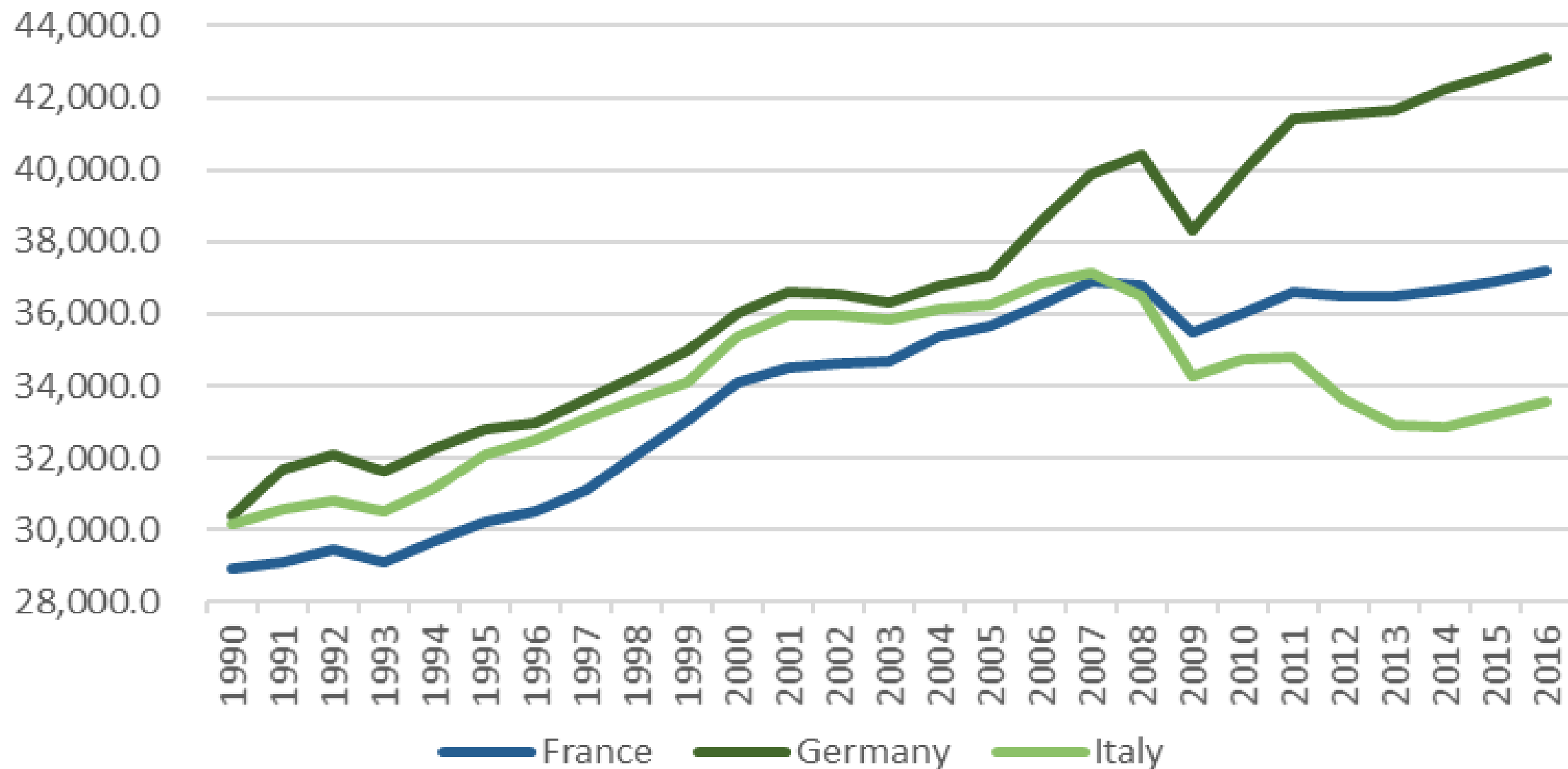
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Italy's GDP per person



Comparative Performance



- Generalized decline in quality of the country's leadership
- Private sector: generational change in dynastic firms
- Public life:
 - Centre and right
 - DC not saints but Berlusconi another level
 - Morally corrupt and focused on personal business interests
 - Surrounded by sycophants and flatterers
 - Centre left
 - From communist party to subsequent incarnations
 - Before 90s 0 chance of personal enrichment by joining PCI
 - Infected by berlusconismo
- Consequences
 - Deterioration in the quality of law making, scrutiny, and governing
 - Massive deterioration of public administration

Elections

- Centre right government
 - Berlusconi's interests
 - Bashing immigrants
 - Bashing EU
- Grand coalition
 - At best modest incremental steps
- 5star
 - 90% change of disaster but 10% change of real renewal

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