

## Italy: Political gridlock coming to an end, one way or another

President Mattarella has decided to put an end to the political gridlock by proposing a neutral, temporary government until December. If it fails to get parliamentary support, Italy will go back to the polls either late in July or, more likely, after the summer



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### Four rounds of consultations were not enough to find a solution

The two-month long history of this new legislature has so far been marked by repeated failures to form a viable political government alliance.

After two rounds of consultations in which no apparent solution emerged, President Mattarella decided to go the institutional way. He first gave the president of the Senate, an exploratory mandate to check whether conditions existed for a center-right/Five-Star Movement (5SM) government alliance. It proved short-lived, as 5SM was not willing to drop its veto on Berlusconi's Forza Italia party.

Mattarella then mandated the president of the House of Deputies, to explore whether an alliance between the 5SM and the Democratic Party (PD) was possible. As the discussions seemed to make

progress, Matteo Renzi, the former leader of the PD party and former PM, promptly torpedoed it in a televised interview. After Renzi's sudden outburst, the meeting of the Directorate of the PD, which was held last Thursday, could only certify that the 5SM-PD political ticket was not viable.

## The fifth and final consultation had no luck either

Having taken stock of the persisting gridlock, President Mattarella announced he would hold a final one-day round of consultations to check whether there was any unexplored alternative solution left to form a "political" government.

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*Even though the odds seem to point to a snap election, this is not a done deal yet*

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Ground checking exercises conducted over the weekend by the main party representatives made it clear that chances of a last-minute agreement on a "political" solution were thin. The political stance of the leaders of the main parties had crystallised and was generally maintained during the consultations with President Mattarella.

Luigi Di Maio, the political leader of the 5SM, reiterated his offer to form a government with the Northern League, confirming his veto on Berlusconi's Forza Italia. To entice League leader Matteo Salvini to accept his offer, he said he would give up his claim to become PM, in favour of a shared PM candidate. Alternatively, he said the only solution would be to go back to the polls, as the option of a "government of the president" would not get the support of the 5SM.

Di Maio's offer was not enough to induce Salvini to break with the centre-right coalition. In the meeting, Salvini claimed that he should be given the mandate to try to form a government, adding that he would search for the necessary support in parliament. In other words, he asked to lead a minority government.

The PD caretaker leader Maurizio Martina reiterated that the PD would support president Mattarella's initiatives to form a "truce" government, but would not support a "political" government with either the 5SM or the center-right.

## A "neutral" government with a deadline attached

In the televised press conference, President Mattarella said all previous cross vetoes had been confirmed during the meetings and that no new possibilities for an agreement had emerged. He added that since the beginning of the legislature he had ruled out the possibility of a minority government (Salvini's last proposal) and that the current caretaker government led by Paolo Gentiloni had completed its mission and could not be prorogated.

Mattarella stressed that given the demanding international agenda (the European Council late in June) and with a budgetary season to be completed, Italy needed a fully empowered government. With no political solution, he suggested that a "neutral" government should be formed, meant to take part in negotiations with Brussels and to approve a budget focused on sterilisation of the VAT increase, which is due to kick in on 1 January 2019.

In Mattarella's plan such a government, formed with ministers who would not run as candidates in the following election, should complete its mission in December, bringing Italy back to the polls early in 2019. Mattarella left the door open to an eventual change of mind, adding that such a government could be substituted with a political one if parliamentary support for a political majority eventually materialised over this period. If instead, the neutral government failed to get parliamentary support, it would remain in place as a caretaker until new elections either in July or after the summer, a first in post-war Italian history in both cases but with different negative implications.

## Firm reaction from Di Maio and Salvini points to higher risk of the snap election solution

The first reactions of Di Maio and Salvini to President Mattarella's proposal have not been encouraging. Both said they would not support any "neutral" government, calling for a July vote instead. Forza Italia took its time, still pledging the centre-right unity but at the same time stating it was not in favour of a vote in July. The PD, instead, said it was in favour of Mattarella's neutral government. As we write, the chances of success of the neutral government attempt look low. What about the schedule? Once being officially sworn in, the new neutral government will have to undergo a confidence vote in both branches of the Italian parliament within ten days.

Should it fail to get it, President Mattarella would dissolve parliament, and new elections will be held between 45 and 70 days after the parliament dissolution. Setting the vote on 22 July, the last possible date in that month, would require the parliament to be dissolved no later than the end of May.

This is a narrow window of opportunity, which makes a September/October alternative more likely, in our view. The ball is now in the parliament's court. Even though the odds seem to point to a snap election, this is not a done deal yet. The disclosure of the line-up of the new neutral government might still have an impact on the ultimate decisions.

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