

## Some cracks in Italian politics, but early election risk remains low

The break-up of the 5SM, after long-lasting internal tensions, should not affect the stability of the government, nor its composition. In view of the spring 2023 general election, keep an eye on the centrist area, whose composition might have changed by the time of the vote



Luigi Di Maio, the former leader of the Five Star Movement (5SM), and current foreign minister in the Draghi government, announced yesterday he would leave the party and form a new parliamentary group, "Together for the future". In the process, he will be followed by some 70 MPs from his former party (62 5SM MPs are reportedly involved). As a consequence, the 5SM will no longer be the biggest party in the parliament, leaving the top position to the League. This is not an absolute surprise as differences between Di Maio and Giuseppe Conte, the current leader of the 5SM, had existed for some time. Di Maio said his decision was related to Conte's ambiguous stance on the war in Ukraine, which had lately morphed into a request to stop sending arms to Ukraine, but this might be only part of the story.

In our view, Di Maio's departure will not add to the risk of short-term political instability. He will likely keep his foreign minister job and his group will continue to support Draghi's government. No government reshuffle will be needed, and Conte has already reaffirmed that 5SM will continue to

support the government. The reaction from the benches of the League has been extremely benign. The recent local election round, where the 5SM and the League both lost ground, appears to have further reduced any appetite to rush to the polls.

This does not mean that Draghi will enjoy plain sailing until the spring 2023 general election. As has often been the case, the budget season, which gets into full swing in September, will offer the first opportunity to raise the tone of the debate and gain visibility among the electorate. Still, we don't believe the situation will be pushed so far as to risk a government crisis - the political cost of this is just too high.

Di Maio's move might be the first in a series aiming to reconstruct an institutional centrist group. We would be not surprised to see more initiatives in this direction, and political offers to change more by the time of the 2023 elections. In the meantime, PM Draghi will likely be very busy striking a balance between the need to speed up the implementation of the recovery plan and steering the debate in the European arena.

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