



Meloni's balancing act

Description

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Her first year in office has confounded expectations, as Italian Prime Minister Giorgia Meloni blended Atlanticism and pragmatism towards the EU with right-wing populism on immigration, cultural issues, and green policy.

When Meloni became Italy's prime minister last October, many were worried that the leader of the far-right Brothers of Italy party would start a spending spree, embark on a collision course with the EU and shatter Western unity over Russia.

These fears have not materialised. Instead, Meloni has engaged in a delicate balancing act. She has been strongly Atlanticist, adopted a constructive tone towards the EU, and followed a relatively conservative fiscal policy. But this pragmatism has gone hand in hand with typical far-right populist policies and rhetoric on reducing illegal immigration, promoting conservative values, and slowing the green transition.

Concerns that Meloni would change Italy's EU and foreign policy were rooted in her political origins in Italy's post-fascist Italian Social Movement, and in the anti-EU, anti-establishment rhetoric that had propelled her to national prominence over the last decade.

Meloni blasted the EU for bureaucratic overreach and called for Italy to leave the Euro. She also criticised Western sanctions on Russia and expressed admiration for Vladimir Putin, as did her coalition partners, League leader Matteo Salvini and former prime

minister Silvio Berlusconi.

By the time of last year's election, Meloni had watered down some of her more extreme positions. The UK's post-Brexit difficulties and the launch of the EU post-pandemic recovery fund, of which Italy is set to be the biggest beneficiary with €191.5 billion in loans and grants, led Meloni to temper her Euroscepticism and drop talk of quitting the Euro. And since Putin's invasion of Ukraine, Meloni firmly condemned the invasion and positioned herself as a strong supporter of Kyiv.

After assuming office, Meloni has pursued a strongly Atlanticist foreign policy. Despite extensive scepticism in public opinion and her coalition, she has supported Ukraine's bid for EU membership and has stepped up military support for Kyiv, providing it with more weapons, including air defence systems.

Meloni has also toughened Italy's policy towards China, and her government has strongly indicated that it intends to quit Beijing's Belt and Road initiative, which Italy joined in 2019.

Once in office, Meloni abandoned or cut down most of her pre-election promised spending rises, aware that they would have undermined her credibility and sparked doubts about the sustainability of Italy's debt, which stood at 147% of GDP at the end of 2022.

The need to keep the funds from the EU's recovery fund flowing has also led Meloni to further mellow her rhetoric towards the EU. Her European policy has primarily focused on pursuing Italy's traditional priorities: greater EU efforts in reducing the number of migrants landing in Italy, more flexible EU fiscal rules, and more joined EU borrowing to address external shocks.

Meloni's strong Atlanticism and her pragmatic stance towards the EU have allowed her to shed much of the baggage associated with her far-right origins and to position herself as a more moderate conservative. She has built good working relations with US President Joe Biden and mainstream EU leaders such as Commission President Ursula von der Leyen and German Chancellor Olaf Scholz. However, relations with France's Emmanuel Macron have been more problematic and punctuated by spats, particularly on migration policy.

Meloni's pragmatism towards the EU, strong Atlanticism and relative fiscal restraint have gone together with continued right-wing populist policies on many other issues. Meloni has trumpeted her policies on tackling irregular immigration, making it harder for NGOs to rescue boats to operate in the Mediterranean.

She has cast herself as the defender of conservative Western values and implemented policies to that effect, for example, by making it harder for same-sex couples with children to be recognised as parents. Even in economic policy, Meloni's populist instincts are still visible, as shown by her plan to tax banks' additional profits from higher interest rates, which was so damaging that it had to be partially reversed.

How long will Meloni be able to maintain her balancing act? After next year's European elections, Meloni hopes it will last long enough to boost her influence in the EU arena. So far, polls suggest that her popularity has risen since last year's election.

Meanwhile, her dominance of the Italian right is uncontested, and the centre-left opposition is divided and ineffective. Meloni's ratings have been buoyed by Italy's economy, which was able to weather the cut-off of Russian gas last winter and is set to grow by 1.1% this year, according to the IMF.

However, challenges loom on the horizon. The implementation of Italy's recovery fund is stalling, with many projects facing delays. That has led the European Commission to postpone and curtail some of the payments from the fund. Further delays to disbursements will make Meloni look incompetent.

Similarly, the rising number of migrants arriving in Italy by boat across the Mediterranean could be a problem for Meloni, given that she has staked so much political capital on reducing arrivals. Finally, and ominously for Meloni, Italy's GDP shrunk by 0.3% in the year's second quarter, suggesting that the economy may be slowing down.

Domestic difficulties could push Meloni to resort to high-risk populist tactics to maintain her voters' support. Her recently announced tax on banks' additional profits may only be the first example of erratic and damaging policy missteps.

The more Meloni flounders domestically, the more her carefully crafted international image of pragmatism and competence will be weakened. That could be fatal for Meloni.

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