

# A flawed Italian coalition will need EU support

*The return of Matteo Salvini to power may only be a matter of time*

Italy should soon have a new coalition government – this time between the anti-establishment Five Star Movement and the mainstream, centre-left Democratic Party (PD). An opportunistic ploy by Matteo Salvini, leader of the hard-right League, to force snap elections by pulling the plug on his alliance with Five Star has failed. Mr Salvini, it appears, is heading back into opposition. It is a good outcome for Italy and for the EU, which were both damaged by the League leader's cynical antagonism.

Prime minister Giuseppe Conte still has much to do to seal a deal. He must assemble a cabinet and programme that satisfy two parties that only weeks ago were hurling insults at each other. There is little trust. After agreeing top policy priorities on Thursday, Five Star a day later submitted a host of new demands. A coalition deal must still be submitted to Five Star members for approval in a murky and unpredictable online vote.

Even if it does, the new coalition is likely to be strained by personal animosities and policy differences. It will require some political audacity from Mr Conte, plucked from academia 15 months ago to become premier, to keep it together. Assuming he can, it is hard to imagine this alliance of convenience having the shared ambition to tackle deep-seated problems that previous governments have failed to address.

Despite low expectations, a Five Star-PD tie-up is preferable to a snap election. Mr Salvini has denounced the new coalition as “democratic robbery”. But he was the one who stole power from his own party. He had a mandate from voters to exercise power alongside Five Star but threw it away. The democratic right to snap elections arises not when it suits Mr Salvini but when no combination can command the confidence of parliament.

If he had the “full powers” he covets, the League leader would ramp up a confrontation with the EU over Italy's public finances that would do nothing to alleviate a stagnating economy and could even tip it into recession. He has touted a €50bn package of ill-targeted tax cuts and spending increases for next year in breach of EU deficit limits and debt reduction requirements. But confrontation with Brussels comes at a price, by inflating the still small risk that Italy might eventually tumble out of the euro. As happened last year, any stimulus effect of a looser fiscal stance is offset by higher borrowing costs for the government and companies. It kills business confidence. Fighting Brussels is a distraction from Italy's real problem of very low potential growth.

Italy and Europe will also be better off without Mr Salvini using his interior ministry post as a platform for xenophobic campaigning. A League-dominated parliament able to impose a populist president when the incumbent's term expires in early 2023 is a troubling prospect. As Hungary has shown, the removal of checks and balances is when authoritarian drift goes beyond the point of no return.

Europe's political mainstream will take succour from Mr Salvini's botched gambit, which follows the ejection of Austria's far-right from government over a party funding scandal this year. But Mr Salvini remains a potent force in opposition. The EU has an opportunity to address those deep concerns that have converted so many Italians to his cause. It should provide leeway over the deficit and later on an overhaul of its fiscal rules to allow for more public investment and less tightening in downturns. It also needs an asylum system that eases the burden on southern states and supervises migrant rescues at sea. Otherwise Mr Salvini's return to power is only a matter of time.

