



## Can Meloni's balancing act continue?

by Luigi Scazzieri, 21 August 2023

**Giorgia Meloni has blended Atlanticism and pragmatism towards the EU with right-wing populism on immigration, cultural issues and green policy. Meloni's political longevity will determine whether her model will become a template for other right-wing nationalists.**

When Giorgia Meloni became Italy's prime minister last October, many worried that the Brothers of Italy leader would start a spending spree that would endanger economic stability, embark on a collision course with the EU, and undermine Western unity towards Russia. These concerns stemmed from Meloni's political origins in Italy's post-fascist far-right, and from her election manifesto, which promised to reduce taxes, boost spending, cut immigration and assert Italy's national interests more strongly in the EU.

These concerns proved overblown. Meloni's government, which includes Matteo Salvini's right-wing populist League and the conservative Forza Italia, founded by the late Silvio Berlusconi, has pursued a broadly restrained fiscal policy. Meloni ditched or watered down expensive pre-election promises that would have destroyed her economic credibility and sparked doubts about the sustainability of Italy's public debt, which stood at 147 per cent of GDP at the end of 2022. Meloni has not sought confrontation with the European Commission and has toned down her rhetoric towards the EU. Apart from her efforts to dilute EU green policies, Meloni has mostly focused on Italy's traditional priorities: securing greater flexibility in the EU's fiscal rules, advocating for more joint EU borrowing to tackle external challenges, and demanding greater EU efforts to reduce the number of migrants arriving in Italy irregularly.

Meloni has constantly sought to portray her approach to the EU as more assertive than her predecessors. But in reality, her record is meagre. Italy's push for more flexible fiscal rules and greater EU-level investments has not been successful. The same goes for Meloni's efforts to water down EU green policies, for example delaying the phase-out of internal combustion engine cars. On migration, Meloni claims credit for pushing the EU to toughen its approach, but the Union's stance has long shifted to control over the external borders, as the only aspect of migration policy that all member-states could agree on. However, crucially, Meloni has refrained from strongly criticising the EU or other member-states when things did not go her way.

The main reason why Meloni has been more constructive towards the EU than many observers feared is the EU recovery fund. Italy is set to be the biggest beneficiary of the fund in absolute terms, with Rome due to receive €191.5 billion in EU loans and grants by 2026. Disbursements from the fund are tied to Italy meeting a set of pre-agreed milestones, including carrying out economic and legal reforms. The recovery fund means that even Italian eurosceptics now see the Union as an important source of funding rather than an oppressor imposing austerity. The weakness of Italy's economy and its high public debt make the money from the recovery fund particularly valuable.

When it comes to foreign policy, concerns that Rome would veer away from the Western consensus also proved unfounded. Meloni has provided Kyiv with advanced weapons, including [air defence systems](#). Rhetorically too, she has been a passionate advocate of Ukraine's struggle against Russia and has backed its aspirations to become an EU member. How can this be explained given [extensive scepticism](#) about the war in public opinion and divisions in her own governing coalition? First, while support for Ukraine in Italian public opinion is limited, it has so far given Meloni sufficient room for manoeuvre. Second, while Salvini and Berlusconi (till his death in June 2023) often voiced sympathy for Russian positions and opposition to arms deliveries, they never sought to change government policy.

Above all, Meloni has few illusions about Italy's ability to forge an independent path. She understands that breaking away from the Western fold (even if she wanted to – and there is no indication of this) would harm Rome's standing with its EU and NATO partners and undermine its international credibility, potentially sparking economic instability. That also explains why Meloni has continued in the footsteps of her predecessor Mario Draghi on policy towards China. She has continued to exercise special powers to block Chinese investments in Italy and will probably not renew Italy's 2019 membership of China's Belt and Road Initiative for infrastructure investment, when it comes up for renewal next year. The reputational costs of Italy's participation have been high, while the benefits [in terms of trade and investment](#) have been very small.

Meloni's Atlanticism and pragmatism towards the EU and her foreign policy, particularly her support for Ukraine, have allowed her to shed much of the baggage that came with her far-right political origins and previous strident euroscepticism. As a result, Meloni has been able to form decent working relationships with US President Joe Biden and with centrist EU leaders like Commission President Ursula von der Leyen and German Chancellor Olaf Scholz. Meloni's relationship with France's President Emmanuel Macron has been more stormy, mainly due to bilateral spats on migration policy. Notably, Italy [did not invite France](#) to the migration summit in Rome at the end of July, and Meloni did not co-ordinate with Paris on how to approach migration from Tunisia.

Meloni's pragmatism goes hand in hand with typical right-wing populist stances on many issues. She has not abandoned her often harsh language on national sovereignty and has trumpeted her tough stance on migration and opposition to green policies. Meloni has also doubled down on cultural issues, positioning herself as a staunch defender of traditional values and Western identity, which she argues are threatened by mass immigration and 'gender ideology'. Notably, Meloni's policies have [made it harder](#) for same-sex couples with children to both be recognised as legal parents. When it comes to economic policy, Meloni's populist instincts were visible in her government's clumsy [recent announcement](#) (later partially reversed) of a windfall tax on the net interest of Italian banks. Meloni's ongoing adherence to right-wing populist policies has allowed her to retain a leading role within the European Parliament's European Conservatives and Reformists (ECR) right-wing grouping, of which she is president. At the same time, these policies have not been barriers to her broader normalisation – which has been made easier

by the fact that much of the European centre-right has moved in this direction in recent years, especially on migration.

Some commentators are [now asking](#) whether Meloni's policies may be a model that other European right-wing nationalists may try to emulate, and whether she will be a key EU power broker after its 2024 elections. The first hypothesis is likely, the second less so. Meloni is part of a clear trend: ever since Brexit, many right-wing populists across the EU have gradually adopted a more pragmatic approach towards the Union. They no longer reject the EU but seek to influence it from within. This shift allowed Meloni to become prime minister and other parties to draw closer to power, including the Finns Party (part of the Finnish government coalition) and the Swedish Democrats in Sweden (supporting the government from outside the coalition). In the European Parliament, there has been substantial co-operation between the ECR group and the conservative European People's Party (EPP), notably on their (failed) attempt to reject an EU law on nature restoration.

Meloni hopes to gain more influence after the 2024 European elections, with more seats in the European Parliament and more influence on the European Commission. That would allow her to more forcefully pursue her priorities on EU economic governance, slowing the green transition and reducing migration, and to push her socially conservative values at the EU level. However, the prospects of an alliance between the ECR and the EPP that Meloni hopes for seem dim. The two parties are unlikely to have a majority in the European Parliament on their own. At the same time, there is opposition to such an alliance in many countries. For example, in Poland the ECR's Law and Justice and the EPP's Civic Platform are bitter rivals. And liberal factions within the EPP do not want to jettison their coalition with the centre and the centre-left for a marriage with the ECR. If Meloni wants to be more influential, she will have to move closer to the EPP, but this would probably mean losing some support domestically and losing influence within the ECR.

Meloni's influence on the EU stage will depend on her political longevity in Italy. So far, she appears secure, and her polling is [slightly stronger](#) than it was at the last general election. Italy's economy proved resilient in the face of the cutoff of Russian gas last winter and the [IMF thinks](#) that GDP will grow by 1.1 per cent in 2023. The EU [predicts](#) that Italy's budget deficit is set to shrink to 4.5 per cent after the end of energy emergency and post-COVID stimulus measures. Unemployment is also set to fall slightly below 8 per cent. The centre-left opposition, made up of the Democratic Party and the Five Star Movement, is in disarray. At the same time, Meloni's coalition partners currently pose little threat to her leadership. In particular, Forza Italia's future is highly uncertain after Berlusconi's death, and Meloni is well-placed to benefit.

Still, Meloni faces significant challenges that may undermine her domestic standing and spoil her plans to gain influence in the EU. There have been delays in spending EU funds for Italy's recovery plan, due in large part to a lack of administrative capacity. Implementing the reforms of Italy's legal system and of the public administration that are meant to accompany the recovery plan is also challenging. In March this year, Italy's court of auditors found that half of the measures in the plan [face delays](#). As a result, payment of the plan's third tranche, which Rome had asked Brussels for in December last year, was not [approved until the end of July](#), and was cut by around €500 million.

In late July, the government presented proposals for revising Italy's recovery plan. Rome wants to shift €16 billion from projects that were unlikely to be realised in time to the REPowerEU chapter of the recovery plan, which aims to fund improvements to power grids and support the energy transition.

Meloni also wants to alter dozens of the plan's reform milestones. Some of the proposed modifications are likely to worry the Commission and Italy's EU partners, especially the idea of weakening plans to crack down on tax evasion and to speed up Italy's slow justice system. The European Commission will now have to evaluate the revisions, which will also have to be approved by member-states.

If Meloni fails to secure funding from the recovery plan in good time, she will look incompetent and her domestic authority will be undermined. Another major source of problems for her could be irregular immigration. Given that Meloni has staked so much of her reputation on reducing the number of arrivals, any sustained increase could leave her open to being outflanked on the right, perhaps by the League. Ominously for her, the numbers of sea arrivals in Italy were over [twice as high](#) in the period between January and August as in the previous year. Finally, an economic slowdown would erode the narrative of competence that Meloni has sought to project. In that sense, she will be worried by the fact that Italian GDP [shrank by 0.3 per cent](#) in the second quarter of the year. If she is concerned about losing support, Meloni may be pushed to enact policies that are popular with her voters but end up undermining her image of authority – like her move to tax banks' profits.

As she approaches her first anniversary as prime minister, Meloni probably thinks she has found the right mix of pragmatism towards the EU, Atlanticism strong enough to secure an invite to the White House, and traditional right-wing populism on migration, cultural issues and the green transition. Meloni hopes that this balancing act will pave the way for greater EU influence after the 2024 elections. The rest of Europe's populist right-wing parties will be watching her performance closely.

**Luigi Scazzieri is a senior research fellow at the Centre for European Reform.**