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14 May 2022

**Draft paper to be presented at the panel on ‘Parliaments as Vehicles for the Future? Democracy, Differentiation and Future of Europe in National Parliamentarian Debates’**

**EUSA Conference, Miami, 2022**

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**Coherent or incoherent? Italian sovereignist parties in front of supranational crisis management**

**Introduction**

Since the 2018 political elections, three large sovereignist parties sit in the Italian parliament: the League (‘Lega’), the Five Star Movement (‘Movimento 5 Stelle’) and Brothers of Italy (‘Fratelli d’Italia’). The first two also took part in government, whereas the third one has never done so. League and Five Star Movement (5SM) both supported the first cabinet led by Prime Minister Giuseppe Conte (Conte I[[1]](#footnote-1)). Together with the Democratic Party (DP), the FSM was also part of the Conte II[[2]](#footnote-2) cabinet, whereas the League moved to opposition.  
The political manifestos of the three parties for the last (2018) parliamentary elections displayed strong sovereignist positions, including the option of leaving the EU (‘Italexit’). Although their positions have become less radical over time (particularly the one of the 5SM), the three parties remain critical of the EU. As a matter of fact, they belong to Eurosceptic political groups in the European Parliament (EP).[[3]](#footnote-3)

When the COVID-19 pandemic broke out, the EU was called to provide a strong reaction in support of the member states (MS). We could call this a supranational crisis management. Such crisis management resulted in the approval of an unprecedented recovery programme called ‘Next Generation EU’ (NGEU). In Italy, NGEU was preceded by a harsh political debate on the use of a pre-existing instrument of financial assistance, i.e. the European Stability Mechanism (ESM). Ultimately, when NGEU started to be implemented in MS through the draft of National Recovery and Resilience Plans (NRRP), a new government guided by Prime Minister Mario Draghi was formed. Together with other parties, League and 5SM decided to take part in the Draghi cabinet, whereas BoI became the only opposition party.

Sovereignist parties do not argue for leaving the EU but do radically criticize it (Fabbrini and Zgaga 2022). Specifically, sovereignism opposes further deepening of supranational integration. An important theoretical research question – which this paper aims to answer – is thus the following: how do sovereignist parties deal with crises which the EU manages in a supranational way? How to explain their behaviour? By supranational crisis management we mean the empowerment of EU supranational institutions and – for the fiscal domain – the capacity to collect and spend more resources. If sovereignist parties had to act coherently, they would not support a supranational crisis management, because the latter results in a further transfer of powers from the national to the European level. But are sovereignists parties in front of a large crisis that requires supranational measures coherent with their original position? After developing an expectation on the theoretical question, we test it based on the empirical research question, i.e. how did Italian sovereignist parties position themselves on NGEU? We reply by firstly examining what sovereignist leaders *think* of the NGEU; secondly, by detecting any prescriptive claim in their speeches – in other words, to understand what they *want* from the EU in terms of crisis management. We are particularly interested in inquiring whether those parties only oppose NGEU or whether they also propose an alternative.

The paper is organized as follows. First, we outline our theoretical framework and present our hypothesis. Secondly, we introduce the three sovereignist parties based on their 2018 political manifestos. Thirdly, we explain the main features of NGEU and why it can be considered a supranational crisis management. We then analyze the positions of the three parties based on their positioning during two parliamentary debates during the COVID-19 pandemic, namely the debate prior and after the approval of NGEU. Ultimately, we conclude.

As it becomes clear, our research involves not only the nature of sovereignist positions, but also its evolution over time. Specifically, the focus is on whether the original positions changed in front of a large symmetrical crisis like the COVID-19 pandemic.   
The paper systematically investigates parties’ positions by running a qualitative text analysis (supported by MAXQDA) of party manifestos, parliamentary speeches and media interviews.

There are several reasons why our research questions seem worth being investigated. In Italy, sovereignist parties make up more than half of the electorate. In parliamentary terms, they also represent the majority. Two of them (League and 5SM) have occasionally been part of the government, while one (BoI) never has. Our analysis thus embraces sovereignism in government and sovereignism in opposition. Analysing sovereignist stances towards supranational crisis management seems to be timely for at least two reasons. Firstly, because NGEU is an ongoing programme which expires in 2026. The programme will continue being the object of party politics. This is even more so if one considers that the current Russian aggression against Ukraine has opened a debate on a so-called ‘energy recovery fund’, which would represent a supranational crisis management tool structurally similar to NGEU (Politico 2022). Secondly, at least BoI is expected to increase its seats in the 2023 parliamentary election. The COVID-19 pandemic represented the heaviest crisis the EU faced in recent years. In fiscal terms, granting the Commission the power to issue common debt on a massive scale and to distribute the related resource to the MS not only in the form of loans but also grants, has been an unprecedented step. As such, the EU’s fiscal crisis management has the potential to open a path dependency towards further integration. This is not something sovereignist parties are supposed to support. However, the strong call for an EU supranational crisis management has put also those parties under pressure. How to react when – during a crisis – there appears to be a widespread consensus in Europe on the need for supranational crisis management? Which room is left to sovereignist parties for ‘staying coherent’ with their anti-EU positions – and to which extent are they pressured to change? These are important questions in a dramatic period like the COVID-19 pandemic, where opposing ‘European money’ becomes increasingly unpopular. As a side effect, our research can thus shed light on possible sovereignists positions on the post-pandemic EU.

1. **Sovereignism and core state powers**

Over the last few years, the academic literature – but also the media and policy makers – have increasingly dealt with the meaning of sovereignism, the causes of its development and its political consequences. Sovereignism shares its core assumptions with nationalism. Like nationalism, sovereignism has been considered a ‘return to the traditional understanding of sovereignty based upon mutually exclusive territories’ (Basile and Mazzoleni 2020: 1). It is a reaction against the supposed inability to effectively address the challenges posed by multi-level governance and globalization. Therefore, sovereignism calls for a re-territorialisation of state power. At the heart of the concept lies the notion of ‘control restoration’ within a national level of government and over a certain territory. Sovereignism originates as an attempt to protect nation states from increasing economic competition, from cultural competition favoured by the openness of society and the large migration flows as well as from the alleged intrusiveness of supranational institutions into domestic politics and policies (Baldini, Bressanelli and Gianfreda 2020; Kriesi *et al.* 2012).

The main difference between nationalism and sovereignism is the position on EU membership. Before Brexit, nationalist leaders in several MS (e.g. France, Italy, Poland) pushed for leaving the EU. Having understood the negative implications of Brexit, nationalist leaders started developing ‘a fundamental critique of the EU *although from within*’ (Fabbrini and Zgaga 2022: 2). Such criticism, which consists in a strong opposition to further centralization of competences in Brussels but without the aim to leave the EU, has been called sovereignism. In other words, sovereignism is a political stance located more ‘within the EU rather than secession from the EU’ (Fabbrini 2020: 29) because sovereignist leaders recognize the uncertainty associated with leaving the EU. They stress the need to step back in the integration process and move to a more confederal logic for the EU, by (re)assigning as many as possible competencies to the national level.

The literature has clarified the multifaceted nature of sovereignism as a concept. Baldini, Bressanelli and Gianfreda 2020 have distinguished different types of sovereignism. These types are mutually connected but it is analytically useful to distinguish them. *Economic* sovereignism opposes the EU economic governance, the Economic and Monetary Union (EMU) and particularly its supranational dimension. *National* sovereignism opposes the policy transfer to the EU in general terms. *Populist* sovereignism opposes European élites and institutions and criticise their lack of legitimacy and accountability. *Civic* sovereignism opposes the impact that EU integration has on national democracy, particularly on the centrality of national parliaments. *Cultural* sovereignism opposes ‘the cultural effects of European integration on domestic society and culture, particularly on social cohesion and internal security’ (Baldini, Bressanelli and Gianfreda 2020: 221). Overall, ‘sovereignism has been in fact fed by the citizens’ frustration with an integration process which prevents them from influencing choices taken at the EU level, choices that nevertheless affect their national situation’ (Fabbrini 2020: 36).

Sovereignism and populism are often discussed together. Populism blames representative democracy as a system which disproportionally empowers élite, thus accounting for unresponsiveness of democracies. It calls for more direct democracy. From a populist perspective, all EU institutions except for the EP do not have enough democratic legitimacy because they are not directly elected. Populism shares with sovereignism a distrust towards supranational institutions. In sum, while populism always includes elements of sovereignism, the opposite is not necessarily true: sovereignism might exist without populism. Lastly, sovereignism also includes elements of Euroscepticism (Szczerbiak and Taggart, 2008). However, unlike Eurosceptics, sovereigntists make explicitly calls for national control restoration and put forward an alternative proposal for the redistribution of authority away from the EU and within national boundaries. This is not the case for Eurosceptics, whose positions are more moderate. Unline sovereignists, Eurosceptists do not aim to fundamentally change the European status quo.

In the case of the EU, sovereignism is directed at the integration process as a whole. At the level of polity, sovereignists oppose the establishment of a European federal polity – both in a more centralized (federal state) and in a more decentralized (federal union) version (Fabbrini 2017). At the level of policy, sovereignism displays an incoherent or opportunistic stance. As a matter of fact, sovereignism accepts integration of those policies which can entail positive externalities for their states. Sovereignist leaders in Hungary (Orban) or in Poland (Kaczynski), for instance, support EU cohesion funds because their countries are large net beneficiaries of the EU budget.

Sovereignism is thus policy-dependent: the sovereignist call for competence repatriation is particularly loud for those policies closely connected to national sovereignty and where, thus, delegation to the EU has occurred reluctantly in the first place. The literature (Genschel and Jachtenfuchs 2014; 2016; Pagoulatos and Tsoukalis 2002) calls such policies core state powers. Where MS have accepted European delegation, they have set in place an intergovernmental decision-making regime which allows them to keep control of how core state powers have been integrated at EU level (Moravcsik and Schimmelfennig 2021). Fiscal policy is arguably the most prominent case of core state power. Therefore, we expect sovereignism to strongly oppose EU fiscal integration. The following sub-section proposes an operationalization of such opposition – which Baldini, Bressanelli & Gianfreda (2020) have called economic sovereignism.

***Towards an operationalization of economic sovereignism***

Genschel and Jachtenfuchs (2016) have distinguished between two instruments of fiscal integration. The first is fiscal regulation, which refers to the ability of the EU level[[4]](#footnote-4) to adopt and enforce legal rules[[5]](#footnote-5) that limit MS’ political discretion in fiscal policy[[6]](#footnote-6). The second instrument is fiscal capacity, which is defined in opposition to fiscal regulation. It refers to the ability of the EU to collect own fiscal resources and to decide – through its institutions – how to spend them[[7]](#footnote-7). Some literature (Hallerberg 2014; Mabbett and Schelkle 2015) has argued that the EU has strong fiscal regulation but lacks a correspondingly strong fiscal capacity.

Although useful, this distinction leaves us with the question what it actually means to be sovereignist in economic terms. It means to oppose the EMU but which parts of it concretely? We operationalize economic sovereignism by relying on Hall’s (1993) distinction between policy goals, instruments and settings. While the goal of EU fiscal integration is to achieve deeper integration, in terms of instruments a threefold distinction can be made. The first instrument involves the amount and the composition of resources that the EU can collect (receipts). The second instrument involves the amount and the composition of resources that the EU can spend (expenditures). The third policy instrument involves the limits that the EU sets on national spending, the impact of these rules on domestic political systems and the mechanisms to assure compliance (rules).[[8]](#footnote-8) Why these three instruments? From a macroeconomic point of view, they constitute the tools that mirror the power to raise resources (revenues) and the power to spend them (expenditures), plus the regulatory instrument (rules) which is particularly developed in EU fiscal integration.

This paper adopts the above operationalization to shed light on what Italian sovereignist parties think of the (new) economic governance that the EU developed under the pressure of the pandemic. If sovereignism is about control restoration and competence repatriation, then we can expect Italian sovereignists to be against (or at least not in favour of) increasing revenues, expenditures and rules in the fiscal domain. The reason is that in the case of fiscal regulation the national discretion to run the own fiscal policy is constrained. In the case of fiscal capacity, the national competence to run an own fiscal policy is transferred to the EU. While fiscal regulation implies control constraints, fiscal capacity implies a competence transfer.

To this policy operationalization we need to add an institutional operationalization. Sovereignism calls for national institutions to retain (reconquer) as many competences as possible. A strengthening of supranational institutions goes in the opposite direction – which explains why sovereignists oppose it. The position of sovereignist parties on intergovernmentalism remains ambiguous. True, intergovernmentalism still implies a strong role of national institutions. However, this occurs in a framework of coordination among European governments, with the implication that a MS might not be able to fully defend its interests (Fabbrini 2022). This might explain why rarely do we observe soveregnists to push for a more intergovernmental decision-making regime. Rather, as we will see, sovereignist parties more often mention that the EU should become a confederation which only cooperates on certain issues, without the creation of supranational institutions. However, which institutions should run such a confederation is not mentioned. In sum, sovereignists have a clearer idea on polity than on governance.

***What to expect from sovereignist parties during a crisis?***

As mentioned, policy opportunism characterizes sovereignist parties. If this is so in ordinary times, even more so do we expect it in times of crisis. Following Strom (1995), we can conceive of sovereignist parties as rational actors trying to increase their votes (‘vote-seeking’) and to get control of specific ministries (‘office-seeking’). On this point, sovereignist parties do not fundamentally differ from Europeanist parties. Arguably one crucial difference lies in that in certain circumstances sovereignist parties accept to embrace positions that contradict their core preferences. The reason for this can be found in the rather weak identity of sovereignist parties. On many issues, the position of those parties is not clear-cut, which might result in (apparently) contradictory behaviour. In this paper, we want to empirically understand which reasons account for Italian sovereignist parties to position themselves vis-à-vis NGEU.

Crises often represent critical junctures (Pierson 2004; Mahoney and Villegas 2007) which widen the range of viable policy options. NGEU was possible in a dramatic context of crisis like the COVID-19 pandemic. Since crises subvert the political *status quo*, they allow for some parties to reach their objectives easier than in ordinary times. In this sense, crisis might have an enabling capacity. At the same time, other parties might be forced to agree to things they would not have agreed to in ordinary times. In that sense, crisis might have a constraining capacity.

The attitude of sovereignist parties in times of crisis can also be explained by the Advocacy Coalition Framework (ACF) (Sabatier 1988; Sabatier and Jenkins-Smith 1993, 1999). As Knill and Tosun (2020: 209) put it, ‘an advocacy coalition consists of actors from a variety of market, state and civil society institutions at all levels, which share [..] basic beliefs (i.e. on policy goals and other perceptions) and coordinate their activities over time. Such a coalition can change beliefs in front of external events like a crisis which triggers growing acceptance of a certain policy as the best solution for tackling the very same crisis. Actually, after initially different interpretation of the pandemic (Fabbrini 2022), European MS agreed on reading the crisis as being symmetrical (hitting all countries) and having no specific culprit. In short, it was this convergence on the crisis’ interpretation that enabled the adoption of an unprecedented recovery programme (Schelkle 2021). Such decision found breeding ground in Italy not only because the pandemic had hit the country in a particular severe way. Actually, different Italian government over time had pushed for a stronger fiscal capacity at EU level (Jones 2018) including a European minister of finance (Zgaga 2018). The dramatic implications of the pandemic increased consensus on the need for such a fiscal capacity. As a result, the room for opposing deeper fiscal integration steps shrank. In Italy, the advocacy coalition in favour of NGEU became larger and larger, making it more difficult for sovereignist parties to say ‘no’. This outcome became even more true when Italy turned out to be the country receiving the largest share of NGEU[[9]](#footnote-9). Against this background, it is important to understand how sovereignist parties organized their stance towards what has arguably been the strongest supranational step ever in EU fiscal policy.

In the following section, we submit our three parties to a sovereignist test aimed at assessing to which extent they display economic sovereignism. Concretely, this means finding out whether this parties are against revenues, expenditures and rules as well as against the empowerment of supranational institutions in EU fiscal policy. The test is passed if all those conditions are met.

1. **Economic sovereinignism of Italian parties**

This paper considers three Italian parties that displayed economic sovereignism based on their manifestos for the 2018 parliamentary election: the League, BoI and 5SM. To better analyze them, we will point not only to positions on EU economic governance, but also to other related issues. In its 2018 manifesto, the League defines the EU an enormous supranational entity without democratic legitimacy and entailing a sweeping bureaucracy which sets the agenda of national governments. The party wants to renegotiate treaties that limit Italian ‘full and legitimate’ sovereignty, *de facto* returning to a pre-Maastricht integration. The euro is said to be the main cause of Italy’s economic decline, because it is the spitting image of Germany’s *Deutschmark*. Hence, the League aimed at a common exit (‘*uscita concordata*’) from the euro area. The very same foundation for Italy’s joining the EU is put into question when the party argues that Art. 11 of the Italian Constitution (which makes it possible for Italy to transfer sovereignty to international organizations that aim to maintain peace) is not a sufficiently strong condition for that. The party calls for the repatriation of four ‘sovereignities’: monetary and economic; territorial; legislative; subsidiarity (Party manifesto of the League on the EU). Monetary and economic sovereignty implies exclusive competence over commercial policy. Territorial sovereignty implies reintroducing border control, i.e. abolishing both the Schengen and the Dublin agreement. Legislative sovereignty implies the supremacy of national law over European law. Eventually, subsidiarity entails bring back under exclusive national competence most concurrent competences. In terms of propositions, what the party pursues is an economic cooperation between sovereign states. Surprisingly, notwithstanding this position, the League calls for more powers of the European Parliament (EP), particularly the right of legislative initiative. In fiscal terms, the League claims that Italy should pay less to the EU budget. The Commission should not be granted more decision-making power nor new competences. In February 2020, the League made clear that leaving the EU (or the Eurozone) is no longer an option.[[10]](#footnote-10) As it becomes clear, the League meets the sovereignist test because it wishes to limit receipts, expenditures and fiscal rules. Moreover, it does not want supranational institutions to acquire more powers in fiscal terms.

Let us turn to BoI. Boi wants to establish a European confederation of states that cooperate on security, single market, defense, migration, research and foreign policy but are free to self-determine themselves on what can be better done at national level. Related to this, the party argues for both the Italian constitutions and the Italian legal order to be superior to European rules. In general, the party calls for Italy to defend itself against France and Germany, charged of pursuing their national interests at the detriment of Italy’s ones. BoI does not argue in favour of increasing the EU budget. It is in favour of stopping austerity policies, which are said to have benefitted Germany only, in order to adopt a huge national and European investment plan (for infrastructure, transport, digital web, schools). The party calls for not considering expenditure for investments within EU deficit and debt criteria. Moreover, the EU budget should provide support to family and birthrate, including a ‘European mother income’, i.e. a monthly allowance for every child. BoI is against the euro because the common currency has supposedly been a very good deal for some countries (mostly Germany) and a very bad deal for others (especially Italy). Consequently, BoI wants to ask the EU for compensatory measures between those that benefitted most from the euro and those who were mostly damaged. Moreover, the party supports a reform of the ECB. BoI is the only party – among the three here analyzed – which has never explicitly ruled out the possibility of ‘Italexit’, even if the party is now explicit only on the need for leaving the euro area[[11]](#footnote-11).

Let us consider finally the 5SM. First of all, the party does not present its view on the future perspective of EU integration process. It proposes to increase the powers of the EP for countering those of the Commission. Moreover, the 5SM stresses the need for strengthening national parliaments. The 5SM claims that, if a revision of the EU fiscal rules is not possible, national economic and monetary sovereignty must be restored. Like the League, the 5SM argues for a reduction of the budget as well as a reduction of post-Brexit Italian contributions to it. Last but not least, the 5SM wants to deeply revise EU rules through national referenda. Also the decision to opt out from the euro temporarily or permanently should be put under referendum. To be sure, however, as of 2019 leaving the EU or opting out from the euro is no longer on the agenda of the party.

The analysis proves that the three parties display economic sovereignism. They are against a new European fiscal capacity (receipts and expenditures) and a stricter European regulation. They equally oppose strengthening supranational institutions in fiscal policy. Among the three parties, BoI has always been part of the opposition. We thus assume that its positions have changed the less. The League and 5SM have been part of the Conte I cabinet. Reading the coalition agreement of the Conte I government, we find confirmation of the positions expressed in the respective party manifestos, although formulated in a less strong way. The coalition agreement included plans to change the ECB statute and together with EU partners amend EU economic governance (monetary policy, Stability and Growth Pact, Fiscal Compact, European Stability Mechanism, etc.), which is considered to be asymmetric in its effects, favouring northern European countries. The 5SM and League coalition propose to increase the powers of the EP to counter those of the Commission. The prerogatives of the Commission should be reduced.

We are aware that these are party positions formulated in terms of principles and on paper. In reality, especially when part of the government, parties might be forced to water down these positions (Minkenberg 2001). However, the core preferences regarding economic sovereignism have not disappeared prior to the pandemic. At that time, sovereignist parties found it quite easy to oppose deeper fiscal integration because they knew that it was politically very unlikely to happen any way given the strong resistance of some countries, most notably Germany (Schoeller and Karlsson 2021). Following the critical juncture of the COVID-19 pandemic, the prospect of an unprecedented fiscal capacity became concrete. At the same time, MS were facing enormous economic difficulties due to the pandemic. The consensus on a European fiscal stimulus was growing and ultimately – after tough negotiations at intergovernmental level (Ladi and Tsarouhas 2020) – NGEU was approved.

Before investigating the position of sovereignist parties on NGEU, the following section reconstructs the main elements of the EU’s fiscal response to the COVID-19 pandemic.

1. **The EU’s crisis management of the COVID-19 pandemic**

This section reconstructs the content of the main measures that the EU put forward to face the COVID-19 pandemic. It serves to demonstrate that the crisis management led to a change of EU fiscal integration. By doing so, the section will also explain why the EU crisis management has been supranationally oriented.

In terms of crisis management, the COVID-19 pandemic differed from the euro crisis. Fiscal rules were set aside and new instruments of financial assistance were created. Here, we focus on the main instrument – NGEU. There are four main reasons why NGEU breaks with the past. Firstly, NGEU allows the Commission to collect an unprecedently high amount of resources – up to €750 billion – in the form of debt.[[12]](#footnote-12) Secondly, although this debt issuance is granted upon authorization of the MS and only until 2026 (European Council 2020: 3), it strongly empowers the Commission compared to its pre-existing role in EU fiscal policy. In fact, it is the Commission which assesses the National Recovery and Resilience Plans where the MS need to explain how they will invest the money that they get through the Recovery and Resilience Facility (RRF), the largest part of NGEU. Thirdly, for the first time, the MS get European resources in the form of grants (money not to be repaid). In addition to this, they also receive loans with a very long deadline (2058) for repayment. If the assessment by the Commission is positive, the MS will get the money. But there is a *caveat*. Although the European Council does not have a veto power, it can nevertheless postpone the disbursement of funds ‘if, exceptionally, one or more Member States consider that there are serious deviations from the satisfactory fulfilment of the relevant tasks and milestones. In that case, the Commission must suspend its decision on approving the payments until the European Council has discussed the issue in detail’ (*ibid.*, p. 6). As it becomes clear, in this process there is no role – not even a consultative one – for the EP. Fourthly, by providing the guarantee of the EU budget, NGEU breaks the taboo of debt mutualisation (Ladi and Tsarouhas 2020). Last but not least, in July 2020 the member states (MS) committed to progressively assign to the EU budget new taxes for repaying the grants of NGEU. After the non-recycled plastic waste introduced since January 2021, new proposals will include a carbon tax, a digital levy (to be introduced by January 2023 at the latest), a revised ETS scheme and ‘other own resources, which may include a Financial Transaction Tax’ (European Council 2020: 8). Thus, a system of new own resources is envisaged but not yet introduced. National contributions continue to make up the largest share of the EU’s budget.

Having seen the main properties of NGEU, it becomes clear that the EU increased its ability to collect and spend resources. Moreover, the Commission was empowered, As a result, the EU’s fiscal crisis management can be considered supranational. Such a crisis management stands in sharp contrast to the tenets of economic sovereignism. Hence, we expect sovereignist parties to oppose it. The following section tests our expectation.

1. **Position of sovereignist parties on NGEU: coherent or incoherent?**

This section reports the results of an in-depth content analysis of parliamentary debates which took place in the Chamber of Deputies immediately before and immediately after the adoption of NGEU. For the sake of methodological rigour, the type of debate is always of the same type, i.e. the Prime Minister's (PM) address to the Chamber of Deputies in view of European Council’s meetings. This type of data seems to be particularly suitable for investigating party positions. In such debates, major European issues are discussed. The PM presents the view of the government and afterwards both governmental and opposition parties have the chance to intervene. Usually, given the importance of the topics discussed, parties express their positions quite strongly. 2020 was a year of crucial European Council’s meeting, both virtually and on presence. Probably the most important of those meetings took place from 17-20 July 2020, which – after tough rounds of negotiations – ended with the approval of NGEU in Brussels. In the following, we focus on the positions of the three sovereignists parties expressed in two debates: the PM address to the Chamber of Deputies in view of the crucial European Council of 17-20 July 2020 and – afterwards – the PM urgent communication on the outcome of that meeting. In the debates considered, we need to consider that the League and Boi were part of the opposition, while 5SM was among the governmental coalition.

In the first debate, prior to the European Council meeting, the 5SM stresses that the pandemic showed the limitations of the Maastricht Eurozone built upon austerity policy and budgetary constraints. The party fully supports NGEU as the Commission originally proposed, i.e. € 750 billion made up of 500 billion grants and 250 billion loans which the same Commission should raise on financial markets. Negotiations ‘on the decline’ could not be accepted if one wanted the EU to survive. NGEU is clearly defined as ‘the only possible road towards European economy and we need to approve it as soon as possible’. The 5SM sees finding a joint and agreed exit from the crisis – with common resources financed by all Europeans –as the only possible solution. The 5SM denounces the behaviour of other sovereignist parties in Europe allied with the League and BoI, because they act against Italy’s interest. In the debate, the 5SM also stresses the need for relaunching a long-term EU budget at EU level while at the same time being able to freely spend resources at national level without being bound by the Stability and Growth Pact. Conditionality of NGEU is considered a negative factor. The 5SM also supports more powers granted to the Commission.

Not surprisingly, the League claims that Italy should not activate the European Stability Mechanism (ESM)[[13]](#footnote-13). It also states that Italy is always among the losers of European negotiations. The League opposes to increasing the EU budget because this would be equal to have less resources available for the Italian budget. The euro has supposedly had negative effects on Italy, because economic growth was constantly negative. This is due also to the strong limits on spending. Interestingly, the League sees a contradiction in blaming national debt on the one side and allowing for European debt on the other side. But why is the ESM considered to be so dangerous for Italy? Because, according to the League, it is only a privileged loan which, however, has very intrusive guarantees. Such guarantees could heavily impact on Italy’s finances. Together with the harsh conditionality attached to the ESM, it represents a threat to national sovereignty. The League also argued that in order to counter the crisis the European Central Bank should extend its mandate to other tasks, in line with most central banks worldwide. The ECB should ‘cut its debt towards EU MS; the debt of European MS towards the ECB must be cut’ (PM address 2020: 24). At the end of the debate, the League stresses that it is in favour of Europe based on national identities. It calls itself a sovereignist party. Overall, the party is clearly against NGEU, although it does not argue its position in detail. At this stage, there is also no positioning on an increase of powers to the Commission.

The position of BoI is more clear-cut. The party stresses the threat of conditionality, which is supposed to ‘open the door to foreign influence, to the influence of other European countries on our ability to discretionally decide our internal policy, our economic policy and our domestic reforms’ (PM address 2020b: 15). Again, what is at stake according to the party, is the integrity of Italian sovereignty. Another line of criticism concerns the delay in providing the funds of NGEU: as a matter of fact, in spite of being adopted by mid of 2020, the first trances of resources from NGEU are supposed to be paid only in 2021. The party also criticizes that Italy’s National Recovery and Resilience Plan will *de facto* be approved by the Council deciding by qualified majority – and not by the Commission. According to BoI, this makes it difficult for Italy to get the resources. In the upcoming negotiations on NGEU, BoI wants the PM to stress that the Netherlands and other Northern European MS pursue an unfair of dumping on tax policy. BoI considers the Italian government too weak because it is not the outcome of democratic elections. From an institutional point of view, the party does not position itself on the powers that NGEU grants to the Commission.

Let us now approach the PM address to the Chamber of Deputies on the outcome of the European Council meeting which led to the approval of NGEU. The 5SM celebrates the result of the negotiations as a big success. It defines NGEU as a huge economic recovery plan without losers: a plan that benefits all MS. The party also highlights that the amount of NGEU ultimately increased compared to the initial proposal. The party also welcomes that the ESM was kept outside of the negotiations. As for the decision-making process, the 5SM points out that in its ‘emergency break’ the European Council will take any decision on NGEU through QMV and not through unanimity. Given that for QMV more than 35 % of the population will be needed, frugal countries, representing slightly more than 10 %, will not hold any veto power against resources transferred to Italy.

What about the League? It claims that the final amount of NGEU is much lower than initially foreseen. Arguably, the relationship between loans and grants changes radically. Grants are not free money and they will be distributed according to the current financing channels of the EU. The deal on the NGEU is a ‘rip-off’ because the money will be dribbled out only at the end of 2021. The government should not wait and finance national recovery through permanent bonds purchased by the ECB. NGEU is a rip-off because it is a mega European Stability Mechanism (ESM): a loan with strict conditions fixed by the European Commission. All this would lead to new taxes, including taxes on housing, savings, health and on property. The party also criticizes the fact that funds are targeted at the future (‘Next Generation EU’) while they would be needed now. In addition to this, Italy had not ‘won against the frugals’, because the frugals (and Germany) obtained rebates on their contributions to the EU budget. This means that in the future Italy will have to pay more to the budget (11 billion euros). Through NGEU, Italy will thus accumulate more expenditures, more debts and above all more conditionality on its economic policy. Moreover, the League fears that Italy had to present a plan of national reforms imposed by the Commission. The party argues that the Commission’s recommendations on how to use the RRF are ‘pretty clear and affect pensions, justice, schools, jobs, public administration, health and debt reduction’ (PM address 2020b: 9). The Commission has stated that for Italy to have a sustainable debt it should reduce its debt-GDP ratio up to 140 %. To meet the Commission’s requirements, Italy would need to reduce its debt by 60 points by cutting in the sectors indicated by the Commission. This would represent a massive cut of social expenditure. On top of that, the League heavily criticizes the governance of NGEU, because it will not only be the Commission to monitor the implementation of the programme. Although individual MS will have no veto power in the Council, there emergency brake allows each MS to ask for suspending payments of funds and bringing the issue in front of the European Council. Crucially, the League argues, in the Council every MS acts on the basis of its national interests: this makes it unfavourable for Italy if the Council – instead of the Commission – approves the National Recovery and Resilience Plans. Last but not least, the League criticizes the increase of the EU budget and the possibility to introduce new ‘genuine’[[14]](#footnote-14) taxes (e.g. environment and plastic). This means that Italy would have to pay more than 11 billion euro. Moreover, Italy will be forced to introduce a number of new taxes, particularly a plastic tax, which will hit the Italian enterprises very hard. According to the League, the alternative towards a more solidarity-based EU would have been to set up Eurobonds guaranteed by the EU (debt mutualisation) with money distributed to all MS or to change the statute of the ECB so to enable it to purchase sovereign bonds (on the primary market) of the MS. However, the party does not explain how Eurobonds could be realized.

Eventually, we consider BoI. According to BoI, negotiations on the NGEU are much below expectations because the final deal entails less grants compared to loans and more conditionality. For BoI it is not acceptable that the ‘Frugal Four’ won their battle over the budgetary rebate: Italy will lose resources from that budget. Moreover, no change to the EU treaties – which would have been in Italy’s interest – took place. Crucially, the party argues, the emergency brake in the disbursement of the NGEU is like a huge veto power. Italy is said to risk an unacceptable ‘compulsory administration’ of its economic policy decisions. In opposition to this, BoI makes clear that it will strongly defend Italy’s national sovereignty. Like the League, the time factor is also stressed: ‘we do not have time to wait for the money of the NGEU. We should keep only the part that includes grants. We should use the low interest rates that ECB has set in order to finance national recovery through the issuing of sovereign bonds’ (PM address 2020b: 15). BoI claims that it voted in favour of Eurobonds in the EP, because that was the prerequisite for the Recovery Fund. The party claims that the Italian government had failed in the negotiations: the final deal is negative because it includes less loans and more conditionality. BoI also criticizes the persistence of rebates and the shortage of the EU budget, which entail many resources which are useful for Italy. Moreover, in line with the League, BoI claimes that – whereas the financial transaction tax was not yet adopted – other taxes (e.g. plastic tax) were already approved and will damage Italian enterprises. Eventually, the party argues that the resources of NGEU will arrive too late and that other MS – particularly the ‘Frugal Four’ and Germany – will impose Italy how to use them. Thus, overall, NGEU arguably brings along a worse conditionality than the ESM. Like in the case of the League, the institutional issue of more powers granted to the Commission is not tackled.

Having seen the positions and propositions of the three sovereignist parties on NGEU, the following section draws some conclusions.

**Conclusions**

This paper has investigated how so-called sovereignist parties reacted to crises where the EU pushed (or is pushed) into a supranational direction. We consider the COVID-19 pandemic as an example of supranational crisis management. In fiscal terms, this means an empowerment of EU supranational institutions and – for the fiscal domain – the capacity to collect and spend more resources. Our starting argument has been that sovereignists usually do not support a supranational crisis management.

We traced back the different types of sovereignism outlined by the literature. For the purpose of our analysis, economic sovereignism is of interest. Linking to the literature on core state powers, the paper developed a sovereignist test, according to which a party can be considered to display economic sovereignism if it is against European revenues, expenditures and fiscal rules as well as against the empowerment of supranational institutions in the fiscal domain.

Based on the in-depth content analysis of their manifestos, League, 5SM and BoI can be considered to display economic sovereignism. Hence, they faced a challenge when – after the outbreak of the pandemic – pressures arose on the EU to mobilize large resources for financially assisting its MS. That would have represented a deep step towards further fiscal integration. And – as a matter of fact – NGEU was an unprecedented measure which increased the EU’s collecting and spending powers. Institutionally, NGEU granted more powers to the Commission – a supranational empowerment which sovereignist parties usually do not like. This is why the fiscal crisis management of the COVID-19 pandemic can be considered an example of supranational crisis management.

What was, then, the position of sovereignist parties on NGEU? Was it coherent with their original positions? The 5SM, which was part of the government, fully supported NGEU and considered it without alternative. The 5SM was also in favour of increasing the EU budget and it was against the Stability and Growth Pact. The party supported more transfer of powers to the Commission in the framework of NGEU. How to explain such positioning? We have already pointed out that during the Conte II cabinet the 5SM had moderated its positions towards the EU compared to the Conte I cabinet (Fabbrini and Zgaga 2019). Although being the party with most seats in the parliament, the 5SM had lost consensus after the 2018 elections to the benefit of other parties (League and BoI). As such, the 5SM had no interest to oppose NGEU because that would have meant an unfavourable outcome: the need to leave the government, which would have caused the downfall of the Conte II cabinet and open the door to a new election. However, polls suggested that time for election was inconvenient for the 5SM, not to mention that Italy’s President of the Republic, Sergio Mattarella, was unwilling to call a new election in the crucial time around the adoption of NGEU. As such, the position of the 5SM on NGEU can be explained by an office-keeping strategy.

It is particularly important to analyze the position of the League and BoI as parties of the opposition. Both realized that in Italy (and in Europe) there was a strong advocacy coalition in favour of a large recovery fund. Opposing to this did not pay off politically. Therefore, none of the two did oppose NGEU as such but both developed a harsh criticism of how NGEU was designed. The strategy was essentially to neglect any benefit of NGEU for Italy. More generally, both parties argued that NGEU was not a truly innovative measure or that it was much below expectations. By pursuing an issue-linkage, the League and BoI argued that both NGEU and the ESM are a threat to national sovereignty because of their conditionality. Another criticism of NGEU relates to the time (too late) of the financial disbursement. Then, League and BoI also argued that the approval of rebates would mean that Italy will have to pay more to the EU budget. In addition to that, they negatively evaluated that the increase to the EU budget will bring new taxes that damage Italian producers. Moreover, it will become difficult to implement Commission’s recommendations.

Interestingly, the League also argued that Eurobonds would have been the optimal way to pursue. However, it did not argue how they would have to be designed. In institutional terms, both the League and BoI feared that the governance of NGEU still assigned a veto power to MS in the Council via the emergency brake. As a result, surprisingly both argued that a governance of NGEU based on the Commission would be better for Italy, but they did not spell this position out in detail.

Overall, BoI exercised an even harsher criticism of NGEU than the League. This might be explained because BoI had no plan to join the government. On the contrary, the League was arguably already considering to be part of the following government, as it actually happened when the Draghi cabinet entered into office[[15]](#footnote-15). At the beginning of 2021, the leader of League, Matteo Salvini, said that he preferred to have a say on the use of NGEU rather than watching from the outside[[16]](#footnote-16). As such, notwithstanding the advocacy coalition pushing for a recovery fund, BoI could more easily stick to its traditional position compared to the League, which probably already acted with an office-seeking strategy.

In sum, during the COVID-19 pandemic sovereignist parties have struggled to act in a way coherent with their original positions. They have managed to so only partially. They could not oppose an increase in fiscal capacity *tout court*. Hence, they had to reinvent themselves in light of the ‘constraining effect’ of the pandemic. By doing so, they displayed policy opportunism typical of sovereignist parties. For the 5SM – already in government – this was quite easy. Being unable to veto NGEU, the opposition parties League and BoI tried to delegitimize the new fiscal capacity of NGEU by framing it as nothing really new, but only as an increased threat to national sovereignty. In terms of institutional governance, both parties ended up in paradoxically supporting the powers of the Commission because that was considered to be more in line with their attempt to protect national sovereignty compared to the veto power granted to individual MS in the process of approving disbursement of NGEU-funds. On several occasions, however, the position of these two sovereignist parties was not clearly outlined. While some form of ambiguity might be there on purpose and while some ‘old’ positions (i.e. against a permanent increase of the EU budget and in favour of changing the statute of the ECB) persist, there has so far not been a detailed description of (viable) alternatives to NGEU.

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1. The Conte I government remained in office from 1 June 2018 to 20 August 2019. [↑](#footnote-ref-1)
2. The Conte II government remained in office from 5 September 2019 to 26 January 2021. [↑](#footnote-ref-2)
3. The League belongs to the group ‘Identity and Democracy’ (ID). This group, which includes also Le Pen’s ‘Rassemblement National’ and Germany’s ‘Alternative für Deutschland’, is a right-wing conservative group which opposes any further transfer of powers to the EU. BoI belongs to the ‘European Conservatists and Reformists’, a group that advocates a Europe of sovereign nations that cooperate on specific policy areas. The 5SM does not belong to any parliamentary group. [↑](#footnote-ref-3)
4. By ‘EU level’ we mean both supranational and intergovernmental institutions (but not national ones). [↑](#footnote-ref-4)
5. In the form of primary and secondary law as well as intergovernmental agreements. [↑](#footnote-ref-5)
6. The most prominent example of EU fiscal regulation are the deficit and debt criteria of the SGP. [↑](#footnote-ref-6)
7. Examples of fiscal capacity are, for instance, the EU budget or the European Stability Mechanism for financial assistance (e.g. ESM). [↑](#footnote-ref-7)
8. In the terminology of Genschel and Jachtefuchs (2014; 2016), revenues and expenditures belong to fiscal capacity, whereas rules refer to fiscal regulation. [↑](#footnote-ref-8)
9. See European Commission (2022), <https://ec.europa.eu/info/strategy/recovery-plan-europe_en> (last access 11 May 2022). [↑](#footnote-ref-9)
10. See <https://www.corriere.it/politica/20_febbraio_13/resteremo-nell-euro-migranti-si-collaboriora-bruxelles-ha-capito-ed945cec-4e9f-11ea-977d-98a8d6c00ea5.shtml> (last access 11 May 2020). [↑](#footnote-ref-10)
11. See <https://www.la7.it/laria-che-tira/video/giorgia-meloni-leuro-non-e-irreversibile-e-una-moneta-e-non-un-dio-che-cose-irreversibile-a-parte-la-02-03-2021-367916> (last access 11 May 2022). [↑](#footnote-ref-11)
12. The overall EU budget remains substantially unchanged, being equal to 1.40% of GNI for payments and 1.46% for commitments (Laffan and Lindner 2021). To this one has to add €750 billion of NGEU, which lead to a total amount (MFF + NGEU) of €1824.3 billion. [↑](#footnote-ref-12)
13. The ESM is an instrument for financial assistance created in 2012 during the euro crisis. It grants loans to MS in economic difficulty based on a strict conditionality. Particularly in Italy the ESM has been met with mistrust in the light of the strong constraints to national sovereignty that the fund had imposed on Greece. [↑](#footnote-ref-13)
14. I.e. taxes which directly accrue to the EU. [↑](#footnote-ref-14)
15. In February 2021. [↑](#footnote-ref-15)
16. See <https://www.repubblica.it/politica/2021/02/09/news/governo_draghi_salvini_lega_europa_ue_voto_recovery_parlamento_europeo-286805669/> (last access 14 May 2022). [↑](#footnote-ref-16)