

Topic of the week for discussion: 8th to 14th Dec. 2016

Topic: One step back in Italy, One step forward in Austria

Topic
Introduction

Presidential elections were held in Austria on **24 April 2016**, with a second round run-off on **22 May 2016**. However, the results of the **second round were annulled** and a **re-vote took place on 4 December 2016**. The President of Austria is directly elected by **universal adult suffrage once every six years**. The election is held under a **two-round system**; **if no candidate receives more than 50%** of votes cast in the first round, then a **second ballot occurs** in which only those two candidates who received the greatest number of votes in the first round may stand. The constitution grants the president the power to appoint the Chancellor and, by extension, federal cabinet ministers, Supreme Court justices, military officers, and most major bureaucrats. The president may dissolve the National Council. In practice, however, the president acts as a figurehead. Incumbent president **Heinz Fischer** had served **two terms** and **was not eligible** to be elected for a third successive term. In the first round of the election, **Norbert Hofer of the Freedom Party of Austria (FPÖ)** received the most votes. **Alexander Van der Bellen**, a member of the Austrian Greens contesting as an independent, placed second. The candidates of the two governing parties, the Social Democratic and Austrian People's parties, placed fourth and fifth respectively, and were behind independent Irmgard Griss in third place. Since no candidate received a majority of the vote, **Hofer and Van der Bellen went head-to-head in the second round in May**. This was the first time since the Second World War that an Austrian president had not been backed by either the People's or the Social Democratic party. During the run-off, **Van der Bellen defeated Hofer on 23 May 2016** after the postal ballots were counted. On 1 July, the results of the second round of voting were annulled after **the results in 20 of the 117 administrative districts were challenged**, and the Constitutional Court of Austria found that Austrian electoral law had been disregarded in 14 of them. The Court found that over 77,900 absentee votes were improperly counted too early, however without any indication of votes having been fraudulently manipulated. The second round re-vote was planned on 2 October, but was postponed to 4 December 2016. In a very reliable prognosis on the late evening of 4 December 2016, **Alexander Van der Bellen was in the lead with 53.3% of votes with Norbert Hofer second with 46.7% of the votes**. The final results gave **Van der Bellen 53.8%** of the vote, with a **turnout of 74.2%**. When the result was apparent soon after the polls closed, Hofer conceded the race to Van der Bellen on the afternoon of 4 December.

Italy's Referendum and its aftermath:

In a dramatic day of voting that could have major implications for **Europe's economic and political future**, citizens from **Italy and Austria cast their ballots** in two closely-watched initiatives. The referendum on Italy's constitution and the presidential election in Austria were a barometer of the strength and reach of the **populist insurgency threatening to upend Europe's established political order**. Voters in Austria issued a decisive defeat to its far-right candidate. Hours later, **Italian voters rejected constitutional reform championed by Prime Minister Matteo Renzi, leading to his resignation**. It also plunged the country into economic and political uncertainty.

A ‘No’ on Prime Minister Matteo Renzi’s constitutional reform, and the defeat of far-right Norbert Hofer in Austria’s rerun presidential are being **read as indicators of the supposedly irresistible march of far-right populist/anti-establishment politics in the wake of Brexit and Trump**. Austria’s vote suggests the momentum may be beginning to stall, while Italy’s, that there is still a fair wind for it. **With French and German elections scheduled for next year**, and possibly **Italian elections**, in all of which the far-right parties will play a key role, could this runaway train even yet put the future viability of the EU in doubt? And yet it has been a feature of the rise of populism across the continent that, although strong, it is manifest in very different political forms. Not least on the future of the EU. Hofer’s Freedom Party, established by ex-Nazis, is sceptical of Europe, but he has stopped well short of calling for Austria to leave the EU and has referred to what he said was Britain’s “tragic” vote to leave. He was also backed by most of the strongly pro-EU conservative People’s Party. While Italians in the referendum may have embraced the strong **anti-Renzi message of Eurosceptic Bepe Grillo’s Five Star Movement and of the far-right Northern League**, it is unlikely either party, even after a successful election, would produce a majority for a referendum on euro membership, let alone see it passed. Both, however, were demanding elections, confidently predicting they will be in the next government. Renzi’s mistake was not so much to propose overambitious constitutional reform – Grillo promises the same – but to stake his own fate on an unnecessary poll. Like Irish politicians he is learning that voters are capable of voting in referendums on any issue preoccupying them rather than that on the ballot paper.

With elections in France, the Netherlands, Germany, and now possibly Italy coming in 2017, the next 12 months are shaping up to be seminal for European politics and the future of the European Union.

- **Matteo Renzi** is preparing to formally submit his resignation after voters dismissed his plans for constitutional reform in a crushing referendum that saw close to 60% of voters opt for “no”.
- **The margin of the rejection– close to 20 percentage points – was much wider than expected.** On a high turnout of 65.47%, 59.11% of voters chose no; 40.89% went for yes. Overseas voters bucked the trend, voting overwhelmingly (64.7%) for yes.
- The **vote prompted the euro to initially fall to a 20-month low against the dollar** and then bounce back to its highest level since mid-November. But shares in Italian banks have tumbled.
- **Shares in the world’s oldest bank - Banca Monte dei Paschi di Siena - fell sharply.** Concerns about MPS were raised during the stress tests on the sector by the European Banking Authority in July, when the bank was ranked as the weakest of the 51 European institutions subjected to the annual assessment.
- **France’s far right leader Marine Le Pen has welcomed the Italian referendum as an anti-austerity signal to France.** She said: “After the Greek referendum, after Brexit, this Italian No adds a new people to the list of those who would like to turn their backs on absurd European policies which are plunging the continent into poverty.”

- **Italy might have to spend public money to rescue some of its banks, according to European Central Bank** governing council member Ewald Nowotny. “The difference between Italy and other states such as Germany and Austria is that, until now, in Italy there has not been any significant state aid or state takeovers (of banks),” he said.
- **Germany’s foreign minister, Frank-Walter Steinmeier, admitted that the result was a “concern”.** But finance minister, Wolfgang Schäuble, says Italy should continue with Renzi’s economic policies. “Italy has to continue the path that Prime Minister Renzi has taken economically and politically”, he said.
- The referendum – which was on questions of constitutional reform not the euro or EU – was nonetheless seized upon by populist groups including the **Five Star movement and the anti-immigration Northern League (Lega Nord)**, which called for snap elections.
- **Matteo Salvini, head of Italy’s far right Northern League party, has hailed the referendum result as Italy’s ‘liberation day’ from the Renzi government.** He said it sent a message to Europe.
- **European commissioners and finance ministers put a brave face on the result.** Pierre Moscovici, the European Commissioner for Economic and Financial Affairs, said he had “full confidence in Italian authorities to manage this situation”. French Finance Minister Michel Sapin said: “The referendum wasn’t about Europe.”
- **Italy’s President Sergio Mattarella is thought unlikely to call fresh elections** but is instead expected to appoint a caretaker prime minister. Finance minister Pier Carlo Padoan, culture minister Dario Franceschini and Senate president Pietro Grasso are the names most commonly touted.

Read further:

<https://www.theguardian.com/world/live/2016/dec/04/italian-referendum-and-austrian-presidential-election-live>

https://en.wikipedia.org/wiki/Austrian_presidential_election,_2016

<http://www.telegraph.co.uk/news/2016/12/04/austria-election-norbert-hofer-cusp-becoming-europes-first-far/>

www.bbc.com/news/world-europe-38202669