

On Tradition, Common Sense and Conspiracies

*Strategies and Insights of the Contemporary
Far Right*

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Taxing the banks' extra-profits. The first risky move by Meloni government's: a well-conceived marketing device or pure improvisation?

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Abstract. This chapter discusses the recent sudden move (in August 2023) by the Italian executive led by Giorgia Meloni to tax the extra-profits of Italian banks, largely welcomed by the governing majority and the political opposition. Within the framework of “external constraint” (*vincolo esterno*) – so avoiding any conflict with European Union institutions, international organisations and alliances of which Italy is a member (including NATO, G7), or the international financial markets – the executive's actions in the first year carefully respected this constraint, in continuity with the Draghi government, including at a foreign policy level as the Ukrainian dossier demonstrates. All this makes the tax exceptional, and its rationale – which merely sparked international investor uncertainty and stock market volatility – hard to understand. The chapter concludes that rather than a populist, well-conceived marketing device, the taxation of the Italian banks, or at least the first draft of the tax that was then subsequently downsized, was pure improvisation,

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a likely initiative of some key but dissatisfied members of the governing majority².

Keywords: Italy; Meloni Government; Far Right; external constraint; banks; tax on extra profits

Introduction

After a year of winning Italy's general election in September 2022, the Meloni government appeared to be capably handling several complex policy dossiers, including those related to foreign policy. Analysts and political commentators in Italy and abroad had issued warnings about the possible victory, after several technocratic “pauses” (see Giannone and Cozzolino 2023) of a government so far to the right of the political spectrum. In particular, the role of the *Fratelli d'Italia* (Brothers of Italy or FdI) party's post-fascism, its neo-fascist history, political culture and ideological roots have often received attention, partially in the broader debate around democratic backsliding and illiberal democracies (Anselmi 2023; Campati 2022; Palano 2022). Indeed, the possibility that Italy with its new government could veer, or will veer in the future, towards a regime similar to Orban's Hungary or today's Poland, is a complex issue that will not be addressed here. However, some considerations can be made. Firstly, while it is easy to discuss and comment in retrospect, even a year ago it would have been unthinkable that the FdI and its right-wing allies would be able to campaign, and subsequently win, as a government acting under a banner of open defiance to what can be summarily defined as “external constraint” (in Italian, *vincolo esterno*). On the

² This chapter is partially based on a paper presented at the annual conference of the SISP, Società Italiana di Scienza Politica, held in Genoa in September 2023. For this, I am grateful for the constructive feedback received.

contrary, what might enable a change in the current political balance in Italy and the European Union (EU), assuming that this is the aim of the Italian government and which probably reflects the current strategy of the executive, would be a planned gradual modification of the balance of power, starting from within the institutions³. It would, therefore, be crucial to avoid open and/or direct conflict while respecting the external constraint. Here, when speaking of external constraint, I intend – in very broad terms – three principal factors that depart from its classic application to public finance:

1. the Institutions of the EU, such as the Commission, the European Parliament (EP)⁴ and the European Central Bank (ECB);

³ In this chapter I consciously leave out any discussion of the country's "internal constraints", i.e. the expected checks and balances enacted by the country's institutions: the opposition in Parliament, the Constitutional Court, the judiciary, and – most notably – the Presidency of the Republic (on this key aspect, see Passarelli 2022).

⁴ In June 2024, European Union citizens will be called upon to re-elect the EP. The 2019 EP elections already played a pivotal role in the development of current European party politics. Currently, the two European political groups with the most representatives are the European People's Party (EPP) and the Socialists and Democrats (S&D) with 175 and 144 representatives, respectively. These parties have historically been the axis around which the EP moves; however, it is possible that in 2024 the European Conservatives and Reformists (ECR) and the Identity and Democracy Party (I&D) will play a key role in the new European power dynamics, attempting to shift the balance of European politics from within by influencing the composition of the future European Commission. In particular, the ECR – currently chaired by Italy's PM Meloni and including parties like the FdI, VOX, PiS and Sweden Democrats – may well play a decisive role in any new internal EU dynamics, forming a possible political axis with the EPP.

2. Italy's historical allies, including partners such as the United States⁵, France and Germany, and its membership of organisations such as NATO and the G7;
3. the global financial markets.

Regarding the first point, a government like that of Italy – irrespective of its political colour or electoral support – could hardly afford, *rebus sic stantibus*, to set off on a collision course

⁵ The presidential election in the United States, to be held in November 2024, will also play a crucial role in the external constraints affecting far-right parties in Europe. There is little doubt that a return of Donald Trump may signal to those parties the possibility of obtaining far more room to manoeuvre, with NATO undergoing a process of change from within (similar to what may happen to the EU institutions should populist radical-right and far-right parties score a major victory in the 2024 EU election). Currently, a growing number of Republicans are battling for the party's nomination and the chance to face the Democratic candidate in the 2024 presidential election. Trump is currently favoured in the Republican primary race, but with some dangerous contenders. Indeed, despite his unpopularity with large sectors of the electorate, Trump has maintained a strong grip on his base and has strengthened his position in the polls, despite ongoing investigations into him. Florida Governor, Ron DeSantis, has positioned himself even further to the right than Trump on many key issues; he is second-placed in the polls and has signed legislation imposing new restrictions on abortion and a loosening of gun laws in Florida. The remaining candidates in the Republican field – Pence, Christie and Burgum – appear, if possible, more “moderate” than the direction taken by Trump and DeSantis. Indeed, it is interesting to note that in the U.S., as well as in other contexts (think for example of France with Le Pen and Zemmour), a complementary process of normalisation and radicalisation is underway. This has seen increased interest among right-wing parties in adopting and propagating extreme political positions, and far-right leaders and movements gradually being accepted within institutions (a far-right mainstreaming phenomenon now widely studied and documented; see, among others, Leidig 2020, Mondon and Winter 2020, 2020b), as witnessed in the widespread strategic emphasis given to migration policies in recent years (Downes and Loveless 2018).

with the EU institutions, especially the European Commission and ECB. Both the fourth executive, led by Silvio Berlusconi in 2011 alongside the one-of-a-kind “yellow-green” *Movimento Cinque Stelle* (Five Star Movement or M5S), and Salvini’s League in 2018, attempted (with different outcomes) to openly “challenge” the EU institutions. With regard to the second point – Italy’s historical alliances – Italy is a founding member of the EU and a member of NATO and the current G7. As such, its stance is fundamentally hinged on an inescapable transatlantic relationship, as was evident in the recent Ukraine Dossier. As Bruno and Fazio (2023) have recently surmised in their analysis of the positioning of the Italian government and political parties vis-à-vis Russia’s war in Ukraine:

[...] To conclude, as far as the “Ukraine Dossier” is concerned, the transition between the technocratic national unity government led by Mario Draghi and the right-wing political government led by Giorgia Meloni seems, for now, to have followed a path of continuity. In fact, while within the right-wing coalition, Salvini’s Lega and Berlusconi’s Forza Italia seemed to have been wavering regarding the position taken on the Ukraine Dossier, following the demise of Forza Italia’s historic leader in 2023 and the handover of leadership to Antonio Tajani, the discontent around Italy’s Atlanticism and pro-European line seems to have subsided, at least for the time being.

As for the global financial markets and related institutions, their role – broadly understood as that of rating agencies – in the public finance policies of national governments cannot be underestimated. The more financialised an economy a country has, the greater the influence of financial markets on its

policies. Andreas Nölke has shown (Nölke 2020; Nölke *et al.* 2019)⁶ how the international economy's current financialisation status *de facto* limits countries' room to manoeuvre⁷. In the aforementioned crisis situations of 2011 and 2018, with tensions arising between European institutions, financial markets played a fairly important role, in virtue of (a) Italy's membership of a monetary union alongside other Eurozone countries, and (b) because of its very high public debt, currently about 140 percent of its GDP⁸ (Ansa, 21 July 2023)⁹.

In summary, my hypothesis is that the Meloni government's actions have, for almost a year (at least until August 2023), been perfectly in line with what we have called "external constraint", which makes taxing the extra-profits of Italian banks a

⁶ Financialisation is defined, amongst others, by Andreas Nölke (2017) as "an especially aggressive form of economic globalisation", and by Epstein (2005) as "the increasing importance of financial motives, financial institutions and financial elites in the functioning of the economy".

⁷ This is truer for countries belonging to a monetary union, like the EU member states that are also part of the so-called single-currency Eurozone, as they cannot independently adopt economic policies.

⁸ https://www.ansa.it/sito/notizie/economia/2023/07/21/debito-pil-nelle-urozona-cala-al-912-italia-seconda-al-1435_117b36c8-0179-473e-adc0-faef49e238aa.html.

⁹ One criticism, fair in principle, might be that high public debt per se does not mean that a country is bound by international financial markets. The United States of America's Government debt accounted for 122,8% of the country's Nominal GDP in June 2023, yet it is hard to consider the USA as constrained. In fact, high U.S. public debt is starting to increasingly occupy financial analysts' agendas, and the debate there in the spring about the difficulties of raising the public debt ceiling any further have led some rating agencies to downgrade the U.S. debt. Obviously, as a historically leading country in the liberal international order (Parsi 2021), and with a currency such as the dollar still playing a preponderant role in the world economy, financial markets may currently play a minor role in limiting the actions of the U.S. government.

misstep that is hard to understand. If the external constraint may in this case be made to coincide with international institutions, organisations and historical post-WW2 alliances, but also global financial markets, as they agree to lend money, for longer or shorter predetermined periods, to the Italian state in exchange of a financial return. For this very reason, this chapter questions whether a move like the Meloni government's sudden decision to tax Italian bank profits can be considered a first misstep in the considerations set out earlier with respect to external constraint.

1. The August 2023 tax on Italy's banks' extra profits

Here follows an account of the tax on extra-profits. With the Omnibus Decree of 10 August 2023, the Meloni government expressed its willingness to introduced a tax on Italian banks' extra-profits. The decision was allegedly made in response to the high interest rate hikes decided by the ECB, which led to an increase in variable-rate mortgage rates. The tax was, thus, allegedly intended as a form of “social justice,” with the proceeds then going to help first-time home owners and reduce taxes. The rate charged is forty percent and is based on a number of factors, including the interest margin for previous years (ANSA 9 August 2023)¹⁰. While the majority (e.g., Matteo Salvini, who endorsed the measure in the name of “fairness”) and opposition in the Italian Parliament have been in surprising agreement with the measure, seeing it as a way to protect families and support those struggling to pay their mortgages, the

¹⁰ https://www.ansa.it/sito/notizie/economia/2023/08/08/banche-come-funziona-la-tassa-sugli-extraprofiti_fc620ed7-33b6-4e2c-9e96-a7ffef7212e8.html

financial markets unsurprisingly did not welcome the news¹¹. As mentioned earlier, while almost all majority and opposition parties welcomed the tax, with the exception of Forza Italia now led by Antonio Tajani, and *Italia Viva* and *Azione* (Repubblica, 15 August 2023)¹², it immediately raised concern among analysts, both regarding the modality and the instrument itself. The tax was announced, unexpectedly and extremely suddenly, in the middle of the summer; there was no debate on the issue at either a parliamentary or public opinion level¹³. Regarding the measure itself (as Tajani, among others, highlighted), the tax, as originally conceived, would have hit both large and small Italian banks at the same rate, having a further dangerous impact on the Italian public debt (currently at 140% of Italy's GDP), which Italian banks regularly buy.

The original version of the tax assumed a one-off payment of forty percent, applied when the interest margin, i.e., the difference between interest income and interest expense, recorded in 2022 exceeded the value of the 2021 fiscal year by at least 3 percent, and by at least 6 percent in 2023 compared to 2022 ("linearity" is in this sense effectively a total lack of equalisation). The model chosen by the Giorgia Meloni-led

¹¹ Stocks in the banking sector posted significant declines, with the FTSE MIB (*Milano Indice di Borsa*), the benchmark stock market index for the *Borsa Italiana* (the Italian national stock exchange) opening in negative territory and suffering losses of around 10 billion euros. And yet, in reality, the model of the tax closely traces the one pioneered by the Draghi government on energy companies to recover resources for businesses and households against high energy prices.

¹² https://www.repubblica.it/politica/2023/08/15/news/tajani_forza_italia_meloni_colloquio-411131375/.

¹³ At least that was done with the financial markets closed.

executive would apparently cut without making any distinctions¹⁴. Secondly, in its original version, the tax lacked any distinction in terms of size¹⁵, seemingly neglecting the role of financial institutions deemed as “too big to fail” (Chesney 2018 and Dembinski 2009)¹⁶.

¹⁴ Imagine if a small bank had decided, independently and with a view to protecting its customers through redistribution, to allocate part of its undistributed profits to “capping” mortgage payments; in other words, placing a levy to the benefit of savers and to its own disadvantage (considering the merely pecuniary interests of the bank). Imagine if that same credit institution adopted a cooperative approach in its activities, marked by the creation of locally-based value, rejecting any kind of speculation. Well, according to the rule so far indicated by the government and then “amended” by the Ministry of the Economy, it would be taxed in the exact same way as a bank that had done nothing to protect savings and was perhaps cheerfully dedicated to speculating on all kinds of markets, putting at risk economic systems, international financial stability and, therefore, the security of the same small savers. A system that does not take into account the size and activities of lending institutions.

¹⁵ We may ask if it does make sense to demand that they pay the same proportion as small and very small entities, present perhaps with only a few branches, in a small territory, and which, for this exact reason, have not in the past exploited distortions and legislative loopholes to guarantee themselves shameful profit margins and expand. Even in the ultra-liberal United States, the rules for larger banks are unique and more stringent, starting with the supervision exercised by regulators. Then there is the real risk that a manoeuvre centred precisely on one specific aspect, that of how loans are made (or at least on a parameter closely related to them), may in fact invite the same taxed banks to prefer other types of business. In other words, if it becomes more onerous to issue loans, better to focus on something else. Perhaps precisely, again, speculative activities.

¹⁶ Thus, it is key to emphasise here the interest in the role of ethical and cultural norms, but also the calls for ethical behaviour and a culture of prudent risk-taking. To this regard, contemporary authors such as Paul H. Dembinski and Marc Chesney have produced several analyses on this

2. *The international financial markets as “external constraint”*

As mentioned earlier, the increased role of financialisation in national government public finances has had a huge impact. This is particularly relevant for the EU; in fact, in any discussion of the role of national governments and financial markets in the EU, the EU institutions play a crucial role. Nölke (2017, pp. 38-39) has observed the EU’s general stance and specific policies and the role of financial markets:

[...] The European Union has played an important role in all three dimensions of the deepening financialisation, even though the original decisions were taken at the global level (the end of the Bretton-Woods system) and at the national level (financial market liberalisation, extension of the financial sector). Whereas the European Union played a negligible role compared to the national role until the 1980s, it has become the main driving force facilitating financialisation in Europe since the 1990s. More specifically, “the European Union” usually refers to the European Commission and the representatives of the EU member state executives (e.g., ministries of finance), with a very strong input by the financial lobbying sector that is more powerful at the EU level than at the national level of most member states.

Nölke later concludes (2017, p. 42): “[...] The European Union has been identified as a prime driver of the deepening of

particular point. Dembinski, among others, has framed the problem not only in terms of “ethics *and* finance”, or “ethics *of* finance”, but as ethics *in* finance. More specifically, in his works Dembinski introduced and framed ethics as the place where dilemmas are expressed, systematically analysing the ethical dilemmas of financial players. Reference was also made to this issue in Bruno and Cozzolino’s ‘Financing: Fiscal Tools To Enhance Regional Sustainable Development’, in the The Palgrave Encyclopedia of Urban and Regional Futures, edited by Robert C. Brears (2021).

financialisation. Moreover, a comparison of the most important options for reversing the financialisation process with recent EU decisions, has demonstrated that the Union intends to deepen financialisation, rather than reverse it”.

The other side of the relationship, i.e., populist governments, in particular populist radical-right and far-right governments, is also complex. In fact, despite what one may think, there is relatively little clear and precise evidence available on the specific role of populist governments in financial stability.

It is important to clarify a point here. At the level of both populist and sovereigntist ideologies and discourses, international financial markets make a perfect target for political players suffering under constraints; with markets acting to *de facto* or *de jure* narrow national governments' room for manoeuvre, there are few options available for their public finance policies (among others Preda 2007)¹⁷. According to populists' claims, financial elites represent an enemy of the people's will, while in the sovereigntist's discourse, international financial markets take sovereignty away from the nation, similarly to globalisation or international institutions (Mueller, S., and Heidelberg 2020; A. Verzichelli 2021). As Alessio Scopelliti and Valerio Alfonso Bruno argue:

[...] what distinguishes sovereignism from nationalism and populism is the rather vague idea of restoring a lost sovereignty. “Sovereignty” here is to be understood not in a precise and consistent manner (i.e., as a field of political science), but

¹⁷ Here a first draft distinction that is still not very elaborate. I mean, for instance, (a) what a government of a member country of the Eurozone is allowed, or not, allowed in matters of economic policy as a result of treaties and agreements, thus a formal “constraint”, differently from (b) a constraint of a material kind may be represented precisely by the financial markets, which exert pressure of a different kind not on the basis of an agreement.

rather as a more or less concrete and idealised place and time, in which the people and the nation were allegedly deemed to hold political power, having given up full control of a given territory, its borders, policy-making, etc. In this sense it is understandable how sovereignty develops in constant opposition to phenomena such as globalisation and Europeanism, including their respective elites, which would have allegedly taken the original sovereignty away from the people and the nation. (Scopelliti and Bruno 2023, p. 194)

Specifically in regard to the financial markets and populist parties in power¹⁸, studies have shown the direction of the impact of populist electoral victories to be ambiguous: in the short-term, populism may appear to increase volatility while in the long-term, the effects of populism are country – and context-dependent (Hartwell 2022). In relation to the positioning of populism on the left-right spectrum of the political continuum, despite its anti-capitalist rhetoric, the alleged political insecurity that could be generated by populist movements on the far left only partially translates into financial insecurity in the context of institutionalised democracies. In turn, researchers have allegedly found that the electoral success of right-wing populists reduces risk assessments, which could be driven by their frequent association with rent-seeking and big business (Stöckl and Rode 2021). Focusing on Italy, and more specifically in relation to different Italian governments, there has tended to be a greater focus on EU reactions, which have actually been

¹⁸ The discussion of what is populism would be immense. I would at least defer to some interesting works on the role of populist parties in power, in particular Albertazzi and McDonnell (2015), Caiani and Graziano (2022), Pappas (2019). On extreme-right and far-right see Ignazi 1994 and Mudde 2019.

complementary to those of the financial markets (Verbeek and Zaslove 2015).

Therefore, vis-à-vis populist (radical-right) governments, the financial markets – at least from the evidence available – seem to act in a fairly neutral manner, with the Meloni government also following this direction¹⁹. Precisely for this reason, and in light of how the Meloni government behaved responsibly for about a year, the rationale behind the sudden decision to tax the extra-profits of Italian banks, without any prior notice or consultation with the parties involved, and without having informed the ECB and other European authorities (at least as far as we know) seems even less understandable. As evidence of this, the tax was immediately and sharply scaled back by the Italian Ministry of Economy and Finance (MEF), led by Giancarlo Giorgetti (League)²⁰. More specifically, the amount owed by individual institutions will not be allowed to exceed

¹⁹ In fact, some evidence seems to point to a substantial continuity in the differential between Italian public debt and German public debt (the spread between the Italian Btp and the German Bund), or even improving, as with the exciting recovery of the Italian major FTSE MIB index in the first half of 2023.

²⁰ As recently argued by Bruno and Downes (2023), the current Italian Minister for Economic Development represents the most pro-European and business-friendly part of the League. This is exemplified by the support of important European funds, around €220 billion, that Italy is currently using under the name of the PNRR (*Piano Nazionale di Ripresa e Resilienza* or The National Recovery and Resilience Plan) and has suggested the possibility of a “Semi-Presidenzialismo di fatto” (de facto Semi-Presidentialism) under Draghi. This political shift is even more ironic, considering how the populist radical right League has historically adopted a “hard” Eurosceptic stance (i.e., outright rejection of the EU Project) yet now resembles far more closely a “soft” Eurosceptic party (i.e., seeking to reform the EU Project from within/via the mechanisms of the EU Parliament).

0.1 percent of their capital assets, that is, of all the assets that the banks holds. A choice, according to the government, made to safeguard the stability of banking institutions. The move, which followed twenty-four hours after the first announcement, brought the maximum revenue from the tax down to less than 4 billion euros, but it is likely to be much less than the 8-10 billion originally envisaged²¹. The sum gained would be ideally used by the Italian government to finance the first-home mortgage fund, intended first and foremost for citizens under 36 years of age planning to buy a home, and to finance a non-better specified tax cut²² (Sky Tg24, 9 August 2023).

3. Conclusions

In conclusion, it is worth recounting a very apt anecdote. In early September 2023, during the recent annual forum organised by The European House-Ambrosetti (a forum with exclusive participation and strictly for invited recipients), the work of the Meloni government, according to a survey of participants, was fully promoted and very positively judged. But with one notable exception. The tax on banks in early August²³

²¹ For the country's two largest banks, the account would get smaller, with Intesa Sanpaolo expected to save over 1.5 billion euros compared to initial estimates, and Unicredit about 400 million.

²² <https://tg24.sky.it/economia/2023/08/09/tassa-extraprofiti-banche-rischi-conseguenze#:~:text=Il%20Ministero%20dell'Economia%20ridimensionaben i%20che%20le%20banche%20possiedono.>

²³ https://www.repubblica.it/economia/2023/09/03/news/la_platea_di_cernobbio_promuove_il_governo_meloni_ma_boccia_la_tassa_sulle_banche_extra_profiti-413137416/. The European House-Ambrosetti Forum is an international meeting to discuss primarily economic issues; it has been held annually since 1975, in the first week of September, at the Villa d'Este in Cernobbio, on Lake

(Repubblica, 3 September 2023) was, on the contrary, sharply rejected by the forum participants, comprising presidents, CEOs and top managers of major international and national business groups, as well as influential global politicians. In other words, and with generous generalisation, a good number of those we might call global economic and financial elites would not be convinced by the “populist” move of the Meloni government.

Despite being acclaimed by almost all of Italy's political parties, including those in opposition, it is very likely that the tax on the extra-profits of banks will be still further diluted, perhaps guaranteeing that Italian banks will be able to claim credits over the next five to ten years, covering almost all of what they will have to disburse, making it a well disguised device. One could ask whether this was not the government's original objective, or whether it was an improvisation that was followed by an equally sudden backtracking. As far as we are now concerned, the latter option seems the more likely, probably due to the influence of several members of the government and the support of the right-wing coalition²⁴.

Como. Organised by the Milan-based business consulting firm of the same name, it is aimed at and dedicated to heads of state, ministers, Nobel laureates and economists. The forum generally consists of an intensive cycle of meetings, debates, presentations of ad hoc research, elaboration of forecasts on the world, European and Italian economic and geo-political scenarios, and an analysis of the main scientific and technological developments and their effects on the future of institutions, businesses and, in general, civil society.

²⁴ In fact, it would be interesting to know the role played by the League, and specifically Salvini, in this matter. While Forza Italia's role is clear, given Berlusconi's recent departure and the evident perplexity of Tajani and other party politicians, that of the League seems more complex and, even, split. In a recent paper, mentioned above, Bruno and Downes (2023) mentioned how different “souls” or factions can be ascribed to the party. There is firstly the

What leads us to think this is, once again, the ways in which Giorgia Meloni's government has acted thus far, avoiding any confrontation with Italy's historical allies²⁵ and regional and international institutions, as one would expect when seeking a convergence between extreme right-wing and radical populist elements on the one hand and the governing party's conservative ideology on the other. Even at the economic and financial level, the executive and its ministers are well aware of the precarious, to put it mildly, situation of Italy's public finances. Rather, it is the strategic action of gradual change, from within

"historical" League, the ideological core that holds deeply entrenched links to Northern Italy, for many years the key bastion of support for both Umberto Bossi and Roberto Maroni. This component, although currently latent, should not be underestimated. A second feature that can be considered part of the contemporary League, is the party's support for what has been the government led by Mario Draghi and his agenda, exemplified by Giancarlo Giorgetti. A third core feature of the League relates to that hard, extreme right-wing element of the party. In essence, this ideological element has created structured links with the extreme right, not only neo-fascists, but also those with neo-Nazi links and allegations. Finally, a fourth core feature resembles an ideological complexity, with the more truly pragmatic and populist core represented by the leader Salvini himself. Salvini has, on several occasions, either *de jure* or *de facto*, disavowed the above-mentioned components while also seeking a delicate balance that allows these ideologically disparate groups to coexist with each another.

²⁵ And yet this is true up to a point. One only has to think of the heated confrontation between the newly appointed Meloni executive in the fall of 2022 and France regarding the migrant issue between Italy and France and, more recently, the letter sent by the Italian government to the German Chancellery, which was guilty, according to Italy, of subsidising nongovernmental organisations in the Mediterranean to transport illegal immigrants to Italian shores.

the system, that has been the hallmark of the government's work²⁶.

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²⁶ Note by the author, 26 September 2023. The government's reversal actually occurred in late September 2023, after a summer of heated debate. In synthesis: Italian financial institutions will either pay the tax or set aside a reserve in their assets. In fact, the government's new amendment stipulates that Italian credit institutions, as an alternative to the levy, can opt to divert the contribution to capital strengthening, pleasing Italian banks and the ECB. (ANSA September 23, 2023). Source: https://www.ansa.it/sito/notizie/economia/2023/09/23/banche-bozza-invece-di-tassa-si-puo-rafforzare-il-capitale_dd700f8d-8b57-43a6-b6fd-d0af6876a022.html.

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