

Malta: The Political Situation

Dr George Vital Zammit

Deputy Dean (FEMA)

Lecturer, Department of Public Policy

University of Malta

On 3 June 2017, Malta went to the polls for the 13th time since becoming an independent state (1964). The election was considered a watershed moment; an opportunity to fold a Labour government (in power since 2013) after a string of corruption and patronage allegations, or renew an administration credited with bringing forth the most prosperous economic times in history. The latter prevailed, and with the second consecutive landslide, Prime Minister Joseph Muscat was re-elected to office (54.8%) with a nine-seat majority. For the first time, the opposition presented itself as a coalition of two parties, the Nationalist Party (led by Dr Simon Busuttil) and the Democratic Party (led by Dr Marlene Farrugia) who garnered 43.3%. Following the electoral debacle, the two leaders in the opposition camp, resigned. This report highlights the context within which this election was held and gives a critical assessment of the salient events that characterized the political situation in 2017.

A National Hobby Called Politics

When called to the polls, Malta, once again, experienced a very high participation rate. For the June

2017 election, out of 341,856 registered voters, 314,696 (92.1%) cast their vote.¹ Although this was the lowest turnout since 1996,² it confirms the importance Maltese people give to general elections. The voting turnout trend ranks Malta ninth at the international level, and first in Europe despite having non-compulsory voting.³ Malta is hooked onto politics in many ways. A highly dense community living within confined spaces, the country offers close proximity to politicians, often considered as the panacea to problem solving. Moreover, the electoral system employed to elect governments, the Single Transferable Vote, renders politicians entirely dependent on the relationship they can cultivate with citizens.

Politics is pervasively present. Malta has preserved a two-party system that gives substantial leverage to the two main parties, the *Partit Nazzjonalista* and *Partit Laburista*, which almost share the entire spoils between them. A third party, the *Alternattiva Demokratika*, formed in 1992, has been unable to go beyond 1.8% of the national consensus (its best ever result in 2013 with 5,506 votes). According to Kenneth Wain, "the politics of polemic are ingrained in our culture and attain the quality of the spectacle in tribal events like the *festa* and the mass meeting," where the "politics of tribalism is nurtured" at local and national level.⁴ Reactions on most issues in the country often spill over into politics, with respective territories guarded fervidly, assisted (and enabled) by party media (the two main parties own their own newspaper, TV and radio station).

¹ Electoral Commission, accessed 1 June 2018, <https://electoral.gov.mt/Elections/General>

² Updated - Election 2017: 92.07% turnout, lowest since 1966, accessed 1 June 2018, www.independent.com.mt/articles/2017-06-03/local-news/More-than-half-eligible-voters-cast-preference-by-2pm-6736175044

³ SOLIJONOV, Abdurashid. "Voter Turnout Trends around the World," International Institute for Democracy and Electoral Assistance, Sweden, p. 50

⁴ WAIN, Kenneth and BALDACCHINO, John. *Democracy without Confession – Philosophical Conversations on the Maltese Political Imaginary*, Allied Publications, 2013, p. 54

The Economy

Malta's economy in 2017 enjoyed an expansion. Despite the tumultuous years experienced by the global recession of a decade earlier, Malta retained an economic output that is 13% higher than the eurozone.⁵ High ratings were given by Credit Institutions; Moody ranked Malta A3, S&P deemed it A- (positive), and Fitch gave it a score of A+ (Stable).⁶ Foreign Direct Investment stood at €165.5 billion, while Direct Investment abroad amounted to €62.2 billion.⁷

The Economic Survey for 2017 reported that during the first six months, the Maltese economy grew at a nominal rate of 8.3% (real rate of 6.3%), outperforming the average growth rate in all other EU Member States and the eurozone. Growth was mostly “the result of a larger contribution from the external side of the economy, as growth in exports was coupled by a decline in imports.”⁸ Whilst Malta exited the excessive deficit procedure and ended 2016 with a surplus of over €100 million (1% of the GDP),⁹ a first in the last 35 years,¹⁰ government debt (fourth quarter of 2017) still stood at €5.642 billion.¹¹

According to the Ministry of Finance, in the next 100 days after the new Government was sworn in, “Malta was rated to have had the best economic growth within the European Union and to have had the best increase in the creation of jobs within the EU.” It also had 28,000 more people working in the private sector than in 2012 (last financial year of a PN administration).¹² The Labour Force Survey estimated that, during the fourth quarter, total employment stood at 203,651 accounting for more than half the population aged 15 and over whilst the number of unemployed persons stood at 7,891 (2.1%).¹³

The Presidency of the European Union

For six months (January to June 2017), Malta held the Presidency of the Council of the European Union, part of the Triumvirate formed with the Netherlands (January-June 2016) and Slovakia (June-December 2016). This was the first time Malta had presided over the Council since joining the European Union in May 2004, and one of the last 13 Member States to do so that have joined since. Preparations for each Presidency start years in advance. The attention is focused on two main concerns: logistical (mainly the remit of the hosting state), and political (in coordination with Brussels and other Member States). The holder of the Presidency chairs meetings and gives political direction for the six months. Malta set six priorities: Migration, the Single Market, Security, Social Inclusion, Europe's Neighbourhood, and Maritime Policy.¹⁴

The Presidency was not without controversy. In fact a general election was called almost a month (3 June) before the end of the Presidency. This has happened only once in the history of the EU Presidency when the then Prime Minister Donald Tusk (now President of the Council) called an election in October 2011, two months before the Presidency ended. Like Tusk in 2011, Muscat was re-elected to office. Besides the national drama, Malta carried out a programme with its Public Service heavily engaged with the political agenda of the Presidency executing a number of objectives, and preparing a few for its successor, Estonia. A number of achievements were scored at the policy level.¹⁵

The ‘pro-business’ politics that characterized the government's programme was also transposed at the European level. In a document signed on 11 May

⁵ GRECH, Aaron. *The Evolution of the Maltese Economy since Independence*, Central Bank of Malta, WP/05/2015

⁶ Country Economy Ratings, accessed on 15 May 2018 <https://countryeconomy.com/ratings/malta>

⁷ NATIONAL STATISTICS OFFICE (NSO). *News Release*, 14 February 2018, 024/2018

⁸ MINISTRY OF FINANCE. *Economic Survey 2017*, Government of Malta, p.4

⁹ The Excessive Deficit Procedure (EDP) underpins the corrective arm of the EU's Stability Growth Pact. EU countries must demonstrate that: (i) their budget deficit does not exceed 3% of GDP; and (ii) public debt does not exceed 60% of GDP. Accessed on 13 June https://eur-lex.europa.eu/summary/glossary/excessive_deficit_procedure.html

¹⁰ MINISTRY OF FINANCE, *2018 Budget Speech*, Government of Malta, p.7

¹¹ Accessed on 10 June 2018 <https://tradingeconomics.com/malta/government-debt>

¹² MINISTRY OF FINANCE, op.cit, p.2

¹³ NATIONAL STATISTICS OFFICE (NSO), *News Release*, 26 March 2018, 048/2018

¹⁴ 2017 Maltese Presidency of the Council of the European Union Priorities, accessed on 10 May 2018 [www.eu2017.mt/Documents/Maltese%20Priorities/EU2017MT%20-%20Presidency%20Priorities%20\(EN\).pdf](http://www.eu2017.mt/Documents/Maltese%20Priorities/EU2017MT%20-%20Presidency%20Priorities%20(EN).pdf)

¹⁵ For a synthesis, see report by *Politico*, 30 June 2017, “Malta's EU presidency: How it went,” www.politico.eu/article/maltas-eu-presidency-how-did-it-go/

2017, a call was made to encourage more private sector investment and a reduction in what are considered to be barriers to investment.¹⁶ Consensus was gathered on the production of organic food and an agreement signed to reform the Emissions Trading System (reduction of 40% in greenhouse gas emissions by 2030).¹⁷ On behalf of the EU, Malta signed an endorsement of the Istanbul Convention on combating violence against women.¹⁸ In pursuance of the Digital Single Market, mobile roaming charges were brought to an end,¹⁹ while stronger and more effective rules entered into force on trade defence (anti-dumping and anti-subsidy measures).²⁰ The Presidency found convergence on setting up the European Public Prosecutor's Office which will bring together European and national law-enforcement efforts to counter EU fraud.²¹ To respond better to the challenge of irregular migration, political agreement was reached on the establishment of the EU Agency for Asylum.²² Malta also managed to keep a united European front during the Brexit negotiations.

Domestic Reforms

The election of June 2017, not only retained a strong parliamentary majority after the resounding victory at the polls (nine seats), but also maintained a political landscape with a number of policy priorities at the forefront. Consistent with the conspicuously liberal agenda in terms of promoting minority rights for the LGBTIQ community, the government immediately set in motion the legislative process to pass the *Marriage Equality Act* (becoming the 14th European country to legalize same-sex marriage), thereby giving access to all existing rights as in heterosexual marriages. This move, followed by the introduction of a *Gender Identity and Expression Act*, which banned any form of conversion therapy on sexual orientation

(in 2016), in addition to references to grant such couples equal parenting rights (reproductive and adoptive), ranked Malta first on ILGA-Europe's Rainbow Index, for the second consecutive year (out of 49 Council of Europe Member States).²³

Earlier on in the legislature, the government introduced a number of reforms, such as the *Protection of the Whistleblower Act* (2013) aimed at protecting people who disclose information regarding improper practices, and amended the Criminal Code to remove prescription on acts of corruption committed by sitting ministers, parliamentary secretaries, Members of Parliament or local councillors. In 2017, the *Public Administration Act* was amended to scrutinize Heads of regulatory bodies and politically appointed representatives. Despite these efforts, the government's record in good governance and transparency now ranked 47th place in the Corruption Perception Index 2017.²⁴ The two people involved in the *Panama Papers* (2015), Hon. Konrad Mizzi and Mr Keith Schembri, maintained their posts. The former was reappointed as Minister for Tourism, whilst the latter remained Chief of Staff to the Prime Minister.

Murdered, She Wrote

On October 16, Malta was jolted by the brutal assassination of journalist, blogger and magazine editor, Daphne Caruana Galizia. Soon after leaving her house, Ms Caruana Galizia's car exploded, killing her instantly, throwing a dark shadow over a country, until that point considered as relatively safe territory for journalists. Daphne had reported threats and intimidations before, adopting a no-holds-barred approach to anything and anyone. Having been a prolific writer for more than two decades, she took no qualms at hitting where it hurts, probing people who had to be held to account. Her reper-

¹⁶ EUROPEAN ECONOMIC AND SOCIAL COMMITTEE (EESC). "Does the EU encourage private-sector investment?", accessed on 20 May 2018 www.eesc.europa.eu/sites/default/files/resources/docs/qe-02-17-719-en-n.pdf

¹⁷ VASSALLO, Saviour. *Emissions Trading System*, 02 May 2017, www.eu2017.mt/en/Blog/Pages/Emissions-Trading-System.aspx

¹⁸ COUNCIL OF EUROPE. "EU signs Council of Europe convention to stop violence against women," *Press Release*, Ref. DC 087(2017)

¹⁹ EUROPEAN COMMISSION. "End of roaming charges in the EU: Joint statement by 3 EU institutions," 14 June 2017, Statement/17/1590

²⁰ EUROPEAN COMMISSION. "EU trade defence: stronger and more effective rules enter into force," *Press release*, 7 June 2018, IP/18/3973

²¹ COUNCIL OF THE EU. "20 member states agree on details on creating the European Public Prosecutor's office (EPPO)," *Press Release*, 8 June 2018, 333/17

²² COUNCIL OF THE EU. "EU Agency for Asylum: Presidency and European Parliament reach a broad political agreement," *Press Release*, 29 June 2017, 431/17

²³ ILGA-Europe, accessed on 20 May 2018, www.ilga-europe.org/resources/rainbow-europe/rainbow-europe-2017

²⁴ *Transparency International*, accessed on 20 May 2018, www.transparency.org/news/feature/corruption_perceptions_index_2017

toire was extensive, mostly (but not only) taking aim at the Labour party, advancing liberal causes such as inclusion and civil rights, and keeping an extensive followership at the national level. Her blog site (still available) was one of the most popular internet sites on the island, often the first source of scoops and breaking news in the political arena. So was her landmark story of 22 February 2016 – “*If the (Panama) hat fits, wear it*” – that outed the Minister for Energy and Health, Dr Konrad Mizzi as a holder of a bank account in Panama, a haven for tax evasion.²⁵

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Ms Caruana Galizia's article unfolded what became nationally known as *Panamagate*, a saga full of accusations (and denials) that heavily impacted the political scene. Dr Mizzi had to renounce his candidature for deputy leader of the party and was stripped of his Portfolio. He did not resign from politics and went on to be re-elected in June 2017. This saga remained on Daphne's agenda but she continued to grab headlines, such as when she reported the Economy Minister's presence at a brothel in Dusseldorf, whilst away on government business. The Minister filed three defamation cases against the journalist with the court subsequently issuing a garnishee order of €46,000.²⁶ The assassination of Ms Caruana Galizia plunged Malta to 65th place in the World Press Freedom Index.²⁷ According to Reporters without Borders (RSF), this “car bomb

death lifted the veil on the judicial harassment and intimidation to which journalists are routinely subjected in the island state.”²⁸ Towards the end of the year, the government announced that the existing *Press Act* would be repealed by a *Media and Defamation Act*,²⁹ with the aim of allowing more journalistic freedom and eliminating the possibility of garnishee orders being imposed in connection with libel suits.³⁰ On 17 April 2018, the Daphne Project, a consortium of international journalists and media houses was launched to continue the investigative work of Daphne Caruana Galizia.

Conclusion

The perception of 2017 has been a nuanced one. Malta has taken a number of accolades with its strong economic performance, injecting further confidence in the island. Right in the middle of the Mediterranean, between two continents, Malta continues to forge an essential link at the political and economic level. Whilst hosting the Presidency, many praised the country for its diplomatic and negotiation skills, initiating and bringing to fruition a number of policy proposals. Its domestic front has been characterized by prosperity and employment (with low inflation), variables that secured continuity for the current Labour administration. On the other hand, good governance remains its main Achilles' heel. The assassination of a journalist actively investigating the government threw a negative spotlight on the country, which raised concerns on a global scale. The perception is that in Malta's quest for success and public approval, not enough is being done to ensure that impartial institutions (that can guarantee transparency and accountability) are in place.

²⁵ DAPHNE CARUANA GALIZIA. “If the (Panama) hat fits, wear it,” *Running Commentary*, accessed 1 May 2018 <https://daphnecaruanagalizia.com/2016/02/if-the-hat-fits-wear-it/>

²⁶ VELLA, Matthew. “Caruana Galizia cries foul as Cardona secures €46,000 garnishee on four libels,” *Maltatoday*, 8 February 2017, accessed on 1 June 2018, www.maltatoday.com.mt/news/court_and_police/74261/46000_garnishee_caruana_galizia_ministers_libel_suit#.WY-0Q3lozblU

²⁷ SAYER, Zach. “Press freedom under threat in Europe: report,” *Politico*, 24 April 2018, accessed 30 April 2018, www.politico.eu/article/press-freedom-europe-under-threat-report/

²⁸ REPORTERS WITHOUT BORDERS, *RSF Index 2018: Hatred of journalism threatens democracies*, accessed 10 June <https://rsf.org/en/rsf-index-2018-hatred-journalism-threatens-democracies>

²⁹ WEBER, Emil. “Malta: defamation no longer a crime - but new law has critics,” European Centre for Press & Media Freedom, 7 May 2018, accessed on 10 May 2018, <https://ecpmf.eu/news/legal/malta-defamations-no-longer-a-crime-but-new-law-has-its-critics>

³⁰ The *Media and Defamation Act* was enacted on 17 April 2018.