The future of the EU is in question again- for the 3rd time in 4 years. In June 2015, the Greek financial crisis brought us Grexit. Two years later, the Brexit vote passed. And, now we may have Itexit. The political turmoil in Italy could result in Italy renouncing the euro and reviving the lira. Italy was a founding member of the EU and its exit could cause severe economic disruptions worldwide.

The two parties that won the March 4th Italian elections, the Five Star Movement and the League, have been hostile toward EU rules and the interference by Brussels in Italy's affairs. They joined forces to form a government and proposed euroskeptic Paolo Savona as their choice for economics minister. Mr. Savona co-authored a blueprint for Italy to leave the EU. Current Italian President Sergio Mattarella rejected Mr. Savona and effectively collapsed the attempt to form a government. Mr. Mattarella's Democratic Party has supported staying in the EU and was a big loser in the spring elections. Now, it looks like new elections later this summer are likely, which could amount to a referendum on Italy remaining in the EU.

In 2015, Greek voters overwhelmingly rejected EU bailout terms requiring austerity. Greece defaulted on some of its debt and ultimately agreed to a third bailout, worth $100 billion, which imposed further cuts on spending. Grexit proved to be a powerful force for the Eurozone to work together and develop closer ties and more consistent and tougher fiscal rules. Greece is on schedule to be free from the burden of bailouts in August.

The UK is scheduled to withdraw from the EU on March 29, 2019, with a 21 month transition period out to December 31, 2020. Despite delays in negotiations, the UK government and UK opposition party say Brexit will happen. Since Brexit, the British pound first slumped, then regained its losses against the U.S. dollar, but has remained down 15% to the euro. Bank of England Governor Mark Carney indicated that Brexit has reduced UK GDP by $60 billion already. There is an ongoing debate as to what the relationship between the UK and the EU will be post-Brexit. If there is no agreement on trade, the UK would operate with the EU under World Trade Organization rules, which could mean customs checks and tariffs on goods as well as longer border checks. It could also mean Britain losing its position as a global financial center and its citizens living in other parts of the EU will lose their residency rights and health insurance. The next negotiation summit will be this June.

Before the euro, Italy had the power to raise or lower interest rates on their currency to impact its value. A cheap lira made Italian exports less expensive around the world, strengthening their economy at home. But, with the euro, Italy has no control over interest rates or prices. The populists, who did well in the recent elections, complained that their spending power has declined with the euro and EU membership has undermined Italian sovereignty. However, now Luigi di Maio, leader of the Five Star Movement, has said his party never supported leaving the euro.

Many experts agree that if Italy left the euro, it would be poorer, likely default on its debts and the lira would become greatly devalued. A default could lead to retribution from other countries and potential asset freezes and economic isolation. If this occurred, the trustworthiness of the euro as a currency would be questioned and the impact could destroy confidence in the EU itself.

Let’s hope Italy stays in the EU. The UK is starting to realize that the populism that brought Brexit can be quite expensive and painful. The Greeks certainly didn’t like austerity, but the tough rules of the EU put their country in a better spot. Itexit would harm Italians, the EU and the world. Let’s hope if there is a referendum, the Italians will vote for the greater good and stay in the EU.