

Italy: Bersani, Berlusconi discuss forming coalition government

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Seven weeks after the Italian general election the leader of the Democratic Party (PD), Pierluigi Bersani, and “People of Freedom” (PdL) leader Silvio Berlusconi met for discussions for the first time.

The main item discussed at their meeting Tuesday afternoon was the election of a new president. An agreement on this issue could then pave the way for governmental cooperation between the two parties.

The new president due to be elected on April 18 will play a key role in forming a new government. He can appoint the prime minister, install a transitional government or dissolve parliament and call new elections.

The current president, Giorgio Napolitano, whose term of office ends on May 15, is no longer entitled to dissolve parliament.

The forum to elect the new president consists of both houses of parliament, plus 58 delegates from the country’s 20 regions. Bersani lacks just nine votes for an absolute majority. Together with the 71 delegates of the incumbent prime minister, Mario Monti, Bersani would then have enough votes to determine the new head of state in the fourth ballot. In the first three ballots a two-thirds majority is required.

Bersani is not completely dependent on the votes of Berlusconi’s PdL to elect a new head of state. The fact that he has now agreed to meet with him suggests that he is interested in broader cooperation.

After the election, Berlusconi offered to form a grand coalition with Bersani, but with strings attached. Berlusconi also indicated he would be prepared to support a minority government headed by Bersani, if a center-right candidate were elected president.

Bersani has so far categorically rejected both offers, fearing the demise of his own party, should he form a pact with the scandal-ridden media mogul. Instead, he had tried to win the support of legislators from the Five-Star

Movement (M5S) for a minority government, but encountered fierce opposition from 5SM leader Beppe Grillo.

Bersani’s attitude is controversial within the Democratic Party and threatens to tear it apart. In particular, the 38-year-old mayor of Florence, Matteo Renzi, who belongs to the right wing of the PD and originally came from the Christian-democratic Margherita, has argued for cooperation with Berlusconi.

“We are losing time,” he said on April 4, according to a report in *La Stampa*. “Bersani has to choose: either we collaborate with Berlusconi, or we call new elections. We cannot keep running on the spot.” He himself was ready to run as the candidate of the center-left camp in new elections.

Meanwhile, Bersani has closed ranks with Berlusconi. It was “a good conversation,” PD politician Enrico Letta declared, commenting on the Tuesday meeting that he attended. They wanted to arrive at a “broad consensus” and would continue the talks.

The Italian media reports that Berlusconi is willing to support a presidential candidate from the center-left camp who is not “hostile” towards him. This refers to efforts by the parliament to commence proceedings to declare Berlusconi “ineligible” for office—a move that would rob the 76-year-old billionaire, who faces multiple lawsuits, of his parliamentary immunity.

Candidates under discussion for the highest office include former prime ministers Massimo D’Alema and Giuliano Amato. A candidacy by Romano Prodi, who twice headed center-left governments, was apparently rejected by Berlusconi because he regarded Prodi as a personal enemy.

D’Alema is a member of the Democratic Party. Amato, however, is a former member of the Socialist Party of Bettino Craxi, which maintained close relations with Berlusconi up until its collapse 20 years ago. Amato was

prime minister from 1992 to 1993 and from 2000 to 2001, and held several ministerial posts under both Prodi and D'Alema. He was notorious for his rigid austerity policies, pension cuts and the privatization of state enterprises. His government was "one of necessity, not popularity", he had boasted.

Italian and European business circles are pressing for a speedy resolution of the Italian government crisis and the continuation and deepening of the austerity and reform agenda commenced by the former government of Mario Monti, which suffered a crushing defeat in the election.

Italian economic data have nosedived recently. According to the government's downwardly revised figures, the country's gross domestic product will fall 1.2 percent this year. Industrial production decreased in February by 0.8 percent compared to the previous month and 3.8 percent compared to a year ago.

Despite massive spending cuts, Italy's total debt has increased since last year from 127 to 130 percent of GDP. The transitional government has been able to take out new debt at a surprisingly low rate—which has less to do with the Italian economic situation than with international developments.

The announcement by the Bank of Japan to double the amount of money in circulation in the space of two years has led to the withdrawal of hedge funds and speculators from Japan in favor of investment opportunities in Europe.

Italian banks, the main buyers of Italian government bonds, remain heavily underfunded. The bad loans on their balance sheets have increased in one year by 20 percent. They depend completely on European Central Bank support and face the risk of a Cyprus-style collapse. The share prices of the three largest Italian banks have fallen by 30 percent in the past two months. Under these circumstances, both the European Union and the government in Berlin are urging a quick resumption of austerity measures.

One task for a possible coalition between Bersani and Berlusconi would be to adopt a new electoral law giving the government or president more power to push through unpopular measures. A column in the *Frankfurter Allgemeine*, the mouthpiece of the Frankfurt Stock Exchange, proposes the "introduction of a presidential system of government along French lines".

Despite its gestures of opposition, the Five-Star Movement led by comedian Beppe Grillo also concurs with the broad outlines of this policy.

Several members of the Grillo movement have

announced their support for a government led by Bersani. "When one lands in parliament with 8 million votes, one has to show responsibility," the deputy leader of M5S Tommaso Currò told the newspaper *La Stampa* last Thursday.

Up to now, Grillo has adamantly rejected any overtures for coalition. "We ally ourselves with nobody, we want to send all the politicians home," he said on Wednesday in an interview with the free newspaper *Metro*.

At the same time, the drastic "reforms" advocated by Grillo go far beyond those advocated by the other parties. "Companies that want to invest will no longer have to leave Italy in order to produce in Switzerland, Austria or Slovenia. We will create conditions that enable investments to be made in Italy with transparency, honesty and competence," he said in the same interview.

Grillo is well aware that such a policy involves massive cuts to wages, workers' rights and social spending. "We propose a different kind of politics and economy," he said. "Italy is lame. There is no more big industry, small and medium enterprises are dying out. We have big problems with the health and education systems and culture. Italy has 2 trillion euros of debt and must soon repay 100 billion euros in interest payments. We have to sit down and undertake a radical rethink."

Grillo's answer is a revolution in people's attitudes and culture. According to Grillo, everyone—be they a plumber, a tax consultant or an engineer—should devote a portion of his or her work and time to other people. That is to say, Grillo is proposing that workers participate in unpaid labour or low-paid work.

Meanwhile Monti's austerity policies are having an increasingly brutal impact on the lives of the vast majority of Italians. Poverty and mass unemployment are on the rise. Hundreds of thousands of pensioners are struggling to survive, and more than one in three young people in the country—in the south, more than half—are out of work.



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