

## Praise for Monti



Italy's Democratic party, whose centre-left alliance is favourite to win next month's election, has extended an olive branch to prime minister Mario Monti, above, praising his government for restoring Italy's credibility and saying their parties should co-operate after the vote. The Democratic party's Stefano Fassina said a centre-left government would not boost spending unilaterally.

Report. Page 2

# Italy's Democrats praise Monti

## Party extends olive branch to PM

### Leader 'restored country's credibility'

By Ferdinando Giugliano  
in London

Italy's Democratic party, whose centre-left alliance is favourite to win February's election, has extended an olive branch to Mario Monti, praising his government for restoring Italy's credibility and saying their parties should co-operate after next month's vote.

Stefano Fassina, economic spokesman for the Democrats, also said a centre-left government would not try to revive the economy by boosting government spending unilaterally.

The Democrats would instead seek a grand bargain at the European level, which could give Brussels sweeping veto powers over national budgets in exchange for less austerity.

During a visit to London to meet investors, Mr Fassina told the Financial Times he had "expectations" that the centre-left

would secure a majority in both houses of parliament, and that Pier Luigi Bersani, leader of the alliance, would be the next prime minister.

However, he acknowledged his coalition faced an uphill battle to win control over the Upper House.

Mr Fassina, a former IMF economist and close ally of Mr Bersani, said the centre-left wanted to co-operate with Mr Monti's centrist alliance regardless of the outcome in the Senate. Mr Fassina's left-leaning views were criticised in the past by Mr Monti as "extremist".

The Democrats intend to avoid attacking Mr Monti during the campaign, and instead aim at the "new populism" of Beppe Grillo's Five Star Movement and the "old populism" of the centre-right alliance between the Northern League and Silvio Berlusconi's People of Freedom.

"We are together [with Mr Monti] with respect to the main division line that divides the populists from the Europe-ists. We share common ground on the main themes, such as constitutional reforms, Europe and the need for some

structural reforms," he added.

Mr Fassina, tipped for a government role in the case of a centre-left win, said the Democrats' main concern was to restore economic growth. Italy's national output is forecast to have fallen 2.4 per cent in 2012. "If the real economy does not move, we will have troubles on the fiscal side and on debt sustainability", he said.

Mr Fassina ruled out Italy reneging on its European commitments to expand domestic demand under a centre-left government. "We will not renegotiate the fiscal compact or our balanced budget amendment in the Constitution. If we acted unilaterally, we would damage the European project. We want to have more room for counter-cyclical fiscal policy, but at the European level".

To obtain greater room for manoeuvre, Mr Fassina said the centre-left would be open to the idea of a super-commissioner on fiscal matters, as proposed by Wolfgang Schäuble, German finance minister. They would also seek French support for this exchange.

"The residual empty and formal sovereignty over fiscal discipline in national parliaments should be transferred to Europe," he said. "This would be in exchange for a 'golden rule' for public investment and a stronger role for the European Investment Bank".

He denied this would allow Italy to dodge structural reform. "This is not to avoid doing our homework. The structural reform agenda should move on. We want to open up the insurance market, pharmacies, legal services."

But Mr Fassina said he saw no reason for the centre-left to pass a new labour market reform, following the one approved by Mr



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Monti's technocratic government last year.

"It is not difficult for businesses to fire people in Italy. What does not work is the application of the law. This is why we need to reform the judiciary system," he said.