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ITALY ON THE EVE OF GENERAL ELECTIONS:  
A TURNING POINT OR BUSINESS AS USUAL?

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P R O C E E D I N G S

MR. GORDON: Good afternoon, ladies and gentlemen. Let me welcome you here. I am Phil Gordon, the Director of the Center on the U.S. and Europe here at Brookings. It is a pleasure to chair this event on the Italian elections. I think we all know that beginning this Sunday, Italians will begin voting in what I think is a critical election, or at least our speakers will tell us how critical it will prove to be, and what the differences may be between the candidates. The one thing we do know is that the campaign so far has it seemed to me extraordinarily bitter and personal, and we will again turn to our experts to hear what that is all about.

We do have great experts here. I am really pleased to have two friends and colleagues with us. For the last couple of years at the Center we have had an Italy Program sponsored by the Council on the U.S. and Italy. One of the advantages of that program has been to allow us to have Visiting Fellows. In addition to their research and activities on Italy and European affairs, the current Visiting Fellows, Ettore Greco who is one of our panelists who I will introduce in a moment, but we get a double bonus because at the moment we have two Visiting Fellows in a way. Gianfranco Pasquino is affiliated with the Center during his stint here teaching at SAIS up the street.

They are both extraordinarily well qualified to speak on this topic today. I think Gianfranco will speak first on the internal politics. He

is a Professor of Political Science at the University of Bologna, and also teaches at the SAIS Bologna Center in Bologna. I should add that he was my professor there about 20 years ago, so if I seem particularly deferential to him and reluctant to cut him off when he exceeds his 15 minutes, it will be because of that old relationship, but I will do my best.

He also has practical experience in politics and has served as an Italian Senator twice, I think, in the 1980s and in the 1990s, three times in the 2000s as well, or three times in the pervious period. So he is not only a great expert, and he really is, but a participant in politics as well.

Ettore Greco, as I say, is spending this year as a Visiting Fellow here at the center. His other job which is also I think his current job is Deputy Director of the Institute for International Affairs in Rome, and he is also the managing editor of the quarterly journal International Spectator, a widely respected journal of international affairs. Ettore will discuss the foreign policy aspects of the election.

I see a few people obliged to stand in the back, and I do not want that to be necessary. Maybe we can pull some more chairs in. Harold or Simone at least can come up to the front. Is there another there? There are actually two chairs here if anybody does want to come up.

Without any further ado, let me turn it over first to Gianfranco on the domestic part of the situation.

MR. PASQUINO: Thank you very much, Phil. I am always glad when former students recall me and have good remembrances.

I see very many faces in the audience who are competent faces. Those who are not yet competent, I hope and I am confident will become after our talk, as well as after our answers to your questions.

I wanted to discuss three major points. First of all, I want to discuss the nature of Italian political competition. Then I want to discuss the role played by the two manifestos, if you want, that is more precisely, the performance of the government. I don't know if I should say of the incumbent government or of the outgoing government.

[Laughter.]

MR. PASQUINO: As well as the promises of the challenger. Finally, I will give you my forecast which may be of some interest.

Let me put it this way, the first important element of Italian politics in the last 10 or 12 years or so has been that the structure of the political competition has changed significantly, from a multipolar political competition in which it was difficult for the voters really to push and reward the various governments, political competition in Italy has moved into a bipolar confrontation. The creation of two coalitions comes with several problems, one of them being their heterogeneity, but the ability to offer the voters a real alternative. Indeed, the voters have appreciated the situation and have produced a couple of important alternatives, and have

been in favor of alternation all the time, and remain in favor of alternation even today.

The type of coalitions, however, has represented a problem because being heterogeneous, they have had some problems, not so much in winning the elections, but in governing. That is, what we have witnessed in the past has not been a greater governmental stability, but, in fact, some governmental stability plus several policy confrontations, and in some cases some policies still were made.

It is true, of course, that Berlusconi has succeeded, as he wanted, to have the longest lasting government in the history of Italy, but he wanted to have a government that lasted for the entire parliamentary term. He did not get it, but still, 1,431 days remains a record that would not be easy to be beaten even by the next government.

The second important point, however, is that this was paid by major reshufflings, that is, a number of ministers have changed, and ministers in important ministries. For instance, there have been three Ministers of Foreign Affairs, plus a long interim by Berlusconi himself who enjoyed it tremendously because it gave him quite a number of photo opportunities, and I think that—there is probably a gallery of photos with Berlusconi with all the leaders of the world. Plus, of course, two major photos, one with Putin, and the other one with George Bush in different places. Then changes in the Ministry of the Interior, and, again, very

important, changes in the Ministry of the Treasury. That has been a very difficult job throughout this time.

The other important aspects of the fact that the coalitions have represented something important in Italian politics is that there have been several challenges, not only to the opposition leaders—by the way, the opposition succeeded in getting a leader only towards the end of the term when Prodi finally came back, for the first part of the parliamentary term the opposition was really in shambles—but challenges to Berlusconi himself. In the end, Berlusconi decided to solve this kind of problem of these challenges against him by changing the electoral law. This is a very important point, which, however, I am not going to dwell on specifically unless you ask a question. But there have been several criticisms leveled against Berlusconi. Some of them are really misplaced and so I am not going to deal with them. Let me just focus on one important criticism, which is in any case wrong. That is, by introducing, not reintroducing proportional electoral law, because this electoral law is not the same as the law Italians used up to 1993, but it is different. Berlusconi was shrewd enough to have or to add a majority bonus or a majority premium given to the coalition getting the highest number of votes. This will automatically maintain the competition between two coalitions and will provide the winning coalition with a sizable number of seats, an absolute majority of seats to be more precise, at least 340 seats in the House of Deputies, out of

630, and so an absolute majority. Therefore, the government will in any case be in a situation in which it will govern.

The criticism could really be leveled against the law fundamentally because it allows party leaders to choose just by knowing how many Deputies and Senators are elected in the various constituencies, it allows them to choose the Parliamentarians because the lists are blocked, and this is something that obviously could please Berlusconi that was in any case was choosing his own Parliamentarians, but pleased all the other leaders who now can be sure that those who are elected will, in fact, be very disciplined. I would expect a lot of discipline, or, if you want, a lot of conformism in the Italian Parliament.

The second point is performances and promises. This is something new, again, introduced by Berlusconi, because in a very spectacular way, just before the 2001 elections, Berlusconi signed a Contract with the Italians, reminiscent of Newt Gingrich's Contract with America, stressing that he was going to perform in five areas. Had he not succeed to achieve what he wanted in at least four of them, he would not have presented his candidacy again.

The five areas are very important, and I just hinted at them. Obviously, first of all, he stressed that he was going to cut taxes, and, indeed he has cut taxes for those having let's say a high income I would put it this way even though I do not want to overstress this because my taxes

too have been cut, but I do not consider my income to be very high. In any case, for high-income people, taxes have indeed been cut, but he is not succeeded in getting all he wanted because he really wanted to reduce taxes in a much more considerable way.

Then he said he was going to increase the retirement allowances of quite a number of old Italians, and on this point he has been fundamentally successful. I think that it would be wrong and it would not be very generous not to recognize that he has been successful.

He also said that he was going to provide more security for the Italians, that is, to be capable of reducing the crime rate. This has not taken place at all, and in this area he has not performed in a very satisfactory way.

He said he was going to increase the number of jobs, and he has been relatively successful from this point of view, because he has indeed increased the number of jobs, but also, and this is an effect we know very well, because new jobs were being created, very many Italians then started again to look for jobs, and so the unemployment rate has not declined significantly.

Fifth, he promised to start a major program of public works, and he has been not particularly successful from this point of view. Probably he reached 20 percent of his promises.



The point is that performances can to some extent be measured, and, again, this is a sort of good element that has appeared in recent times, that is, very many economists have successfully decided to analyze the performance by the government. We have incredibly found that there are even independent think tanks in Italy that were known to us, so that now the debate has more concrete because there were the figures. It was possible to evaluate, and it was possible also to provide alternatives. Prodi has tried to offer alternatives, particularly in two areas. First of all, in stressing that he is going to produce more jobs by also investing a lot in education. And second, by stressing that there is a different way to cut taxes and at the same time to relaunch the economy, because on the whole the economy has done very badly in these 5 past years, and this I think is probably going to be Berlusconi's, can I say, Achilles' heel in the sense that Italians are not better in 2006 than they were in 2001, and on the whole, the Italian economy is lagging behind the other economies in the European Union.

Then I come to the forecast. I come to the forecast because I want to be very precise on this point. That is, I will base my forecast, and I will suggest you to look at, if you want, some of these data.

The first one is real electoral data, because the center left lost the 2001 elections after having lost the European elections of 1999, the local elections of 1999, the regional elections of 2000, and, therefore, there

was a trend. That is, the voters had already signaled their inclination not to vote anymore for center left parties and for the center left coalition, and so that 2001 was an easily predictable result, and easily predictable outcome. Let me remind you that the great surprise of 2001 was when the left lost the Mayor of Bologna, and let me remind you that in 2004, the left has won again the elections in Bologna. So, first of all, real data, and the real data are not very positive for Berlusconi, because Berlusconi has lost the 2004 European elections, has lost the local city government elections of 2004, and as well 2005, and it has lost significantly the 2005 regional elections which, by the way, cost him the government because he was then obliged to resign and to create a new government. So, hard electoral data would suggest that Berlusconi's coalition is not doing particularly well, and, by the way, that Forza Italia, Berlusconi's party, is not doing particularly well.

Then there are the polls, and I know that some of us, perhaps not all of us, have some reservations about the polls, and perhaps particularly about Italian polls. However, first of all, there are some reliable pollsters. Not all professors of political science are reliable, but the two guys who are professors of political science and who are running polls, one for Corriere della Sera, and the other one for La Repubblica, that is, respectively, Renato Mannheimer, and Ivo Diamante, are reliable, because it is not just a matter of having good polls, it is a matter of their

professional integrity and their professional reputation, so they are not manipulating the polls.

The polls have been saying that Berlusconi from the very beginning of the electoral campaign, and the electoral had two beginnings, I would say. One is when Prodi was finally capable of getting support from primary voters. For the first time in Italy there was a primary to choose the candidate of the center left, October 16, and then the official start of the electoral campaign sometime in February. From the very beginning, on October 16, the polls have indicated that Berlusconi is lagging behind. At the time, he was lagging 8 to 10 points behind. Now he has succeeded in reducing this kind of disadvantage, but it is still lagging behind by at least 5 points. Polls cannot be published in the last week of the electoral campaign, but both Renato Mannheimer and Ivo Diamante can write articles, and of course, they do write articles without producing the figures, and both are saying that the 5-point disadvantage or lag that Berlusconi had a week to 10 days ago is still there, and, by the way, that the two TV debates have not changed the situation. So my forecast is that the center left is going to win probably by slightly less than 5 points, which is not the same that the center left is going to govern the country, that is, my forecast concerns the victory of the center left, and not necessarily the tremendous ability of the center left to govern the country.

Berlusconi is saying that if turnout goes up, then it will mean that he is still in the position to win the election. There is no indication that the undecided voters are undecided, but leaning towards Berlusconi. That is, if all undecided voters were to go to the polls, then the 5 percent lead for Prodi will still remain and will produce the victory and the majority seats I have indicated.

I have one final point. This is my coda. The coda is important because the voters are going to vote for the Italian Parliament, but it is obvious that if the center left wins, Berlusconi will be out and Prodi will be the next Prime Minister. But after that, there is one other important institutional change or institutional duty, that is, Parliament will have to choose a new President of the Republic, and since the Constitution that has been reformed by Berlusconi has not yet been implemented because, in any case, there is a referendum pending on the Constitution, it will be the new President of the Republic who will appoint the Prime Minister. So, first of all, you elect Parliament, Parliament has to elect the Speakers, and then after that, Parliament in a joint session together with representatives of regional governments, of regional assemblies, will have to elect the President of the Republic, and then the President of the Republic will appoint the new Prime Minister which, by the way, will take some time. So the elections are April 9, the new Prime Minister will probably be in office by the beginning of May, supposing Parliament is capable of producing

very quickly a new President for the first three votes, a two-thirds majority is needed which is never to be reached, and then the absolute majority of those who have the right to vote, and, again, it is not easy.

The point I just want to make is that if the center left wins, then it will have to find a candidate because they are still playing with names and they have no official candidate. But if the center right wins, it may easily be that Berlusconi would like to become President of the Republic and to crown his outstanding political career, and so, interesting times are ahead of us. Thank you very much.

[Applause.]

MR. GORDON: Thank you very much, Gianfranco. That was really terrific. We will all have lots of questions, but maybe what we will do first is hear from Ettore about foreign policy and then question you both at the same time.

MR. GRECO: Thank to all of you. My first observation is that particularly in these general elections, I would say the debate over the foreign policy has been more or less conspicuous by its absence. This is the first main element that I would like to underline at the beginning of my speech. I suggest it could be interesting to discuss the reasons for this attitude of both coalitions to more or less skate over the main foreign policy issues during this campaign.

One reason for that is that, with the concerns of ordinary citizens so much concentrated on the economic situation, the economy could not but have the center state of the campaign. Indeed, it is true that perhaps in the case of Italy more than in others, the slogan, "It's the Economy, Stupid," applies very much.

But apart from that, another factor is that both coalitions manifestly have feared their foreign policy could be their main Achilles' heel. In fact, as stressed by Professor Pasquino, both sides of the political spectrum are unwieldy and ragtag coalitions which include radical parties, and these parties tend to take positions different from the mainstream ones, even in foreign policy.

This applies mainly to European policy, in the case of the center right, and to security and transatlantic issues in the case of the center left. And no doubt, the influence of small radical parties will have in the future Parliament will be very significant, especially because, I have to add, this electoral law will certainly increase their capacity to obtain from the government some points in foreign policy on which they have insisted during this campaign. In sum, it seems that both coalitions fear that a debate on foreign policy could have exposed such substantial internal differences, and this is why they have more or less gloss over on these issues.

In particular, it must be stressed that the more radical leftist groups belonging to the Prodi coalition have traditionally made their pacifist position a central element of their identities and programs, and many think or fear that a Prodi government will be held hostage by such groups. After all, foreign policy differences was one of the factors that induced the Refounded Communists to withdraw their support for the Prodi government in 1998, eventually causing its fall. But more radical parties can do substantial damage also to a new Berlusconi government. This has been most recently illustrated by the case of a Minister of the populist and devolutionist Northern League who was forced to resign after wearing a T-shirt bearing one of the cartoons of the Prophet Mohammed on television, a move that according to the Foreign Minister himself contributed to precipitating an assault on our consulate in Libya.

That said, let me illustrate the main foreign policy differences between the two coalitions and what we can expect from them.

First, transatlantic relations. I would argue that the two leaders have shown to have markedly different views on transatlantic relations. Mr. Berlusconi has presented support for the Bush administration even in the case of Iraq, as motivated by Italy's historical bonds or loyalty and solidarity with the U.S., a sort of principled choice or camp as we used to say during the cold war. In his recent address here to a joint meeting of

Congress, he openly denounced Europe's wish for self-sufficiency as morally suspect and politically dangerous, to use his words.

By the way, I think his visit to the U.S. has been one of his most effective electoral moves - and there have not been many - as Berlusconi's quasi-endorsement and the Congress' standing ovation contributed to projecting an image of him as an internationally reputable leader back home. But the fact is that by constantly endorsing U.S. positions, Berlusconi has certainly taken a risk, as opinion polls show that U.S. policies are far from popular. By the way, about one-third of the traditional center-right electorate is against the Italian military presence in Iraq, and as you probably know, in recent times there have been bilateral tensions because of some episodes such as the death of an Italian secret service agent in Iraq by American fire, and the very disturbing issue of the rendition flights.

This in fact has recently led Berlusconi to change a little bit his position and to take distance from U.S. policies. He announced in particular, among other things, the withdrawal of the Italian troops from Iraq by the end this year.

Romano Prodi has articulated a different view on transatlantic relations. He has constantly placed the emphasis on the need to reinforce the autonomy of Europe, and to work for a more equal transatlantic relationship. In a recent speech to the European Parliament, he argued that



the transatlantic bridge should link Washington not with the individual European capitals, but with Brussels, warning that going the bilateral way has cost too many divisions in Europe, and this position I think remains anathema to the U.S. administration and also I think most politicians here. It must be said, however, that other center-left leaders have taken a more nuanced and cautious position in this regard.

In any case, if you take the programmatic document of the center-left, half of the part devoted to foreign policy concerns and problems relates to European integration, while the Atlantic Alliance is mentioned just once, and the United States just twice, although one of these is to say that Italy will have to remain a loyal ally of America. In the document there are also a couple of references to the need to work for a multipolar world, a position that resembles that of the French President Chirac. However, many observers agree that especially in drafting this document, Prodi had to pay lip service to the request of the more radical leftist groups, and the experience of the previous center-left government in the second half of the 1990s testifies that, even with the presence of such groups in the governing coalition, bilateral cooperation can remain quite effective.

What is important to stress in any case is that the government's critics have lamented that Italy has reaped no visible benefits from its support for U.S. policies. They have accused the government of having

undermined Italy's role in Europe without being able to exert any real influence on U.S. choices and initiatives, for example, in the Iraq context.

This brings us to the European policy. A British commentator wrote recently that the other E.U. leaders are unlikely to shed many tears for a defeated Berlusconi, except perhaps for Tony Blair. Indeed, Berlusconi has never made E.U. affairs much of a priority, he has taken an ambiguous position on a number of European issues, and some key figures in the government have expressed markedly Euro-skeptical views. Lacking a clear European vision, the Berlusconi government has constantly risked to be marginalized in the European diplomatic game in which, for example, the U.K.-Germany-France trio has been increasingly able to play a leadership role, at least on foreign policy and defense matters.

With a center-left government we can expect a more proactive role of Italy within the European Union. A key objective of the center-left program is, for instance, the relaunch of the constitutional process, and there are many indications that a Prodi government would seek a unity of action with the grand coalition government in Germany. Chancellor Merkel, as you probably know, has announced that she would try to revive the constitutional treaty during the German Presidency term of the E.U. in the first half of 2007. Moreover, and this is the second major point, a Prodi government would probably be more cautious than the Berlusconi one on the E.U.'s enlargement process. Prodi's personal position - but that

holds true for the coalition as a whole - is that future enlargements will have to be preceded by a substantial strengthening of the European institutions. By contrast, Berlusconi has always been very enthusiastic about enlargement, to the point that he even mentioned the possibility of the accession of Russia and Israel.

Clearly, Italy's European partners are also concerned about what the next government could do to put the public finances again under control. In this regard, a Prodi government could be more reassuring, not least because it will not be conditioned by the promise to cut taxes. This is an important point, because Italy is increasingly seen as a test case even for the long-term survival of the Eurozone. However, most observers believe that the chances that Prodi will implement a program of economic reforms in tune with the requirements of the so-called Lisbon Process are rather slim, essentially because of the influence of the more radical leftist parties.

A couple of final words on defense policy. Military presence abroad is particularly important for the international role of Italy, and the center-right coalition has been remarkably united in supporting participation in international missions. In the last few years, there have been 9,000 Italian troops abroad, half of which are in the Balkans.

That said, the more moderate and largest parties of the center-left have also supported the recent missions, except for the one in Iraq, and it must be recalled that it was under a center-left government that in 1999

Italy took part in the NATO military action against Yugoslavia. However, it remains to be seen whether the center-left will be united in endorsing the continuation of the missions, and the problem may emerge with the one in Afghanistan if the situation continues to worsen. But problems may also emerge for the participation in eventual future missions, taking into account that the coalition - this is a clear point in the program - has ruled out interventions abroad without the U.N.'s blessing. This remains no doubt one of the biggest question marks.

Under the Berlusconi government, Italy has supported most of the plans to enforce the defense dimension of the E.U., but it has opposed the initiatives that the government has perceived as entailing the risk of weakening the transatlantic link in the role of NATO. By contrast, the center-left appears to be much more inclined to support the development of an autonomous defense capacity of the Union.

Finally, NATO. The center-right has supported the idea of developing a global role of NATO which will be at the center of the next summit of the Alliance. In the center-left coalition, nobody puts into question Italy's participation in the Alliance, but I would expect the Prodi government to be more cautious on accepting an expansion of NATO's operational and geographical responsibilities.

I will stop here. Thanks for your attention.

[Applause.]

MR. GORDON: Thank you, Ettore. I think that was a great summary of the potential differences between the two camps.

I would like to open it up for questions, but I would like, if I may, to begin with one or two of my own for each of you, beginning with Gianfranco and the election itself. This may seem like a flip question, but I mean it sincerely. In 2004, a lot of Europeans asked how Americans could possibly be re-voting for George Bush. From their perspective, the failed war in Iraq, problems with the economy, how could you possibly do this? I think a lot of Americans may have the same question about the current Italian situation.

The way you described it along the five criteria, failure to perform; the economy in anyone's view, including Italy's own Central Bank Governor, is in a very bad state; the Prime Minister has made a number of international gaffes and raised all sorts of controversies. Even worse, he is alleged to have violated the law in a number of ways. Under those circumstances when you look at this, and I know that you predicted a center-left win, I think the more basic question is, why is this election even close? That is my question.

MR. PASQUINO: I should try to make the case for voting Berlusconi again into office.

MR. GORDON: Apparently a number of Italians are prepared to do so. What is the basis for that vote?

MR. PASQUINO: [Off mike] First of all, because, as you state it in English because I am not sure I can find the equivalent in other languages that I know, better the devil you know. That is, they know the devil Berlusconi and they perhaps think or hope that he will do no worse than what he has done so far. I think that I am mistaken. He can do worse.

[Laughter.]

MR. PASQUINO: Second, the election is close because there are in fact two different camps, and both of you I think utilized the word. That is, there is a camp that is the center-left and no voter within that camp would ever imagine himself or herself voting for Berlusconi. And there is a camp of the center-right where no voter would imagine himself or herself voting for Prodi, believing that Prodi is a—Communist, as we say in Italy, and that the two major—

Third, there is one not very minor problem is that Berlusconi is not just a sort of peculiar phenomenon that appeared in Italian policies. Berlusconi is, as the fans at the stadium would say, one of us. That is, he does represent very many Italians who hold the state in high suspicion, who believe that it would be far better if the state were trimmed, who believe that they would be far better without paying taxes. Berlusconi has encouraged them, saying, I understand you. That is, the state is so pervasive that you are justified if you do not pay taxes. There are very many Italians who have a sort of significant anti-political attitude. They

are against the professional politicians, and Berlusconi is not a professional politician, even though after 12 years in politics one could believe that he has become one of them.

So all of these elements suggest that quite a number of Italians still are inclined to believe that Berlusconi is not a bad choice. The important point is that we do not know about those perhaps 10, perhaps 8 percent of the voters, who are still making up their minds. However, not because they are those knowledgeable evaluating what is going on, a promise is a promise is a gun, but simply there is not enough time to be informed about politics, and so we will probably decide over the weekend talking with someone, with a priest, with a trade union leader, with a very important professor of political science, with some friends who they trust, and so on, perhaps with their female fiancée because she is the one who is no more interested in politics than her male counterpart. So this is what is called just technically, the two-step communication flow; you get the information you need from the people you like, that you trust, that you believe are reliable.

MR. GRECO: [Off mike] Another factor is certainly that the center-left was in the government for 5 years—

[Technical interruption.]

MR. GRECO: And the main factor why the performance was not so brilliant is the one factor that remains today, namely the very

fragmented nature of the coalition, and I think the voters have not forgotten that. This applies also to foreign policy to some extent, and I would say that a part of the electorate is not convinced that even after the primary election, even after the capacity that Mr. Prodi has to some extent demonstrated to forge a more united coalition, this time the division will not repeat again having a negative impact on the performance of the government.

MR. GORDON: Let me put another question out really for either of you, but Gianfranco is the one who brought our attention to the idea that the President will have to be elected as well. I wondered if you could share with us any speculation, you mentioned Berlusconi himself, but who else that might be and whether we should care, is it really very important other than as a technical matter?

MR. PASQUINO: The President is, indeed, very important, and Ciampi has been very important because he has played a very significant constitutional role, and that he has defended, protected, implemented the Constitution, he has been a sort of countervailing power to the excesses by Berlusconi. And the next President in any case will have important tasks to perform. One of them will be to supervise the reform of the Constitution which I think is in the making, even though not the reform produced by the center-right.



On this case I am fortunately not a voter, I can tell you which other candidates are the likely candidates. First of all, I am not going to play the hypocritical game that many Italian politicians are playing, saying that we should reelect Ciampi. Let me remind you that Ciampi is 85, if not 86, and the term of the Italian President is 7 years. Even though we are a very happy population because we live long years, I cannot imagine the President to last until he is 93. Also, there are those who say we are going to reelect Ciampi and after 2 years he will resign, as if after 2 years the Italian politicians will have solved the problem of finding one of them to become a good President.

There is a front-runner who you certainly know, that is Giuliano Amato is definitely a front-runner, and, therefore, he is trying to say—perhaps who knows about not necessarily me, but he is the front-runner. Unfortunately for him, Berlusconi has said that on the whole he would be inclined to vote for Giuliano Amato if the center-left is united behind Giuliano Amato, and this, of course, is almost the kiss of death. Not entirely. Then there are other candidates, but in the shadow, so I cannot really identify them.

On the other hand, there is a game also that is being played, and I do play the game, that is Emma Bonino is a candidate. Obviously, she does not have a chance, but the point is that she is trying to stress that it is time for a woman to become President of the Republic, and it is time

for a woman who is certainly not a Catholic woman and supporting the Pope, and so offering an alternative to all those who believe that the Catholics have too much power in Italian policies. And she is there, and, therefore, opening the way to a third candidate. Much will depend, as a matter of fact, on the size of the parliamentary delegations for the left democrats and for the Margarita, the Daisy, Democrazia e Liberta I think they call themselves. I have lost track with their names. But there is no doubt that there will be a former Christian Democrat as a candidate. They are always candidates for something.

MR. GORDON: Do you want to add anything to that?

MR. GRECO: I fully agree that Amato is at the moment the strongest candidate, and the reason why for the moment President Ciampi has not ruled out openly that he would run for reelection is simply because, in my view,, he did not want this issue to be discussed during the electoral campaign because it would have been certainly a negative factor of the campaign.

An important element is that several times I heard Prodi saying that the center-left is eady to vote for the next President even without an agreement with the other coalition, which sounds to me a little bit strange because other times, at least in the last times, there was a steady effort to try to have a national consensus on the name of the President. But this indicates, certainly, that at least a part of the center-left coalition is ready,

if it wins the election, to go ahead even with a name that is not supported by a bipartisan majority of Parliament.

MR. GORDON: Let me ask one more question and then I will open it up to the audience. A few days before the Spanish election in spring 2004, a terrible terrorist attack took place and seemed to have influenced the election. At that time we all worried about upcoming Italian elections, and I just wonder, are people focusing on this? Are there extraordinary measures being taken? And in case such a tragedy were to occur, how could that influence voters and Italians?

MR. GRECO: There was no open discussion on these issues for obvious reasons. I cannot give you an answer about the security measures that are being taken, but certainly they are. Probably the main issue is what could be the reaction of the government and the political parties, in the case of a terrorist attack similar to the one in Spain before the elections - because we are now discussing I think a scenario where there would be no implication of domestic actors. Otherwise, the situation would be completely different.

I would say that it would be very counterproductive for anyone to try to exploit or capitalize on such an act for the electoral campaign, that's for sure. Second, the President of the Republic will play a major role in trying to have national unity in order to avoid a split if somebody tried to in one way or another exploit this possible terrorist attack. You should

remember that on some occasions when, for instance, there was the massacre of our troops in Nasiriyah, Italy was able to remain united, and I would expect the same would happen in the case of a terrorist attack if there is no involvement of domestic actors.

I think, in any case, that the role of the President will be extremely important because on other occasions he has been very effective in promoting a national unity consensus.

MR. PASQUINO: I agree with Ettore's wise words. I think that much will depend on the reactions of the two different leaders. On the whole, I would expect that the left would say that this is Berlusconi's responsibility because we are in Iraq, and Berlusconi would say, well, it is the fault of the left because they are soft on terrorism, and in the end it will depend, really, on the interpretation of the voters. Even though the government has one minor problem because it is its duty to protect the Italians, so perhaps there will be this kind of small additional consensus for the opposition saying, well, we ought to abandon Iraq and if we had not gone there, then this would not take place. But I hope nothing of the kind takes place.

MR. GORDON: The floor is open.

QUESTION: [Off mike] with Voice of America. I was wondering how do you see the results of these elections affecting the

attitude, the policies of the coming government towards foreigners you have in Italy, immigration policies and such. Thank you.

MR. PASQUINO: On the whole, the two different coalitions are not really very distant. Even though they passed two different laws, they know that they have to provide some regulations. They also have to provide some hospitality. They know that Italy needs immigrants. By the way, this has not been a factor during the electoral campaign except for the Minister of—and his T-shirt. So I think that on the whole this is not going to be something that will be divisive when producing the necessary policies.

MR. GRECO: I would add to that that this is an interesting thing, because last time if I remember well, this was one of the central issues of the campaign. This time, clearly, the fact that the government has been actually unable to stop the flow of immigrants as it had promised in 2001, has made it more difficult for the center-right to use the immigration issue as a propaganda weapon. And this may help explain why now even on issues other than economic ones, Berlusconi's coalition is in some difficulties, and Professor Pasquino mentioned during his speech that the government's performance in the fight against organized crime and ordinary crime has not not particularly brilliant. And so the center-right has not been able to use during this electoral campaign some powerful propaganda weapons that proved effective last time.

MR. DAVIDSON: Jason Davidson of the University of Mary Washington. I'm curious, actually, about what Dr. Greco said, that on the one hand, foreign policy has been conspicuous by its absence, but on the other hand, Berlusconi chose within about a month of the campaign to come to the United States and have this very high-profile visit. I wondered if Professor Pasquino could comment on what you think the potential impact foreign policy may have on undecided voters, and whether the center-left or the center-right has an advantage on that issue.

MR. PASQUINO: Italians are not particularly interested in foreign policy. Those among them who are wise know that our foreign policy is not particularly good, particularly incisive. They also have realized something which the polls are now discovering, that is, that they are less oriented favorably towards the European Union than they used to be 5 years ago. Berlusconi has somewhat changed the attitudes of Italians that used to be very favorable to the European Union.

On the other hand, most of us would take for granted that the U.S. is a great power, that it is important to have a good relationship with the U.S. Many of us have some reservations, as apparently at least half the Americans do, concerning the behavior of the incumbent lame-duck President.

[End Side A. Begin Side B.]

MR. PASQUINO: [In progress] —the visit may have been successful from the point of view of just the propaganda, but it has not changed the attitudes and probably has not changed the voting inclination of very many Italians.

But the point I want to make is that Prodi will have only some minor problems to try to have a good relationship with the U.S., but everybody knows that we must have a good relationship with the U.S.

MR. GORDON: Michael Killinger [ph]?

MR. KILLINGER: Somewhat the same question I had for— which was what would you expect in terms of a policy towards the U.S. from a Prodi government, and do you think in effect it will be a reversion to pre-Berlusconi which is pro-U.S., pro-E.U., we don't really need to make the choice, and he will have to back away from some of the harsher language he has used out of government in terms of Iraq?

MR. GRECO: [Off mike] I said during my presentation that I am convinced that even if Mr. Prodi has certainly views on transatlantic relations rather different from Berlusconi's, cooperation with the US will remain quite strong. Prodi and other leaders of the coalition are very well aware that the relations with the U.S. are key to the role of Italy in the international scene. In this sense, I would not expect dramatic changes.

What is perhaps more important is the different position that Prodi and the center-left coalition have with regard to European issues. He

will be much more inclined to favor, for instance, plans to give more autonomy to Europe in the defense field, although at the moment this is not a very hot issue, because, as you know, the institutional arrangements between NATO and the EU are functioning quite well, There could be also a greater assertiveness in taking positions not in tune with the policies of the U.S. administration. I would say that this can change the equilibrium also within the E.U. and have an influence on the diplomatic moves that the E.U. will take with regard to the United States.

At the same time, what is important to stress is that, especially since the beginning of the last year, here in the U.S. there have been some changes in the attitudes towards Europe, a much more open attitude, especially on the side of the Department of State, so we are not in the same situation as 2 years ago. So in this sense, I would say that some disputes seem now to be more manageable than they were in the past.

MR. STERN: Paula Stern [ph] is my name. My question relates to economics, and in particular, microeconomics, and perhaps builds on the previous question with regard to Europe and the relative interest of the parties in the Lisbon Proposals, restructuring, reform. And specifically, what we could expect from either coalition were they to be the ruling party, the governing party, and the extent to which the population cares about economic reform, you said it's the economy stupid, but I wanted to go a little deeper into that and whether any of that in the voting



population reflects any anxiety with regard to Italians' competitiveness, export competitiveness, and competitiveness vis-à-vis, for example, China and other manufacturers.

MR. GORDON: Maybe I can just add on to that question. I also wanted to ask about the economy because, you are right, Gianfranco said Italians do not care about foreign policy, Ettore said it's the economy, stupid, but the question is, what about the economy is it? From what I can clearly tell, clearly taxes, that is something that sounds very familiar to Americans. One candidate says the other will raise taxes, the other denies it, but somehow pledges that he will reduce the deficit anyway.

If the economy is going to determine Italian choices, what is it about the economic alternatives that they are going to decide on?

MR. PASQUINO: The economy is important, but Italians also care a lot about what we call the welfare state, that is services, that is a good educational system, a good health system, a good pension system. So the problem is that you cannot just say or convince Italians that you just cut taxes and then good luck. That is, you have to explain cutting taxes will not affect the kinds of services they get from the state.

From this point of view, Prodi is slightly more convincing than Berlusconi, who believes that the various services, health, education, even pensions, can be assured by the private sector. If I may become political, the problem is that Berlusconi owns several private clinics, Berlusconi

owns a major insurance company, and Berlusconi is not very far from those who run some private schools. So there is a problem of conflict of interest there, which, again, is not perceived by all Italians as a very important problem, but it is there.

But when it comes to real choices, the fact is that Prodi is at the same time cut taxes somewhat, somewhere, but also not to cut taxes for wealthy people. There has been a sort of minor debate on the inheritance tax. Berlusconi has eliminated a tax for everybody, and Prodi has said, no, not for everybody, because those who have a lot of money should pay a fair amount in terms of inheritance from what they get from their fathers and grandfathers and so on, and I think that this is important. By the way, this is also a measure of equality, that is, reducing the inequality of opportunities.

The other point I would probably stress is that much of what will be done depends on who is going to become Minister of the Treasury. Now we lucky enough to have a very good Governor of the Bank of Italy, and this is very important, because Draghi not only is a competent man, but he is also an austere man, and he has, Italians would say, a straight backbone, which is important. If Prodi is capable of finding a good Minister of the Treasury, and there is a very obvious candidate, that is Mario Monte, who is also very well known at the European level, then this is an indication that there will be a sort of new way of dealing with the

economy, of managing the economy, that will combine more liberalization with their plan to have better services for the Italian population.

MR. GRECO: I think another important issue, in terms especially of microeconomics, is the quite different programs the two coalition have concerning labor market. The center-left, in fact, introduced a quite important law in the 1990s, increasing the flexibility of the labor market. But the center-right went even further, by passing a law what have introduced a flurry of other temporary or short-term contracts.. Like in France, this has been a central issue of the campaign, and the center-left has clearly promised to change at least part of the new law trying to reduce the growing precariousness from which younger workers have suffered., This is in fact the other side of the coin of the decline in the unemployment rate in Italy. The new jobs are mostly low-paid and not very productive jobs. In fact, competitiveness has declined mostly because of the inability of the government to increase the productivity in the last 5 years. In fact, if you take the data, they show that the productivity per hour has declined in Italy.. So the center left is proposing a completely different recipe compared with at least what the center-right has done during the last 5 years.

MS. JONES: I am Carla Jones with GNSA [?]. Under Prime Minister Berlusconi, Italy and Israel enjoyed a very positive relationship,

and I was wondering if you anticipated any changes in that relationship under a Prodi government.

MR. GRECO: I will say that there will be another adjustment, because, in fact, the Berlusconi government was probably more sympathetic with the Israeli concerns than other previous Italian governments. That said, as you know, Italy's policies towards the Middle East like the policies of other European countries are very much dictated by what the European Union has decided over time. The European Union has already consolidated a series of positions with regard to the Mediterranean and Middle Eastern issues and it is difficult for the Italian government to distance itself from those positions. This is an element that sometimes American observers do not take into due account, namely that there are, indeed stable European acquisitions in the foreign policy realm that are a source of inspiration for any EU government.

MR. GORDON: There are a number of other questions which I would like to get in. Why don't we group maybe the final three, and then we will give our speakers a chance to argue or dodge them as they feel appropriate?

MS. FUCCI: My name is Mary Theresa Fucci [ph]. I just would like to come back to the Italian new electoral law, which influence this new law will have in the new coalition; the results of rumors that say after the election, the coalition will sort of explode creating new parties,

like we need more parties, and do you really think that will happen, and if how that will influence also the creation of the government finally.

QUESTION: My name is David—Foreign Policy magazine. I wanted to ask your opinion on a small issue that Romano Prodi has talked about. He says that the Mediterranean will become the new hub for commercial shipments that are going to China and India, so he thinks this will bring much more relevance to Italy internationally, both in economic terms and foreign policy terms, I would suppose. That is an interesting thought, but I do not know if it won me over, so I would like to hear your opinion about that.

MR. FRIEND: Bill Friend [ph], George Washington University. I am wondering, Berlusconi has been trying to suggest to the electorate that Prodi is a patsy for the communists by which I take it he means the remnant hard-line communists. What influence would that group have in a future left-wing coalition?

MR. GRECO: The question concerning the Mediterranean is a very difficult question, but I can tell you, although I am not an expert on this issue, that there is also a difference in the programs of the two coalitions concerning investment on infrastructures. Prodi has emphasized the need to concentrate the very scarce resources on few infrastructures. He has criticized the current government for having started too many projects that Italy will probably be unable, at least in Prodi's view, to complete.

One of the priorities of the Prodi coalition is, indeed, to build and improve the port infrastructures.

I would say that during the legislature of the second half of the 1990s, the center-left government was quite effective in improving the ports of the Mediterranean so that their capacity is now greater than it was 10 years ago. So based on this success, but I think also for a problem on image, Prodi has reiterated continuously this idea to concentrate in particular on port infrastructure.

I would just add one thing concerning the possible scenarios after the election. I would say that for the coalition that will be defeated, there will be immediately a problem of leadership, a discussion about leadership, and I think that it will be difficult for Mr. Prodi to remain the head of the coalition. Much more controversial is what can happen in the case of a defeat of the center-right because most probably Forza Italia, Berlusconi's party, will remain the largest party of the center-right.

One factor that I would like to emphasize, in the case of a defeat of the center-right, is that the referendum in June on the constitutional matters is also very likely to be unsuccessful for the center-right coalition, In other terms I expect the constitutional reform to be rejected. In this case, the Northern League which has in its program emphasized very much the need to transfer powers to the regions and local government, will probably leave the coalition and take a more radical

position, and this factor could in turn precipitate or accelerate the crisis within the coalition. So I would suggest that the referendum could be a key event in the series of political events that now starts with this election.

MR. PASQUINO: When dealing with scenarios, the best strategy is to produce a lot of them because perhaps one will then become true. So I would offer you 10 or 15 scenarios for Italian politics.

Some of them will depend on details. For instance, one important detail concerning the electoral law is whether the left democrats do much better than the Margarita. If they do not, and the Margarita does very well, then there will be some pressure to create a Democratic Party and to have Prodi as the leader of the Democratic Party and so on, and this will, of course, change somewhat the dynamics of Italian politics.

The first impact of the new electoral law will be that the various parties are responsible for their votes, and, therefore, for their parliamentarians, and, therefore, they can claim to have won, nobody will claim that it has not won. They will then find justifications for their losses of votes, and they will remain, let's say, the masters of their parliamentarians. This is a problem particularly for the center-left because the difference here is that the center-right fundamentally has four parties and one doubts that Forza Italia would be the largest by far of the various parties. Indeed, Forza Italia has regained ground in the last 3 or 4

weeks. While on the center-left there are probably nine bodies, and so minor changes may have significant consequences.

One element to be stressed here is that apparently the center-left is willing to change again, to revise again, the electoral law. This is a problem to be taken into account, or perhaps a promise to be taken into account, together with the referendum, because, the fact is that Italian politics remains in transition. That is, the rules of the game are not yet fully accepted by the participants, and so the participants continue fighting on the rules of the game and/or on the way to, as they say, close, to bring to an end, the institutional transition which remains, I would say, quite open. And by the way, if the proposals to solve the transition are the ones we see, it is better to have an open transition than to have a bad solution.

The real problem is the ability by Prodi to keep together the coalition and at the same time to govern, that is, to produce significant policies. This has to be called into question, because I think that Prodi has learned the lessons of the past, but I also think that now the various parties, exactly because they have their own votes, will bargain in a sort of tougher way than in the past. I must tell you that I am more confident in Bertinotti's intelligence knowing that there is no second best to Prodi's government, that it is either Prodi's government, or, again, a lone government by the center-right.



I am more preoccupied by the ability of the Margarita, and particularly the Catholics within the Margarita, the former Christian Democrats, to create very many problems on very many policies, particularly when the Pope, or preferably Cardinal Ruini, says something, they will say, well, perhaps we ought to pay more attention to the family, more attention to the south, more attention to private schools and so on and so on, and this is going to be a problem, because on the whole the center-left should be, let me put it this way "secular."

MR. GORDON: Is that the final word?

MR. PASQUINO: Yes, secular is a good word to end, particularly now in the U.S.

[Laughter.]

MR. GORDON: Thank you very much. I have really learned a lot. I thought those were both great discussions. Thank you all for coming, and please join me in thanking our speakers.

[Applause.]

[END OF TAPED RECORDING.]

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