

View from the top

Rodolfo De Benedetti Chief executive, CIR

Rodolfo De Benedetti is one of Italy's leading entrepreneurs and runs a conglomerate set up 35 years ago by his father, Carlo. CIR consists of businesses in the energy, media, automotive and healthcare sectors.

Edited highlights of a video interview with FT.com appear below.

Markets are very concerned about a double-dip recession but companies are posting very strong earnings. Which are right?

It is a very difficult time to analyse. On the one hand corporate profits have been quite good. It seems to me that most of that was probably due to cost-cutting rather than to revenue growth. I do not have the impression that there is a lot of traction on the revenue side. And the macro side is pretty concerning. Meanwhile, there is a great deal of talk about public finances and the effect on the economy of those measures that governments will have to take.

Companies are sitting on a lot of cash. What is it going to take to see businesses invest or do takeovers? That is going to be an interesting signal because you would expect that CEOs running global corporations would be keen to invest in an environment where interest rates are very low, and they don't do it. So the fact that insiders are not aggressively deploying their capital tells me that this uncertainty is big, and decision-makers are not clear on what the future looks like. Some of the emerging economies are growing pretty fast but in the US and Europe it is still pretty soft. I'm not very

positive in the short term we'll see great numbers out of the economy.

Could Italy get caught up in Europe's sovereign debt crisis?

You always have to be cautious. The issue is a demanding one. I think Italy has a number of advantages. One is this high debt level has been there for a long time and there is the knowledge and experience of managing it. The other thing is Italy has high public debt level to gross domestic product but, if you compare it with other countries in Europe or the US, it has a lower number if you combine both corporate, private and government debt to GDP.

But there is political uncertainty about whether the Berlusconi government can survive. How potentially dangerous is that?

Markets hate uncertainty, particularly when you have a challenging situation such as the one Europe is facing today. It's specially important to send a clear and credible message to the financial markets. The risk is, if you don't do it, the markets do the job for you. What Italy needs is stability and a government that is credible in attacking the structural reforms the country needs.

Are you optimistic that will happen?

I'm optimistic about Italy. Our company is massively long on Italy.

Is there a danger of a two-track Europe between north and south?

The markets are telling us today that is the case. But when I hear "Europe has problems" and "Europe doesn't function", I don't agree. The solution to some of those problems is probably to have more Europe.

You own La Repubblica newspaper. Is there a future for general newspapers?

Definitely, yes. I'm in total disagreement with the cosmic bearishness that there has been around media in the past couple of years. I think that this is a growth business; this is not a mature business. People are more and not less interested by quality content. Technology makes the delivery of that quality content easier.

Richard Milne



'I'm optimistic about Italy. Our company is massively long on Italy'

VIDEO ON FT.COM

Watch the full video of the interview at: www.ft.com/view

