

## **Berlusconi withdraws support for Monti**

Silvio Berlusconi's centre-right party has abruptly withdrawn its support from Mario Monti's technocrat government in parliament for the first time in over a year, plunging Italian politics deeper into confusion and raising the possibility of snap elections.

Amid stormy scenes in the senate and then in the lower house, members of the former prime minister's People of Liberty (PDL) party – with notable exceptions – attacked Mr Monti's economic policies and stayed away or abstained in voting on two key reform bills.

The separate pieces of legislation, on stimulating economic growth and cutting spending by regional authorities, passed with support of the centre-left Democratic party but left Mr Monti's government looking vulnerable.

Despite opinion polls showing his party's and personal ratings plunging, Mr Berlusconi demonstrated he was still a force to be reckoned with after his ignominious resignation a year ago when debt markets sent Italy's borrowing costs to unsustainable levels. Markets reacted nervously to his latest move, pushing yields on 10-year Italian government debt up 13 basis points

The 76-year-old billionaire set the scene for his party's walkout in the senate with a statement on Wednesday night attacking Mr Monti's policies for plunging the country into a "spiral of recession". Mr Berlusconi signalled he was ready to go back on his previous commitments not to run again as prime minister in elections due early next year.

Fabrizio Cicchitto, a Berlusconi loyalist in the lower house, said the party was "distancing itself" from the government because of its economic policies. This left it unclear whether Mr Berlusconi would take the next step and try to bring the government down and force elections to be held in early February, one or two months ahead of schedule.

Parliamentarians opposed to Mr Berlusconi said the real reasons behind his u-turn were a power struggle within his own disintegrating party and his own personal interests. In particular, Mr Berlusconi is against proposed legislation that would ban certain categories of convicted criminals from running in elections, and force them to give up their posts if already elected.

"Once again the country is left hanging by the whims of a king, who, for his own personal interests...is withdrawing his support from the Monti government," commented Antonio Borghesi of the Italy of Values party.

Responding to what government officials saw as veiled blackmail by Mr Berlusconi, Mr Monti's cabinet on Thursday went ahead and approved its decree on the eligibility of electoral candidates.

This has the potential to affect Mr Berlusconi should he be convicted after the final stages of appeal on his charges of tax fraud, where he was found guilty in the first instance by a Milan court in October, and separate charges of abuse of office related to his alleged relationship with an underage prostitute. He has denied all the charges.

Whether Mr Berlusconi has the numbers in parliament to topple the government remains unclear. After two decades of being virtually unchallenged as leader of the centre-right he faced open rebellion from prominent figures who voted in support of Mr Monti's government on Thursday, including Giuseppe Pisanu who heads the senate's anti-mafia commission, and former foreign minister Franco Frattini.

"In 12 years of service, it is the first time that I dissent from the line of my group, but I do not feel like changing my mind," Mr Frattini declared in the lower house.

Opinion polls show the centre-left Democratic party firmly on course to win general elections, although a populist anti-austerity tack by Mr Berlusconi could attract disaffected voters.

Reacting to events, Mr Monti said after his day-long cabinet meeting that he would wait to hear the opinion of Giorgio Napolitano, the head of state with constitutional power to dissolve parliament and call early elections. One option would be to hold confidence votes to see if Mr Monti had the support to continue.

Behind the scenes, Mr Napolitano, who was instrumental in Mr Monti's appointment last year, was trying to calm nerves and ensure the government's survival. He was due to meet Angelino Alfano, secretary of Mr Berlusconi's party, on Friday evening.

Bringing elections forward would risk losing important pieces of legislation in the pipeline, including a constitutional amendment to enforce a balanced budget, cuts in numbers of provincial authorities and measures to save Europe's largest steel plant in southern Italy from court-imposed closure.

It would also quash last hopes of changing Italy's unpopular electoral law which Mr Berlusconi is reported to be keen to maintain as it gives party leaders powers to decide who enters lists of party candidates and into parliament.