

# Italy's leader faces a bold challenge from within

ROME

## Upstart criticizes Letta for inaction as party calls an emergency meeting

BY JIM YARDLEY

Enrico Letta has demonstrated an unexpected resilience as Italy's prime minister. He took office last April amid predictions that his coalition government would quickly collapse. It did not. Then Silvio Berlusconi, the powerful former prime minister, vowed to bring him down. That did not happen, either.

Now Mr. Letta, 47, is again fighting to save his government, and himself, except this time the pressure is coming from the new leader of his own center-left Democratic Party, the rising star Matteo Renzi.

When Mr. Renzi became party leader in a nationwide primary last December, with a mandate to shake up Italy's ossified politics, his true ambition was presumed to be the prime minister's office. The only question was when he would make his move.

The answer may come as soon as Thursday in an emergency meeting of the Democratic Party. Following weeks of public sparring, Mr. Renzi and Mr. Letta met privately on Wednesday for what apparently was an inconclusive discussion about the future of the government.

Analysts point to three possible scenarios: Mr. Letta would step aside to make way for Mr. Renzi. Or Mr. Letta would remain in office but reshuffle his cabinet to include Renzi allies and push forward a broad reform agenda. Or the government will collapse and early

elections will be called in the spring.

"Anything can happen now," said Roberto D'Alimonte, a political analyst. "It is on the edge."

Italy spent much of last year veering from one political crisis to another, with a nervous Europe worrying that instability might ripple outward across the Continent.

Mr. Letta regularly preached the politics of stability, arguing that his awkward government, a coalition of left and right parties, was a responsible bulwark against anti-austerity, anti-Europe sentiment expressed by figures like Mr. Berlusconi and Beppe Grillo, the leader of the Five Star Movement. European leaders voiced support.

But Mr. Renzi represents a different

ITALY, PAGE 8



REMO CASILLI/REUTERS

Enrico Letta denied rumors on Wednesday that he might resign as premier.

# Italian premier faces challenge in party

ITALY, FROM PAGE 1

equation, in which the broader issues of Europe are far less in play.

For weeks, Mr. Renzi has openly questioned whether Mr. Letta's government is too weak to push through the economic and political reforms needed to break Italy out of a two-decade slump. Political stability remains a virtue, but Mr. Renzi has warned that government inaction is becoming a serious liability for the country and his party.

"The problem is a political one — that is to decide whether this parliamentary term can be one of change," Mr. Renzi told a gathering of Democratic Party lawmakers this week, according to the Italian news agency ANSA.

Mr. Renzi, the mayor of Florence, has already demonstrated boldness since becoming party leader. He startled many in his party by striking a deal with Mr. Berlusconi, a hated enemy, to overhaul Italy's election laws. He also wants to amend the Constitution to transform the Senate into a regional assembly, much like in Germany.

Mr. Berlusconi has been expelled from Parliament because of a tax fraud conviction, but he continues to lead the opposition center-right movement as he awaits a final sentencing for community service or house arrest.

Election reform had languished for years in Parliament, though it gained urgency after Italy's highest court recently declared much of the law unconstitutional.

Italy's complex voting system has rarely produced workable majorities. Mr. Renzi's reform package is designed to reward bigger parties and strong coalitions with the majorities needed to govern effectively in Parliament. It will be debated in the lower house of Parliament next week.

Though the constitutional changes to the senate will take more time, analysts say Mr. Renzi could try to push through the electoral reforms quickly and then,



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Matteo Renzi, the Democratic Party leader, met with the prime minister Wednesday.

with momentum, call elections to ask for a public mandate. (Publicly, Mr. Renzi has played down this possibility.)

But that strategy could be derailed if deliberations slow in Parliament, which explains the speculation that Mr. Renzi may ask his party to move him into the top job so that he can push through the reforms.

"Most people think this is a risk he shouldn't take," said Mr. D'Alimonte,

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who advised Mr. Renzi on some of the technicalities of the electoral overhaul. "But where we might see risks, he might see opportunity."

Italy's economy clearly needs a jolt. Unemployment is above 12 percent, and the country is suffering through a prolonged recession. Industrial production unexpectedly dropped in December, and business leaders have beseeched politicians to reform labor and tax policy, as well as other measures.

"We are worried that time is passing, and nothing is happening," said a spokesman for Confindustria, Italy's leading business association. "We will follow any government that pushes through measures that will assist Italy to get back to growth."

Mr. Letta has repeatedly argued that his government is making progress and is working to push through key changes, even as he has acknowledged that his unwieldy coalition has made things difficult.

Hours after his meeting with Mr. Renzi on Wednesday, Mr. Letta held a televised news conference in which he denied rumors that he might resign and said his administration would continue to prioritize job creation and other changes — points he said he would present during the party meeting Thursday.

"I am proud of what we have done in 10 months, which is much, given the conditions," he said. "And I am sorry that those conditions haven't allowed us to do all the things that we have wanted to do."

To some degree, the infighting between the two men is typical fare for the Democratic Party, which has a history of factionalism and divisive internal rivalries. But party officials are clearly concerned, especially with European parliamentary elections only two months away and the prospect of facing voters with a government in disarray and reforms stalled in Parliament.

"I think it all depends on whether Letta can convince Renzi that he can do it," said Giorgio Tonini, a senator with the Democratic Party. "If there is a clash between the two in tomorrow's assembly, or earlier, the party — as of today — will choose Renzi."

"It's not a matter of personal ambition," he added, "but of politics."

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