

Berlusconi seeks confidence vote, expects to win
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ROME, Oct 13 – Italian Prime Minister Silvio Berlusconi today called a confidence vote on his government, saying a collapse of his centre-right coalition now would be catastrophic for the country and its economy.

Under pressure over corruption and sex scandals and facing criticism for his centre-right government's erratic handling of the economic crisis, Berlusconi has accused the left-wing opposition of "obsessively" seeking to drive him from office.

In an impassioned address to parliament, he said there was no viable alternative to his government and that if it fell now, the only alternative would be early elections.

"A government crisis now would be a victory for those who want to see (Italy) fall into decline, catastrophe and the kind of speculation we have seen for months in Europe and Italy," Berlusconi said.

Berlusconi, under pressure by Italy's president as well as the central bank governor to prove he can deal with the nation's myriad social and economic problems, said he was confident that he would win the vote, which is due to be held tomorrow.

Berlusconi also said his coalition was united despite occasional "accidents" such as a loss of a key parliamentary vote on Tuesday that triggered the latest crisis in his coalition and repeated a vow to balance the budget by 2013.

In a boost to the premier's prospects, Umberto Bossi, leader of the Northern League ally in the coalition, said Berlusconi was "convincing" and predicted the government would win the vote.

Analysts say that even if Berlusconi wins, he will emerge so bruised that it will be only a matter of months before a new crisis hits and that the country will likely hold early elections next year, a year before they are scheduled.

Most opposition parties boycotted the speech but then returned for the debate and said they will vote against Berlusconi tomorrow.

Berlusconi sought the confidence vote after the coalition – wracked by internal dissent – suffered a major embarrassment when it failed to pass a routine budget provision on Tuesday.

A number of centre-right deputies were absent for that vote, infuriating Berlusconi and feeding suspicions that some dissenters deliberately stayed away to send a message to the prime minister about the deep malaise within the coalition.

INTERNAL CHALLENGES

Berlusconi is facing internal challenges from a number of ministers who are unhappy with his management of the coalition and the damage his personal and judicial woes have done

to Italy's reputation.

President Giorgio Napolitano entered the fray yesterday when he issued a statement expressing deep concern about the viability of government and demanded a "credible response" to Italy's problems.

Italy is also under pressure from Mario Draghi, the outgoing Bank of Italy governor who will become the president of the European Central Bank next month.

In a speech yesterday night, Draghi said Italy had already wasted too much time without reforming its economy and that rising bond yields could nullify the benefits from recent budget cuts unless the country acted urgently.

Yields on Italian government bonds are dangerously high considering its massive public debt, spurred by investor concerns over Berlusconi's ability to take decisive action and Italy's chronically sluggish growth.

Ratings agency Fitch last week cut Italy's credit rating by one notch with a negative outlook, following a downgrade by Moody's and Standard and Poor's, underlining market concern over the stability of its public finances and its weak growth.

A €60 billion (RM258.85 billion) austerity package to balance the budget by 2013 was passed last month only after weeks of hesitation and delay, while the timetable for a decree to pass economic reforms and approve the sale of state assets has slipped to next week. – Reuters

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