

The End of the Berlusconi Era

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Silvio Berlusconi has been around for so long that it is hard to imagine Italian politics without him occupying the center stage. The end of his era is nigh, however, to the relief of his opponents as well as many of his erstwhile supporters. Berlusconi announced on Tuesday night that he would resign as Prime Minister as soon as the Chamber adopts a new financial stability law that will include [an EU-imposed austerity package](#), probably within two weeks.

Only hours earlier Berlusconi had lost his parliamentary majority after Umberto Bossi, leader of the Northern League and his key coalition partner, called on him to resign. After meeting him for an hour on Tuesday, President Giorgio Napolitano said the Prime Minister had understood the implications of the vote and accepted the “urgent need” for the country to respond quickly to the demands from Brussels for legislative action in line with the European Commission diktat. The immediate challenge for his successors will be to put together a stable enough government—possibly led by non-party technocrats—able to apply sweeping EU-dictated austerity measures in a country that has had, on average, about one government a year since the Second World War.

The Italian political class is breathing a collective sigh of relief, but it seems clear that no domestic *combinazioni* could have forced Berlusconi to go so soon. Only weeks ago he seemed impregnable. The immediate cause of his pending departure is the pressure from Berlin and Paris to make Italy take a hefty dose of the bitter medicine already prescribed to Greece, and the loss of faith in Berlusconi’s ability to administer it. This is the first time a major European country, and a founding member of the Six at that, has had its domestic political arrangements so decisively impacted by the dominant EU powers.

A century and a half after Italy shook off first Austrian rule and then French tutelage and became independent, it is still vulnerable to the *vincolo esterno*, the external constraint. The pressure started in late August when Jean-Claude Trichet, President of the European Central Bank, and his Italian successor, Mario Draghi (who took over the ECB on November 1), jointly warned Berlusconi that “pressing action by the Italian authorities is essential to restore the confidence of investors.”

Over the ensuing two months, however, he did little to demonstrate Italy’s ability to reduce its massive public debt and stimulate growth. The concern in Brussels and Berlin was unsurprising: Italy’s economy is three times the size of Greece, Ireland and Portugal combined. The EU would be unable to raise enough capital to bail her out if it were to default on its debt payments. A failure of any kind in Italy would finally destroy the eurozone as a whole.

On October 23, at the first of two most recent Euro-summits dealing with the eurozone crisis, Berlusconi was told by Angela Merkel and Nicolas Sarkozy to bring a convincing reform blueprint to the next EU gathering which was scheduled in Brussels only three days later. Their smirks and contemptuous treatment of the Italian premier prompted even his political foes back in Rome to start murmuring Euro-skeptic heresies. (The humiliation also prompted Berlusconi to make some unprintable remarks about Chancellor Merkel's appearance and feminine charms.) He returned to Brussels on October 26 with a hastily drafted package of measures to boost growth and cut Italy's public debt, but Frau Merkel is said to have been underwhelmed by more promises of future measures. Her decision that Berlusconi should go—with Sarkozy merely pretending to count in the making of that decision—is probably some two weeks old.

This is the end of an era for Italy and the end of a mercurial and ultimately disappointing career. Personal idiosyncrasies that may have seemed relatively harmless and politically irrelevant in the 1990s, or even a decade ago, have turned grotesque, with *il Cavaliere* at 75 seemingly losing all vestiges of self-control in his personal life. The Roman Catholic Church, once a quiet supporter, has turned against him. *Famiglia Cristiana*, an influential weekly, deplored Italy's "moral emergency" last summer and accused Berlusconi's friends of "defending the indefensible." His *bunga-bunga* parties, as we now know, were not vicious rumors spread by vile reporters, but real-life events that make decent Italians blush. His resulting legal problems have severely curtailed his ability to function as an effective chief executive.

The real problem is that he has been ineffective all along. Berlusconi's rise on the ruins of the corrupt old system—managed for decades by the Christian Democrats and their smaller satellites—was based on the twin promise of "clean hands" and managerial efficiency. Being the richest Italian alive seemed a solid credential regarding the latter: he was supposed to be "Italy's Thatcher." He was Prime Minister in 1994-1995, then for five full years starting a decade ago (2001-2006), and currently since 2008, making him the longest-serving leader of a G-8 country and second only to Mussolini at the helm of Italy. He has enjoyed comfortable parliamentary majorities and unique media influence—in part thanks to his Mediaset empire—that should have enabled him to enact and apply a bold vision of Italy for the 21st century.

Berlusconi has failed; worse, he has not really tried. His private peccadilloes and often dubious business practices (which have also created a never-ending stream of lawsuits) could have been overlooked had he not left Italy, after almost ten years in office, in no better state than he found her in 1994. The economy is grotesquely over-regulated, yet the old system of corrupt government contracts and phony jobs for the well-connected is alive and well. The central bureaucratic machine is as bloated and inefficient as ever. An estimated third of potential tax revenues remain uncollected. Italy is, in terms of growth, the sick man of Europe: only Zimbabwe and Haiti had lower GDP growth than Italy in 2000-2010. The public debt, at \$2.6 trillion, is 120% of GDP. A quarter of Italy's under-30s are unemployed and another quarter is subsisting on dead-end, 1,000 euros-per-month jobs in mamma's care, thus contributing to a demographic collapse far worse than that in Central and Northern Europe. There was no improvement in productivity under Berlusconi: Italy's international competitiveness has actually declined over the past decade. Public spending has been outstripping growth for years; since 2009, it has accounted for more than one-half of the GDP. There is no way—on current form—that the country can bring its finances in order and stimulate serious growth at the same time. There is equally no way it can be

bailed out by others.

Italy is still one of the most civilized countries in the world and one of the most pleasant to live. To remain that way, Italy needs to find a formula to remain *herself*, while adjusting to the financial and economic realities of the Old Continent by quitting the euro, devaluing, and managing her own interest and exchange rates. It was time for Berlusconi to go because he has not been able or willing to make a difference. Among his many memorable quips—some of them funny, some just plain embarrassing—the most absurd by far is his 2006 boast, “I am the Jesus Christ of politics. I am a patient victim. ... I sacrifice myself for everyone.” This is nonsense. Berlusconi sacrificed nothing and served himself. Italy deserves better.

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