

# The Fall of the House of Europe

By [Pepe Escobar](#)

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*The Enchanters came / Cold and old,  
Making day gray / And the age of gold  
Passed away, / For men fell  
Under their spell, / Were doomed to gloom.  
Joy fled, / There came instead,  
Grief, unbelief, / Lies, sighs,  
Lust, mistrust, / Guile, bile,  
Hearts grew unkind, / Minds blind,  
Glum and numb, / Without hope or scope.  
There was hate between states,  
A life of strife, / Gaols and wails,  
Dont's, wont's, / Chants, shants,  
No face with grace, / None glad, all sad.  
W H Auden, *The Golden Age**

We have, unfortunately, no post-modern version of Dante guided by Virgil to tell a startled world what is really happening in Europe in the wake of the recent Italian general election.

On the surface, Italians voted an overwhelming “No” – against austerity (imposed the German way); against more taxes; against budget cuts in theory designed to save the euro. In the words of the center-left mayor of Florence, Matteo Renzi, “Our citizens have spoken loud and clear but maybe their message has not been fully grasped.” In fact it was.

There are four main characters in this morality/existential play worthy of the wackiest tradition of *commedia dell'arte*.

The Pyrrhic winner is Pier Luigi Bersani, the leader of the center-left coalition; yet he is unable to form a government. The undisputed loser is former Goldman Sachs technocrat and caretaker Prime Minister Mario Monti.

And then there are the actual winners; “two clowns” – at least from a German point of view and also the City of London’s, via *The Economist*. The “clowns” are maverick comedian Beppe Grillo’s 5 Star movement; and notorious billionaire and former prime minister Silvio “Bunga Bunga” Berlusconi.

To muddle things even further, Berlusconi was sentenced to one year in prison last Thursday by a Milan court over a wiretapping scandal. He will appeal; and as he was charged and convicted before, once again he will walk. His mantra remains the same: “I’m ‘persecuted’ by the Italian judiciary.”

There's more, much more. These four characters – Bersani, Monti, Grillo, Berlusconi – happen to be at the heart of a larger than life Shakespearean tragedy: the political failure of the troika (European Commission, European Central Bank and International Monetary Fund), which translates into the politics of the European Union being smashed to pieces.

That's what happens when the EU project was never about a political "union" – but essentially about the euro as a common currency. No wonder the most important mechanism of European unification is the European Central Bank. Yet abandon all hope of European politicians asking their disgruntled citizens about a real European union. Does anybody still want it? And exactly under what format?

Meet Absurdistan

Why things happened in Italy the way they did? There is scarcely a better explanation than Marco Cattaneo's, expressed in this [blog](#) where he tries to understand "Absurdistan".

It all started with an electoral law that even in Italy was defined as *ulna porcata* (a load of rubbish), validating a "disproportional" system (political scientists, take note) that could only lead to an ungovernable situation.

In Cattaneo's matchless depiction, in the Senate the One for All, All For One coalition (Bersani's) got 31.6% of the votes. The Everyone for Himself coalition (Berlusconi's) got 30.7%. And the brand new One Equals One All the Others Equal No One movement (Grillo's) got a surprising 23.8%.

And yet, defying all logic, in the end Everyone for Himself got 116 seats, One for All, All for One got 113 seats, and One Equals One All the Others Equal No One got only 54 – less than half.

At street level, from Naples to Turin and from Rome to Palermo, there's a parallel explanation. No less than 45% of Italians, from retired civil servants living on 1,000 euros (US\$1,300) a month to bankers making 10 million euros a year, don't want any change at all. Another 45% – the unemployed, the underpaid – want radical change. And 10% don't care – ever. Add that to the ungovernability lasagna.

And extract from it a nugget of cappuccino-at-the-counter wisdom. Absurdistan's finances will soon be in a state as dire as Hellenistan – those neighborly descendants of Plato and Aristotle. And then Absurdistan will become a model to Europe and the world – where 1% of the population will control 99% of the national wealth. From Lorenzo de Medici to Berlusconi; talk about Decline and Fall.

Bunga Bunga me baby

Tried to death (including being convicted for tax fraud in October 2012; he walked); beneficiary of dodgy laws explicitly designed to protect himself and his enormous businesses empire; the Rabelaisian Bunga Bunga saga. He beat them all (so far). Silvio Berlusconi may be the ultimate comeback kid. How did he pull it off this time?

It's easy when you mix a billionaire's media wattage (and corporate control) with outlandish promises – such as scrapping a much-detested property tax. How to make up for the shortfall? Simple: Silvio promised new taxes on gambling, and a shady deal to recover some of the funds held by Italians in Swiss banks.

Does it matter that Switzerland made it clear it would take years for this scheme to work? Of course not. Even Silvio's vast opposition was forced to admit the idea was a "stroke of genius". Nearly 25% of Italians voted for Silvio's party. Nearly a third backed his right-wing coalition. In Lombardy - informally known as the Italian Texas - the coalition smashed the center-left to pieces; Tuscany on the other hand voted traditionally left, while Rome is a quintessential swing city.

Silvio's voters are essentially owners of small and medium-sized businesses; the northern Italy that drives the economy. They are all tax-crazy; that ranges from legions of tax evaders to those who are being asphyxiated by the burden. Obviously, they couldn't care less about Rome's budget deficits. And they all think German Chancellor Angela Merkel should rot in Dante's ninth circle of hell.

Frau Merkel, for her part, had been entertaining the idea of quietly cruising the eurozone waters towards her third term in the coming September elections. Fat chance - now thanks to Silvio's and Beppe Grillo's voters. Talk about a North-South abyss in Europe. The EU summit this month is going to be - literally - a riot.

Those sexy polit-clowns

All hell is breaking loose in the EU. Le Monde [insists](#) Europe is not in agony. Oh yes, it is; in a coma.

And yet Brussels (the bureaucrat-infested European Commission) and Berlin (the German government) simply don't care about a Plan B; it's austerity or bust. Predictably, Dutch Finance Minister Jeroen Dijsselbloem - the new head of the spectacularly non-transparent political committee that runs the euro - said that what Monti was doing (and was roundly rejected by Italians) is "crucial for the entire eurozone".

In 2012, Italy's economy shrank 2.2%, more than 100,000 small businesses went bust (yes, they all voted for Silvio), and unemployment is above 10% (in reality, over 15%). Italy may have the highest national debt in the eurozone after Greece. But here Absurdistan manifests itself once again via austerity; Italy's fiscal deficit is much lower than France's and Holland's.

Pop up the champagne; France is in vertical decadence. It's not only the industrial decline but also the perennial recession, social turbulence and public debt beyond 90% of GDP. France, the second-largest eurozone economy, asked the European Commission for an extra year to lower its deficit below 3% of GDP. Jens Weidman, president of the Bundesbank, roared "Forget it".

Portugal is also asking the troika for some room. Portugal's economy is shrinking (by 2%) for the third year running, with unemployment at over 17%.

Spain is mired in a horrendous recession, also under a monster debt crisis. GDP fell 0.7% in 2012 and according to Citibank will fall a further 2.2% this year. Unemployment is at an overwhelming 26%, with youth unemployment over 50%. Not everyone can hit the lottery playing for Barcelona or Real Madrid. Ireland has the eurozone's highest deficit, at 8%, and has just restructured the debt of its banks.

Greece is in its fifth recession year in a row, with unemployment over 30% - and this after two austerity packages. Athens is running around in circles trying to fend off its creditors

while at least trying to alleviate some of the draconian cuts. Greeks are adamant; the situation is worse than Argentina in 2001. And remember, Argentina defaulted.

Even Holland is under a serious banking crisis. And to top it off, David Cameron has thrown Britain's future in Europe in turmoil.

So once again it was Silvio's turn - who else? - to spice it all up. Only the *Cavaliere* could boom out that the famous spread - the difference between how much Italy and Germany pay to borrow on the bond markets - had been "invented" in 2011 by Berlin (the German government) and Frankfurt (the European Central Bank), so they could get rid of himself, Silvio, and "elect" the technocrat Monti.

German media, also predictably, has been taking no prisoners with relish. Italy and Italians are being routinely derided as "childlike", "ungovernable", "a major risk to the eurozone". (See, for example, [Der Spiegel](#).)

The ultra-popular tabloid [Bild](#) even came up with a new pizza; not a Quattro Stagioni (Four Seasons) but a Quattro Stagnazioni (Four Stagnations).

The verdict is of an Italy "in the hands of polit-clowns that may shatter the euro or force the country to exit". Even the liberal-progressive *Der Tagesspiegel* in Berlin defines Italy as "a danger to Europe".

Peer Steinbrück, Germany's former finance minister and the Social Democratic candidate against Merkel next September, summed it all up: "To a certain degree, I am horrified that two clowns won the election."

So whatever government emerges in Italy, the message from Brussels, Berlin and Frankfurt remains the same: if you don't cut, cut and cut, you're on your own.

Germany, for its part, has only a plan A. It spells out "Forget the Club Med". This means closer integration with Eastern Europe (and further on down the road, Turkey). A free trade deal with the US. And more business with Russia - energy is key - and the BRICS in general. Whatever the public spin, the fact is German think-tanks are already gaming a dual-track eurozone.

The people want quantitative easing

This aptly titled movie, [Girlfriend in a Coma](#), directed by Annalisa Piras and co-written by former editor of *The Economist* Bill Emmett, did try to make sense of Italy's vices and virtues.

And still, not only via Prada or Maserati, Parma ham or Brunello wines, Italy keeps delivering flashes of brilliance; the best app in the world - Atom, which allows the personalization of functions on a mobile phone even if one is not a computer programmer - was created by four 20-somethings in Rome, as *Republic* [reported](#).

Philosopher Franco Berardi - who way back in the 1970s was part of the Italian autonomous movements - correctly evaluates that what Europe is living today is a direct consequence of the 1990s, when financial capital hijacked the European model and calcified it under neoliberalism.

Subsequently, a detailed case can be made that the financial Masters of the Universe used the aftermath of the 2008 financial crisis to turbo-charge the political disintegration of the EU via a tsunami of salary cuts, job precariousness for the young, the flattening of pensions and hardcore privatization of everything. No wonder roughly 75% of Italians ended up saying "No" to Monti and Merkel.

The bottom line is that Europeans - from Club Med countries to some northern economies - are fed up of having to pay the debt accumulated by the financial system.

Grillo's movement per se - even capturing 8.7 million votes - is obviously not capable of governing Italy. Some of its (vague) ideas have enormous appeal among the younger generations especially an unilateral default on public debt (look at the examples of Argentina, Iceland and Russia), the nationalization of banks, and a certified, guaranteed "citizenship" income for everyone of 1,000 euros a month. And then there would be referendum after referendum on free-trade agreements, membership of the North Atlantic Treaty Organization and, of course, to stay or not stay within the eurozone.

What Grillo's movement has already done is to show how ungovernable Europe is under the Monti-Merkel austerity mantra. Now the ball is in the European financial elite's court. Most wouldn't mind letting Italy become the new Greece.

So we go back full circle. The only way out would be a political reformulation of the EU. As it is, most of Europe is watching, impotently, the death of the welfare state, sacrificed in the altar of Recession. And that runs parallel to Europe slouching towards global irrelevance - Real Madrid and Bayern Munich notwithstanding.

The Fall of the House of Europe might turn into a horror story beyond anything imagined by Poe - displaying elements of (already visible) fascism, neo-Dickensian worker exploitation and a wide-ranging social, civil war. In this context, the slow reconstruction of a socially based Europe may become no more than a pipe dream.

What would Dante make of it? The great Roberto Benigni, a native of Tuscany, is currently reading and commenting on in depth 12 cantos - from the XI to the XXII - in Dante's *Inferno*, a highlight of the *Divine Comedy*. Spellbound, I watched it on RAI - the square in front of the fabulous Santa Croce church in Florence packed to the rafters, the cosmic perfection of the Maestro's words making sense of it all.

If only his spirit would enlighten Inferno dwellers from Monti to Merkel, from Silvio to European Central bankers - aligning Man once again with the stars and showing troubled Europe the way.

Pepe Escobar is the author of [Globalization: How the Globalized World is Dissolving into Liquid War](#) (Nimble Books, 2007), [Red Zone Blues: a snapshot of Baghdad during the surge](#) (Nimble Books, 2007), and [Obama does Globalistan](#) (Nimble Books, 2009).

He may be reached at [pepeasia@yahoo.com](mailto:pepeasia@yahoo.com).

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