

## Who really controls Berlusconi's businesses?

By Eric Sylvers

**MILAN:** She is 19, studies philosophy at a university in Milan and two years ago attended the debutante ball in Paris. She also happens to sit on the board of Fininvest, the holding company through which Prime Minister Silvio Berlusconi controls Italy's biggest television company, magazine publisher and movie distributor.

She is Barbara Berlusconi, daughter of the prime minister, and she joined her sister Marina, 37, who is vice chairman, and brother Piersilvio, 34, on the board of Fininvest, which also owns the soccer club AC Milan, one-third of the financial services giant Mediolanum and a publisher of phone directories.

It is quite normal, perhaps, for somebody to stock the board of his holding company with family members. But when Silvio Berlusconi says that he has completely given up control of Fininvest and that he plays no role in the company's decision-making process, many critics raise eyebrows, considering the positions held by his children.

And when he says he can govern Italy impartially despite his business interests, that also strikes some as hollow because Parliament, which he controls, passed a law last month that protects and favors Fininvest's television interests.

Italy's president, Carlo Azeglio Ciampi, stunned Berlusconi by refusing to sign the law, and Parliament is now considering Ciampi's suggested changes.

Last week, Italy's Constitutional Court dealt Berlusconi another damaging blow when it overturned a law that gave the prime minister immunity from prosecution while he is in office.

Before Ciampi's move, it took Berlusconi's center-right coalition more than a year to push through the law amid spirited debate from opposition parties.

Public outrage against the proposal led to the rebirth of grass-roots groups to protest the legislation, the biggest of which was led by the Italian actor and director Nanni Moretti. Still, it was passed on Dec. 2, by a vote of 155 to 128.

Ciampi's refusal to sign the bill was politically embarrassing for Berlusconi because the president is generally popular, and it would be political suicide for Berlusconi to ignore him. The amended law is likely to make it back to Ciampi's desk from Parliament before the summer.

Berlusconi is Italy's richest resident and by no means your ordinary businessman turned politician. Fininvest's 48 percent stake in Mediaset, the television unit, and the government's control over RAI, the state broadcaster, in theory give Berlusconi sway over more than 90 percent of Italy's television audience.

"Italy is an anomaly in Europe, not just because Berlusconi is a businessman who has become the leader of a country but because his role in the country's television industry gives him the means to mold public opinion," said Giorgio Simonelli, a journalism profes-

sor at Catholic University in Milan.

The Gasparri Law, which takes its name from the minister of communications, would allow television networks to own newspapers and let companies control a bigger slice of the advertising market than is now permitted. This would free Mediaset to expand beyond current limits.

As passed, the law also would have consolidated the government's control over RAI and would have overturned a ruling forcing one of Mediaset's three channels to move to satellite transmission by the end of last year — a step that would have led to a plunge in advertising revenue. The government rushed through a decree just before the end of the year to save the Mediaset channel from having to go to satellite.

Berlusconi and his political allies contend that the law will revolutionize the Italian television market and push the country to the cutting edge of digital technology.

It is a revolution, they say, because the law dictates that by 2006 Italy must transmit all television signals using a technology called terrestrial digital, which offers higher quality, compared with analog, and solves the problem of

the scarcity of analog frequencies. Terrestrial digital transmits programs by beaming them from land-based antenna to antenna.

Digital television now is typically transmitted using satellites.

Nobody disputes that digital transmission means more channels and potentially more competition, but there is some uncertainty about when it will be available and about how many companies will have the means and desire to make the investments needed to seriously take on Mediaset and RAI.

While there are likely to be new channels that cater to those interested in diving, skiing, cooking, hiking and old Italian films, it is unlikely that somebody will put together a network that can challenge the dominance of RAI and Mediaset.

"Having terrestrial digital working by 2006 is a real long shot, and every year that it is postponed, RAI and Mediaset will only get stronger," said Massimiliano Fasoli, the managing director of Cult Network Italia, a channel broadcast by satellite that has movies and cultural programs.

"Going down the line, how much interest is the government really going to

have to make sure terrestrial digital takes off on time, or even at all?"

The critics of the new law are not limited to Italy.

"When I was elected in 1997," Freimut Duve, the representative of the Organization for Security and Cooperation in Europe on freedom of the media, told his group's delegates last month,

"nobody would have ever imagined that the prime minister of a founding country of the European Union would ever have allowed the passage of a law whose main scope is to help his political and business interests."

Responding to the criticism, Berlusconi says that he has no position at Fininvest and that his only role in one of the company's units is as chairman of AC Milan.

Yet Marina Berlusconi, in addition to being the vice chairman of Fininvest, is chairman of Mondadori, the magazine publisher, and on the board of Mediaset, Mediolanum and Medusa, the movie distributor. And Piersilvio Berlusconi finds time to be on the board not only of Fininvest but also of Mondadori and Medusa — and to be vice chairman of Mediaset.

International Herald Tribune



Silvio Berlusconi



Marina Berlusconi



Piersilvio Berlusconi

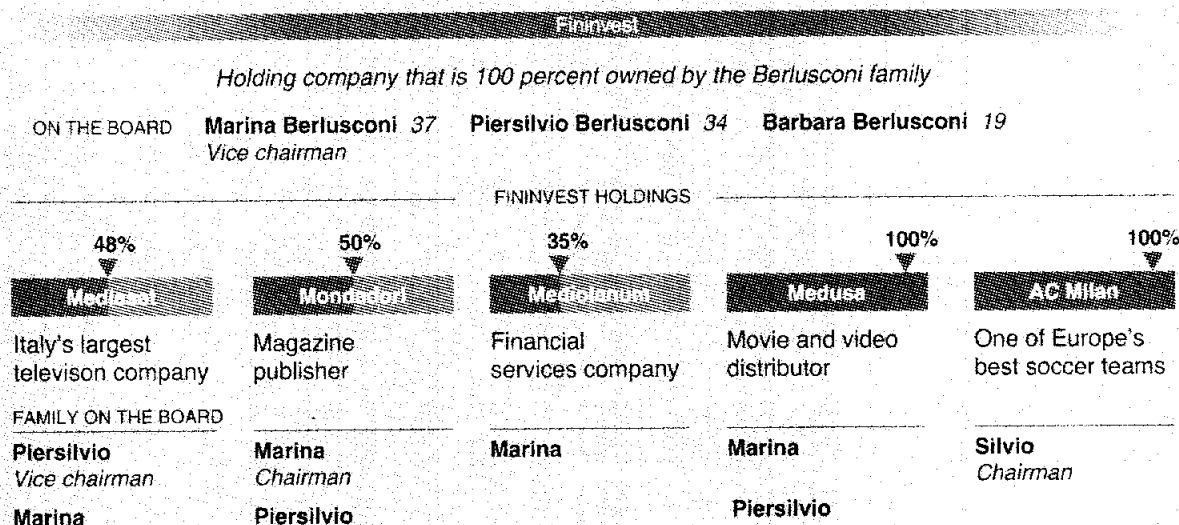


Barbara Berlusconi

### All in the family

Silvio Berlusconi, the prime minister of Italy, also owns the largest media conglomerate in the country. While he does not sit on the boards of any of the businesses

— except for the soccer team — his daughters and son are very involved.



Source: Fininvest

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