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Editorial - In God's name, go! Mr Berlusconi lacks the credibility to bring about meaningful change

In a Group of 20 summit that fell well short of what was needed, the world's most powerful leaders were powerless in the face of the manoeuvres by two European premiers: George Papandreou and Silvio Berlusconi.

The similarities between the two prime ministers are striking: both men rely on a thin and shrinking parliamentary majority and they are both squabbling with their own ministers of finance. Most importantly, they both have a dangerous tendency to renege on their promises at a time when markets worry about their countries' public finances. There is, however, one important difference: having reached €1,900bn, Italy's public debt is so high that its potential to destabilise the world economy is way above that of Athens.

The good news, of course, is that Italy is still a solvent country. However, the interest rate on its debt is becoming ever less sustainable. The spreads between Italian and German 10-year bonds have doubled over the summer. Yesterday, they reached a euro-era record of 463 basis points and would have probably been higher if the European Central Bank was not buying Italian bonds. Although Rome can sustain high interest rates for a limited time period, this process must be halted before it becomes unmanageable. Next year Italy has to refinance nearly €300bn worth of debt. As the eurozone crisis has shown too well, once spreads have risen, they are extremely difficult to bring down.

The most troubling aspect is that this is happening even as Italy has agreed, in principle, to the structural reforms recommended by Europe and the G20. That the International Monetary Fund will monitor Rome's progress can only be a good thing. However, this risks being undermined while the country retains its current leader. Having failed to pass reforms in his two decades in politics, Mr Berlusconi lacks the credibility to bring about meaningful change.

It would be naive to assume that, when Mr Berlusconi goes, Italy will instantly reclaim the full confidence of the markets. Clouds remain over the political future of the country and structural reforms will take time before they can affect growth rates. A change of leadership, however, is imperative. A new prime minister committed to the reform agenda would reassure the markets, which are desperate for a credible plan to end the run on the world's fourth largest debt. This would make it easier for the European Central Bank to continue its bond-purchasing scheme, as it would make it less likely that Italy will renege on its promises.

After two decades of ineffective showmanship, the only words to say to Mr Berlusconi echo those once used by Oliver Cromwell.

In the name of God, Italy and Europe, go!