

# Rome at risk of Detroit-style bankruptcy

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The newly appointed, unelected government of Democrat prime minister Matteo Renzi has approved a decree last Friday, the so-called *Salva-Roma ter* (Rescue Rome 3), which provides a temporary relief of €570 million (US\$786 million) for Italy's capital in the form of an advance on future revenues on the backdrop of a budget hole worth €816 million (US\$1.12 billion). Additional tax increases on basic services are left to the city council's discretion.

The rescue decree temporarily staves off the city's bankruptcy, allowing it to briefly continue its operations and pay salaries to some 25,000 employees. Comparisons with Detroit have become common in the last few days. The day before the decree passed, the *Wall Street Journal* commented, "The Eternal City [is] now teetering on the brink of a Detroit-style bankruptcy." *International Business Times* headlined a column, "Rome on the Brink as Detroit-Style Bankruptcy Meltdown Looms."

The comparisons are certainly apt. Like Detroit's federal bankruptcy proceedings, the decree unequivocally prepares the framework for an unprecedented and devastating assault on public workers and services as well as the potential sell-off of its invaluable assets, while only postponing an even larger crisis and possible default.

The implications of this savage attack will go well beyond the territorial confines of the city of Rome, serving as an example for the rest of Italy and the European Union (EU). The head of Rome's city council, Mirko Coratti, admitted, "A default of Italy's capital city would trigger a chain reaction that could sweep across the national economy."

Two previous *Salva-Roma* bills didn't pass—one in December, one earlier in February—as the political elite sought to increasingly create a climate of phony emergency that prepared the field for more drastic measures.

The approved decree specifically sets draconian conditions that resemble the diktats imposed by the Troika on Greece last year. Rome's mayor, Ignazio Marino, also a Democrat and a US-trained transplant surgeon, is tasked with presenting a budget plan that would effectively close the financial black hole that's swallowing the city.

Importantly, the decree imposes a "reconnaissance of the personnel requirements in the companies" affiliated to the municipality. The language spells out redundancies, layoffs and speedups. The two major service companies being immediately targeted are Atac, which provides public transportation, and Ama, which ensures waste management services.

The two companies have been targeted by a relentless campaign of vilification aimed at placing responsibility for the city's budget crisis on them, or, more correctly, on their workers, often portrayed as inefficient, lazy and guilty of absenteeism on the job.

Under the guise of "adopting innovative models for service management," including "resorting to liberalization," the measure will launch the privatization of crucial social services such as transport and garbage collection.

Other city services will undergo "disposal or liquidation," with consequent layoffs. Among these, culture is being directly targeted. Zetema, a company operating on about a US\$40-million-a-year budget for cultural activities and services, will be downsized, if not shut down.

Significantly, the diktat threatens Rome's immense historical and cultural heritage, as it establishes terms to sell off some of the city's precious real estate, a move that greatly resembles the sale of art planned for the Detroit Institute of Arts by Detroit's emergency manager, Kevyn Orr.

Since the onset of the 2008 world financial crisis, the city of Rome has been faced with increasing

challenges. Its administrators have either sought to find short-term solutions or been involved in shady financial derivative transactions that have further deepened the Eternal City's budgetary crisis.

Contrary to the common mantra echoed by the servile media that workers as well as inept administrators are the main cause of Rome's budget imbalances, the role of finance capital and derivative schemes is emerging as the main component of the crisis.

Two years ago, evidence surfaced that many Italian municipalities had acquired derivatives and similar financial instruments, greatly destabilizing public accounts. Rome is no exception. A preliminary investigation by congresswoman Carla Ruocco (Five-Star Movement or M5S, Beppe Grillo's organization) found that in 2008 the city reported losses of €147 million from nine derivatives it had contracted.

In 2012, Special Commissioner Massimo Varazzani had terminated seven out of the nine. His office was probed by the inquiry and rejected on two occasions any release of information, considering the inquiry "an inadmissible monitoring on the administration's performance." The language shows a striking contempt for democratic rule.

It must be noted, Carla Ruocco's intention is to corroborate her party's position that the city's finances must not be rescued, since any such maneuver would only protect "the caste," referring to the political elite. In particular, M5S focuses on various privileges, such as the so-called golden rents and other perks enjoyed by politicians.

While M5S presents itself as a champion against corruption, the true aim of its policies is to throw 25,000 workers into misery. Grillo's group continues to campaign in favor of cutting "waste" and for the abolition of local municipalities and provinces, thereby wiping tens of thousands of jobs considered by Grillo to be "parasitic" (see "The political significance of Beppe Grillo's Five-Star Movement").

But workers have no friends whatsoever in the political establishment. Renzi's undemocratic nomination has enjoyed the support of trade unions and the entire pseudo-left.

Fully aware of Renzi's destructive Jobs Act, a policy that will effectively obliterate basic workers' rights such as a contract, benefits and salary protection, the ex-Stalinist CGIL president Susanna Camusso confirmed

her support for a recent agreement with Confindustria, the industrialists' association, which essentially provides sanctions against workers not complying with regressive clauses such as the avoidance of strikes.

Every organization of the pseudo-left supports trade unions and their open collaboration with governments and bosses. What remains of Franco Turigliatto's Anti-Capitalist Left, a Pabloite conglomerate of political opportunists, acknowledges the betrayals of unions like CGIL. It nonetheless maintains that workers must form a "united front" with all those forces of the "left," from within the very union that is proving instrumental in every attack against them.

Left, Ecology and Liberty's (SEL's) leader Nichi Vendola is more blatant in his zig-zags. Until about the time Renzi took power, Vendola had been one of his staunchest supporters, declaring, "A turn is needed with Renzi's Democratic Party," or "Renzi has broken all old patterns," or even "With Renzi we must work to build an alternative coalition." Then, in an attempt to fake a leftist posture, Vendola's party voted no confidence to Renzi's government on February 24-25.

Rifondazione Comunista (PRC) poses as a defender of Rome against privatizations and layoffs on the basis of Renzi's decree. In reality, the party is openly negotiating with the prime minister. PRC's local administrators Maurizio Acerbo and Francesco Marola signed an appeal supporting Renzi's "intervening in this [public education] emergency which is a product of the disproportionate cuts voted by his party." In other words, they agree on the need to cut social programs.

Roman and Italian workers must assimilate the lessons of their brothers and sisters in Detroit. The SEP-sponsored Detroit Inquiry must serve as the opening shot for a political international mobilization against any and all agents of capital.



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