Fiat to sack 25 percent of workforce

Mass protests against job cuts in Italy

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Millions of workers in Italy have taken to the streets in recent days to protest against job cuts. According to the trade unions, a total of 13 million workers took part in an 8-hour nationwide general strike on October 15. Most of Italy's public transport came to a standstill and over a million joined demonstrations held in a total of 120 cities. The biggest protests occurred in the northern city of Turin, home of the Italian auto industry.

The general strike was directed against the latest Italian budget, which calls for drastic reductions in investment in Italy's underdeveloped southern regions and in certain branches of industry. "It's about our jobs and against a policy that ignores jobs," said Guglielmo Epifani, the chairman of the trade union federation CGIL. He warned that "the neo-liberal economic policies of [Italian Prime Minister] Berlusconi" would result in some 300,000 redundancies.

Many workers at the auto company Fiat, which plans mass redundancies, took part in the protests. A rationalisation plan announced by the company envisages the destruction of 8,100 jobs. A further 14,000 jobs would be lost in related supply industries. Fiat had already cut 3,500 jobs in the spring of this year.

The auto branch of Fiat, which includes Lancia and Alfa Romeo, has been wracked by crisis for a considerable time. This was the reason for the company undertaking a technical collaboration with the US giant General Motors two-and-a-half years ago. GM took over twenty percent ownership of the auto business of Fiat and pledged to take over the remaining 80 percent by the year 2004.

The situation for Fiat has worsened considerably this year. Sales in Italy and Europe have fallen by a fifth in the first nine months of 2002, and Fiat production plants are operating at just 70 percent of capacity. Fiat lost 445 million euros in 2001, and losses for the first half of 2002 rose to 823 million euros. The total indebtedness of the company is reckoned at 17 billion euros.

The background to the crisis at Fiat is the fierce competition on European and international car markets, which are characterised by high levels of overcapacity. Fiat is especially hard hit and has had little success with its new models. In Europe, Fiat's share of the market has dropped from 10 percent in 1990 to 6.3 percent today.

The problems at the company, which has traditionally specialised in affordable small cars, have been intensified by the continuing crisis in Asia and Latin America. The financial crisis in these regions has undermined Fiat's chances for a recovery.

At the beginning of October the company's executive committee presented a rationalisation plan, involving the sacking of a quarter of the total workforce of 35,000 and the interim closure of two of the Fiat's six production plants—in Termini Imerese (Sicily) and Arese (northern Italy). The socials consequences of these closures for the regions involved would be disastrous.

The plant in Termini Imerese was built in the 1970s with the help of large state grants to stimulate growth in the underdeveloped south. Either directly or indirectly, the entire 30,000-strong population of the town is dependent on the 1,800 jobs at the Fiat plant and a further 1,200 jobs in supply industries.

Sacked workers would be entitled to 650 euros a month in unemployment insurance for a year—a sum that is barely sufficient for survival. Sicily already has an unemployment rate of 20 percent and alternative jobs are virtually nonexistent. Most of those affected by the job cuts are too old to emigrate and too young to retire. According to Italian law, employees must have worked for at least 35 years, or have obtained the minimum age of 57, before they can contemplate drawing a pension.

Further sackings are planned at plants in Arese near Milan, Cassino near Rome and Mirafiori in Turin.

The announcement of the rationalisation plan led to an angry response. Workers blocked highways and railway stations, and temporarily occupied their plants. There were numerous demonstrations, including protests in front of the parliament in Rome. But despite the anger over the planned redundancies, there is little indication of a perspective to stop the job cuts.

The trade unions are split and alternate between empty protest actions and class collaboration. The general strike of last Friday was only supported by the CGIL, which has close links to the Democratic Left (formerly the Italian Communist Party). The Christian Democratic trade union organisation, the CISL, together with the social democratic UIL, refused to take part in the action.

The chairman of the UIL described the strike as "useless" and accused the CGIL of frustrating any possibility of influencing the course of the government with its policy of confrontation. In June, the CISL and UIL agreed to a "Pact for Italy" with the right-wing government of Silvio Berlusconi and approved economic reforms that make it easier for employers to shed jobs.

For its part, the CGIL has limited itself to calling for better management at Fiat and a financial contribution from the Agnelli family, which runs the company—a demand that is supported by the government and all political parties. In addition to Fiat, the Agnellis, who founded the auto company and remain major

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shareholders, possess an enormous empire of diverse firms. The crisis-ridden auto sector of Fiat accounts for just 40 percent of the total income of the Fiat concern, which employs 200,000 workers world-wide.

Up until Berlusconi's electoral victory in the spring of 2001, the CGIL worked closely with the so-called "Olive Tree" government, which was dominated by the official left parties. While in power, the Olive Tree alliance carried out it its own large-scale programme of privatisation based on market reforms, thereby opening the way for Berlusconi's subsequent success at the polls.

The right-wing course adopted by the Olive Tree alliance has made it possible for Berlusconi, together with his allies in the neo-fascist National Alliance (NA), to pose as the representative of the interests of Fiat workers. The deputy prime minister and head of the National Alliance, Gianfranco Fini, has demanded a ban on the closure of the Fiat factory in Sicily, stating: "Such a step would be socially irresponsible and an unacceptable social tragedy."

Berlusconi himself even raised the prospect of state support for Fiat to prevent redundancies. This led to vigorous protests by the banks involved, as well as the European Union commission in Brussels and General Motors. The patriarch of the company, 81-year-old Giovanni Agnelli, rose from his sick bed to personally endorse the rationalisation plans.

The leader of the Olive Tree Alliance, Francesco Rutelli, also spoke out in opposition to state intervention, declaring that, in his opinion, the answer was not nationalisation, but rather the unity of all political forces to find a solution. The company required an industrial strategy and not just makeshift changes, he said. At the same time, he expressed his opposition to any attempts to sell the company "to the Americans."

Berlusconi received support from unexpected quarters. The secretary of Rifondazione Comunista (Refounded Communists), Fausto Bertinotti, greeted Berlusconi´s plans with the words: "We observe with pleasure that the government is considering taking over a part of Fiat in order to resolve the company's crisis." To this end, Bertinotti said, he would be prepared to make "a pact with the devil," i.e., Berlusconi.

Bertinotti's model for state participation in an auto company is the German Volkswagen concern, which, according to Bertinotti, "is extremely competitive today in the international market." He continued: "State intervention, the best working conditions, and investment in research and development" have "strengthened this long-weakened car producer."

In fact, Volkswagen has made a name for itself in Germany as an innovator when it comes to flexible working conditions and low wages. It is by no means accidental that the strategy of promoting a large cheap-labour market currently being pursued by the German government is based on a plan worked by a long-time member of the executive of Volkswagen, Peter Hartz.

The last thing on the mind of multi-billionaire Berlusconi is a strategy for rescuing jobs. His measures to massively reduce state subvention for the south led to a huge haemorrhaging of jobs in the first place. The crisis at Fiat, however, is a suitable opportunity for him to project a populist image, which has a number of political advantages.

First of all, it diverts public attention from the measures taken by his right-wing coalition to subordinate the Italian state apparatus to its own ends. After using his coalition's parliamentary majority to bring the media under his control and curtail the independence of the Italian legal system, Berlusconi is in the process of purging the leadership of Italy's officialdom.

According to a new law, approximately 1,000 leading officials had to be confirmed in their posts by October 7. All those who had incurred the wrath of the Berlusconi government—some 300 officials—lost their jobs to favourites of the prime minister. A similar purge is planned for Italy's universities.

Secondly, the Fiat crisis provides Berlusconi with a welcome opportunity to deal a blow to his main bourgeois rival, Giovanni Agnelli. The Fiat boss has been the personal embodiment of Italy's business world throughout the post-war period, and dominated the employers' federation. For some time, Agnelli has made clear his disgust for the uncouth, *nouveau riche* upstart Berlusconi, and is a supporter of the Olive Tree Alliance. His sister Susanne was foreign minister of the Alliance for a time.

Now Berlusconi can take his revenge. Last Sunday he summoned the entire Fiat leadership to his luxury villa in Arcore near Milan and instructed them to come up with an "improved rationalisation plan." The law governing unemployment support, which requires government agreement to mass redundancies, gives Berlusconi all the powers he needs to exert considerable pressure on the company.

Berlusconi`s intervention in Fiat has, however, met with opposition inside his own cabinet. The minister for social affairs, Roberto Maroni (Northern League), and the minister for industry, Antonio Marzano (Forza Italia), have distanced themselves from Berlusconi's plans.

The issue of Fiat's future now lies in the hands of a commission led by the economics minister, Giulio Tremonti, who has until the end of October to explore various possible forms of rationalisation. Tremonti is regarded one of the closest associates of the head of government, and has made a name for himself by attacking the European Union on the basis of Italian chauvinism.

Another reason for Berlusconi´s intervention in the Fiat crisis is the consolidation of his electoral base. Sicily, which would be especially hard hit by the closure of the Termini Imerese works, is a stronghold of the right-wing government coalition. Berlusconi´s demagogic assaults on the hated Agnelli dynasty can only help the government's public image, and costs nothing.

The fact that Berlusconi is able to carry out this pantomime is entirely attributable to the political bankruptcy of the opposition parties of the official left, which have nothing to offer in the way of an alternative to the destruction of jobs.

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