

Fiat plans mass sackings and plant closures throughout Europe

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Last week, the Italian car company Fiat presented its plans for taking over General Motors' German auto division Opel as part of its acquisition of the insolvent Chrysler company. The plan it presented to the German government, as well as to the Opel betriebsrat (works council), includes the destruction of at least 10,000 jobs, as well as factory closures at Vauxhall in England and at Fiat plants in Italy and Poland.

Mass sackings are also planned at Opel plants in Kaiserslautern, Bochum, and Rüsselsheim in Germany, at Saragossa in Spain, at the Antwerp factory in Belgium and at Saab's Trollhättan works in Sweden.

As reported in the media, the plan bears the name "Project Phoenix". It includes the closure of the Vauxhall factory in Luton and Fiat's Tychy plant in Poland. In Italy, Fiat's Termini Imerese plant in Sicily and the Pomigliano d'Arco factory near Naples are also to be closed down.

An earlier Fiat plan (named "Project Football") included the closure of 10 factories in Europe—five manufacturing plants and five transmission and engine works. These included plants at Kaiserslautern and Antwerp (Opel), Ellesmere Port and Luton (Vauxhall), Termini Imerese and Pomigliano d'Arco (Fiat). Engine and transmission production in Germany would be completely phased out by 2016. Under this plan, the downsizing would affect a total of 18,000 workers out of a combined workforce of approximately 108,000 at Opel/GM and Fiat.

The withdrawal of this earlier plan, if newspaper reports are to be believed, is clearly a tactical concession to the German trade unions and works council delegates, who have been warning against a takeover by Fiat for a long time, and have threatened large-scale protests should it materialise. Above all, they have warned against any plant closures in Germany. Last Monday, following talks with a Fiat delegation headed by company CEO Sergio Marchionne, Economics Minister Karl-Theodor zu Guttenberg (Christian Social Union, CSU) indicated that Opel's Kaiserslautern plant faced closure. This was followed on Tuesday by the *Frankfurter Allgemeine Zeitung* quoting from the "Project Football" plan, leading to an outcry by works council delegates and IG Metall union representatives, together with the Social Democratic Party (SPD).

Within hours, Marchionne announced he did not want to close any of the four German plants. The Economics Ministry also disclaimed the plan. A little later, *Financial Times Deutschland* reported the follow-up plan—"Project Phoenix".

According to what is known about Marchionne, the original plan will merely have been shelved but not abandoned.

Fiat workers' experiences with Marchionne, the "restructurer"

Some months ago, Marchionne said he was convinced that only six auto manufacturers world-wide would survive the present crisis and these

would be only the largest, with a potential production output of 5.5 million cars per year. Since then Fiat has moved to take over Chrysler and is now looking to acquire Opel.

Sergio Marchionne is a typical representative of the layer of financial managers, who run industrial enterprises as if they were hedge funds, i.e., buying up enterprises, slashing labour costs and then selling them again in order to pay back the debts of the investment funds and to increase the wealth of the financial backers.

Marchionne studied law and business management in Toronto, beginning his career as a chartered accountant. Before working for Fiat he was the chairman of the board at aluminium maker Alusuisse and the chemical company Lonza, as well as the certification institute SGS (Société Générale de Surveillance) in Geneva. Since April 2007, Marchionne has also been a director and vice-president of UBS, one of the world's largest banks, which offers wealth management services to the super rich, in order to increase their fortunes on the international financial markets.

At first, Marchionne benefited from the early praise heaped on him by the German press, as well as from the opportunism of the Italian trade union leaders. For example, financial daily *Handelsblatt*, in an article headlined, "The miracle of Turin", said that Marchionne had introduced considerable improvements in working conditions in the company's Italian factories, adding, "and strikes, which are quite common in Italy, reached record lows" under Marchionne.

The "miracle" consisted of the fact that the highly indebted Fiat, which at the end of 1999 had debts of nearly 20 billion euros, experienced an upturn just one year after Marchionne joined the firm in 2004.

But this only lasted a short while. In 2007, the company's production plants were only working at 70 percent of capacity. This further worsened last autumn, after the outbreak of the financial crisis, with production running at only 50 percent. Short-time working has been introduced in all plants. Fiat's debts presently amount to €6.6 billion.

The state subsidies, running into billions, now being offered to fund the acquisition of Chrysler and Opel have come at just the right time.

So far, the Italian trade unions—including the CGIL, which is close to Rifondazione Comunista—have given Sergio Marchionne free rein. "Marchionne does not fit the pattern of managers to which we are accustomed in Italy", said Guglielmo Epifani, CGIL secretary-general, adding that Marchionne did not make him feel he was his superior.

Fausto Bertinotti, the former leader of Rifondazione, is said to have dubbed Marchionne a "good capitalist", since he had not closed any of the six remaining Italian Fiat works. Moreover, the first thing he did when he arrived in 2004 was to clear out the old managers, who originated from the time of Agnelli.

The website *carsfromitaly* writes that he brought his so-called "Marchionne Boys" with him, a sort of gang of managers who are sworn to loyalty to Marchionne. They are well-known for "acting swiftly and consistently, without consideration for losses, for traditions or old

connections”.

The experiences of Fiat workers with Marchionne over the last five years are not as rosy as presented by the press and Italian trade unions.

The Fiat company employs 180,000 in the manufacturing of agricultural and construction machinery, industrial vehicles, railway components and much more. The principle owner, with approximately a 30 percent shareholding, is the Italian investment company Istituto Finanziario Industriale (IFI).

Fiat’s auto manufacture, which also includes Alfa Romeo and Lancia, employs at most 27,000 in Italy in six plants; with 10,500 at its Mirafiori main works in Turin, and 5,000 at Pomigliano d’Arco near Naples and in Melfi, 3,500 at Cassino near Rome and about 1,000 in Termini Imerese.

A few years ago, there were twice as many employed. Areas directly outside final assembly operations have been systematically outsourced or subcontracted to firms such as Powertrain, Valeo, etc.

Production of Alfa Romeo models was closed down in 2003 after a long struggle at the Arese plant near Milan, where Fiat today maintains a call centre.

The plant in Termini Imerese, Sicily, was to have been closed down completely in 2002. After months of substantial protests the factory was reopened with the help of European Union funds, but with only one shift operating and with half the previous workforce. The same happened at the Cassino works.

In Pomigliano d’Arco, where Alfa Romeo has built cars since 1973, there have been continual bitter protests against cuts and job reductions. In Melfi, established on a greenfield site like Eisenach in Germany, and with mainly conservative and company unions representing the workforce, there was a one month strike in 2004 against the poor level of payment and treatment of the workers.

In February, workers in Pomigliano d’Arco responded to the announcement of mass sackings with strikes and by blockading the north-south motorway. Police acted with brutality when clearing the road and arrested numerous workers.

Over the Christmas break, short-time working was introduced at all factories, in some cases lasting up to eight weeks and even longer in Termini. During this time, workers only received about 600 to 700 euros a month (US\$815 to US\$953).

In Turin, hundreds of automotive suppliers face crisis and short-time working. The Pininfarina auto plant was closed at the end of 2008.

Marchionne and the trade unions

The German Opel works council and the IG Metall support a takeover by the Canadian-Austrian auto-supply company Magna. For this reason, Marchionne, like Magna owner Franc Stronach, has bought himself a staff of advisers with links to the political scene, with whose aid he hopes to persuade the unions to support a Fiat takeover.

The most prominent of these advisers is Roland Berger, founder of Roland Berger Strategy Consultants. In the past, Berger personally advised the SPD-Green Party government of Gerhard Schröder (SPD) regarding its “Agenda 2010” policy of social cuts.

“The 71-year old does not stray far from Marchionne’s side”, writes *Financial Times Deutschland*. “On Monday, when the Fiat boss was in Berlin, moving from meeting to meeting in order to explain his takeover plans to senior figures in the federal government, Berger was always there.” Berger’s company, which is working for General Motors Europe on a European “restructuring concept”, also devised the original “Project football”. Berger is also a member of the Fiat supervisory board.

Marchionne has also hired the Berlin consultancy firm WMP Eurocom, on whose supervisory board Roland Berger holds the presidency, sitting alongside Hans-Hermann Tiedje, former editor-in-chief of the tabloid *Bild-Zeitung* and closely connected with the Christian Democratic Union. Another board member is Klaus Peter Schmidt Deguelle, who was a “media adviser” to the Schröder government and before that a spokesperson for the SPD-Green Party state government in Hesse, at which time he also knew Opel works council chair Klaus Franz. While Franz has previously spoken against a takeover by Fiat, on Monday he was sitting with Marchionne in the WMP Eurocom offices.

On Monday last week, Franz was still expressing criticism about the Fiat plan, but added if Marchionne upheld his so-called “guarantee to preserve production locations”, Franz would support the Fiat plan as “the lesser evil”. Even if production at Bochum were cut back so much that all that remained was an Opel call centre, as in Arese, this would not trouble Franz and the other works council delegates, who see their task in implementing the cuts demanded by the management. Their fixation on “location guarantees” regardless of the number of jobs involved prevents a joint struggle by auto workers at Opel, Vauxhall, Saab and Fiat, as well as at General Motors and Chrysler.

The Italian trade union leaders are reacting just like their German counterparts, by advocating a policy to defend their own production locations and their own interests. Gianni Rinaldini, leader of the metal workers’ union FIOM, said, “It is absurd and unbelievable that Fiat is presenting production plans for all, even for the German works, but has not submitted any production plans for the Italian works”.

Auto workers must oppose the nationalist machinations of the trade unions and works councils by uniting internationally and fighting to preserve all jobs. They cannot permit decisions affecting the lives of millions to remain in the hands of the corporations and their political and union accomplices. They must take matters into their own hands and organize independently of these nationalist organizations to fight for their own class interests, based on a socialist and internationalist program.



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