

# Fiat deal being used to gut collective bargaining rights throughout Italy

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After imposing massive concessions contracts at automaker Fiat's plants in Pomigliano D'Arco and Mirafiori, Fiat CEO Sergio Marchionne is emerging as the leader of a campaign to force cuts and attacks on collective bargaining throughout the Italian economy.

The new Fiat contracts mark a qualitative and historic change in social relations in Italy towards a naked dictatorship of the employers, exercised with the help of the union bureaucracy. (See: The Fiat vote in Turin: Unions push through historic attack on Italian workers).

By requiring workers to individually sign contracts, they lay the basis for eliminating collective negotiation of contracts and banning strikes. They also limit free assembly and the right to freely choose union affiliation. The deals include a series of other attacks on wages, benefits and workplace rights: extending the workday from 8 to 10 hours, tripling the amount of compulsory overtime, weekend work, reducing break time, and deferring traditionally guaranteed rights to the discretion of the company.

Votes on similar concessions contracts are coming up at Fiat plants in Melfi, Cassino, and Bertone. These deals set the stage for an attack on metal and mechanical workers throughout the industrial sector whose national contracts, overseen by the General Confederation of Italian Labor (CGIL), expire December 31.

As the CEO of Italy's Fiat and US-based Chrysler Corporation, Marchionne has been praised by the *Wall Street Journal* for having "delivered a surprisingly strong performance at the Italian car maker and clinched a hard-fought deal with the unions to improve productivity at its notoriously inefficient Turin plant."

Businessmen, academics, and politicians plan to extend Marchionne's cuts throughout the Italian economy in an attempt to boost corporate profits and

international competitiveness. In a recent comment Reuters complained, "In the last 10 years, production costs [in Italy] have risen 25 percent more than in Germany. There is no doubt Italy is in dire need of reform."

It added, "Marchionne performed a near-miracle in turning around the fortunes of Italy's flagship industrial company, Fiat. Now business leaders and economists hope he can do the same for its hidebound and ailing economy."

The attacks enjoy the support of the entire political establishment, including the unions and official "left" parties. Professor Pietro Ichino, a member of the Democratic Party (PD) who was formerly a member of the Italian Communist Party (PCI) and a leader of the FIOM-CGIL union, said, "What is happening at Fiat marks an important turning point in Italy's system of industrial relations. It is greatly increasing the scope to set factory-level deals in contrast to national contracts."

Ichino blasted the conservative government of Prime Minister Silvio Berlusconi for not moving more aggressively against the workers. "It is wasting the chance offered by the Fiat affair to promote a sweeping reform of industrial relations that could make the system less cumbersome and inconclusive."

Emma Marcegaglia, the president of the Italian employers' federation Confindustria, explained, "We have to reform the collective bargaining system and the Fiat example is a good one to follow." She echoed Ichino's criticisms of Berlusconi's inability to push through massive cuts, saying, "We can't wait any longer, the country needs a government that can govern."

Italian analysts are comparing these attacks with the massive attacks on jobs and wages in former East Germany after the collapse of the Stalinist regime and

the reunification of Germany. At the time, East German companies walked out of regional labor accords, including national minimum wage legislation, after reunification.

Professor Tito Boeri of Boccone University in Milan praised the “healthy shock” to industrial relations in Italy, comparing it to East German events. Boeri said, “In Germany [reunification] was a catalyst to changes in the collective bargaining system, and it is only to be hoped that Marchionne’s actions will have the same effect here.”

In a sign of the ferocity of the attacks Marchionne and Fiat are planning against the workers, an unnamed Fiat executive told Reuters, “Union entrenchment needs to be defeated, destroyed, wiped out.”

In fact, what is being targeted by Marchionne and Fiat is not the trade union bureaucracy, which has largely defended Marchionne’s plans, but workers’ democratic rights and any attempt to collectively defend the interests of the working class.

Vincenzo Aragona, representative of the Fismic union at Mirafiori, praised the Fiat boss. “I believe in this man, so far he has kept his promises.... When he joined Fiat, production had come to a halt, the market was bad. He was the right person at the right time.”

As for the Stalinist-controlled FIOM-CGIL, it has also backed the Mirafiori deal after initial protests, claiming it was essential to keeping investment and production in Fiat facilities in Italy. FIOM President Maurizio Landini commented, “trade unions and workers want the investment.”

Marchionne is looking to the model of union-management collaboration provided by the United Auto Workers (UAW) in the United States—with which Marchionne—an Italian-Canadian citizen—is intimately familiar.

Marchionne became Chrysler’s CEO in 2009 after Fiat was given a substantial stake in the number three US automaker as part of the forced bankruptcy and restructuring of Chrysler by the Obama administration. Obama and Marchionne used the threat of liquidation to ram through massive attacks on working conditions and wages, with the collaboration of the UAW. New hires now work for half the wages of long-time workers, and with sharply reduced benefits.

In his book *Overhaul*, former US car czar Steven Rattner, who led Obama’s restructuring of the US auto

industry, describes how Marchionne told then-UAW President Ron Gettelfinger “about the need for the auto workers to accept a ‘culture of poverty’ instead of a ‘culture of entitlement.’” Marchionne repeatedly expressed his gratitude to the UAW, hoping that “the Europeans can take that as a model of collaboration.”

Today, Chrysler’s ownership structure offers an example of the unions’ true role as partners with the corporate bosses in the exploitation of the working class. At the present time, UAW owns 63.5 per cent of Chrysler, Fiat 25 per cent, the US government 9.2 per cent and the Canadian government 2.3 per cent.

Marchionne has announced the likelihood that Fiat headquarters will be relocated to Detroit. With the prospect that he will increase Fiat’s stake in Chrysler to 35 percent or higher by year’s end, he is now effectively pitting Italian autoworkers against their US brothers and sisters in a competition for lowest-paid jobs—overseen by the union bureaucracies.



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