

# Fiat Chrysler, CNH sign performance-based deal with Italian trade unions

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Fiat Chrysler Automobile (FCA) and CNH Industrial signed a four-year deal with Italian trade unions on July 7 to dismantle historic gains and greatly reduce the livelihood of Italy's 85,000 autoworkers. The 2015-18 agreement, modeled after similar deals such as the GM-UAW profit-sharing fraud in Detroit, is the brainchild of FCA CEO and CNH Chairman Sergio Marchionne.

The new agreement establishes a base salary as set by the 2011 Fiat agreement that is not subject to increases or inflation indexing, plus a set of performance-based bonuses. In the best case scenario, one that would cost the company € 600 million (\$660 million) at the most, workers would make € 120 (\$132) a month for the first three years and € 230 (\$253) a month in the fourth year of the agreement. In the event the objectives set by the company are not reached, workers would receive bonuses in the amount of € 25 (\$27.50) a month in addition to their 2011 base salary.

Marchionne has been aggressively pursuing his new “profit-sharing” corporate strategy since the beginning of this year, tying wages to profits. Last April, he and FCA President John Elkann unveiled the details of the deal at a stockholders assembly in Holland. “Today is a special day...with FCA everything has changed forever,” said Elkann, anticipating the implications of the new arrangement on labor relations and costs.

“Should the final objectives of the plan coincide with expectations, and I’m sure they will, all our Italian workers will draw substantial economic advantage derived directly from their work and their commitment,” declared Marchionne.

For workers, this means the end of livable income and benefits. The company will have full control of any bonus accounting. Outside of percentage numbers, there are no details about how bonuses are to be calculated, only generic definitions indicating bonuses

are tied to productivity or profitability.

FCA management has been able to proceed so aggressively against Fiat workers in Italy because they can threaten to shift production to the US, where the United Auto Workers (UAW) has collaborated in the drastic reduction of wages, pensions and benefits of autoworkers.

It is a novel concept in modern Europe that bonuses replace salary increases negotiated through collective bargaining. A number of benefits, such as paid vacation, the “thirteenth month’s salary,” overtime, leave of absence and other indemnities such as severance pay are calculated on base salary.

Marchionne could not restrain his enthusiasm for the deal, saying, “In past years FCA had to deal with a system of stagnant industrial relations based on sterile antagonisms between capital and labor. Those days are finally over.”

But the truth is that class antagonisms are increasing, not dissipating. In addition to the dismantling of salary and benefits, workers are being forced to work as many as 50 hours a week. Moreover, the right to strike is greatly curtailed and limited solely to those workers who are members of the unions that signed the deal.

All major unions (except the former Stalinist FIOM) collaborated enthusiastically with Marchionne to impose this sellout. For years these unions have lied to workers and helped corporations lower wage levels in order to make Italian factories competitive with low-cost regions like Eastern Europe or China.

Last February, CISL-Fim leader Annamaria Furlan declared the union’s commitment and subservience to Marchionne. “The Fiat model that brings investments and jobs to our country, at a time of crisis, marrying innovation and workers’ participation, must become a model for our country.”

When the deal was signed, UIL-UILM's National Secretary Rocco Palombella declared, "It's a very important agreement that aims at the resurgence of the automotive industry, creating a new system of trade union relations."

Despite its posturing as a more militant union, the Stalinist FIOM is equally implicated in the sellout. Last January, National Secretary Maurizio Landini enthusiastically applauded Marchionne for hiring about 1,000 workers at the Melfi plant, declaring, "great news, a demonstration that with investments and new products employment rises. We say: bravissimo Marchionne! Continue in this trajectory in the other plants."

Landini was dropping FIOM's pro forma criticisms of the Jobs Act, a recent right wing labor reform implemented by Prime Minister Matteo Renzi with the support of the unions, which repeals decades of hard fought gains. New hires are subject to the new rules, and Landini defended Marchionne, who he said "has been very clear and honest: he said he'd hire them on an internship basis. Employers hire when they need to produce." These are the words of corporatist unions in the service of the bosses, not workers organizations.

The role of the Italian unions in relation to Fiat parallels developments worldwide. Just a week after the deal was signed in Italy, a series of negotiations began in the US between the UAW and General Motors, and between Fiat Chrysler and Ford. US auto manufacturers are demanding huge cost savings backed by threats to shift production to low wages areas.

The American unions are full partners in this assault on autoworkers. UAW President Dennis Williams set the tone for the talks by asserting the union's complete identity with GM, stating, "for GM to prosper, for shareholders and consumers to win and for all UAW members to share in the prosperity of their achievements. We can all win."

To resist these attacks, workers must reject the nationalist demagoguery of the unions and forge the closest ties between workers in Europe, the Americas and Asia.



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