What workers need to know about the Fiat Chrysler-PSA merger

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On Saturday, the merger between Fiat Chrysler Automobiles and PSA Group, the France-based maker of Peugeot, Opel and other major European vehicle brands, went into effect, establishing the new global automotive giant Stellantis.

The €43 billion ($53 billion) merger, first announced in 2019, will have far-reaching consequences throughout the auto industry and heralds an intensified assault on workers' jobs internationally.

Stellantis becomes the fourth-largest automaker by sales volume, overtaking General Motors and Ford and trailing only Volkswagen, Toyota and the Renault-Nissan-Mitsubishi alliance. By operating profits, it is ranked third. Stellantis employs some 410,000, with operations in dozens of countries on virtually every continent.

Former PSA Group CEO Carlos Tavares will take the helm as Stellantis' chief executive. Tavares has earned a reputation as a ruthless cost cutter and "turnaround" specialist, slashing jobs first at PSA brands such as Peugeot, then at Opel and Vauxhall, which the group purchased from GM in 2017.

John Elkann, heir to the billionaire Agnelli dynasty that founded Fiat, will serve as chairman, and former Fiat Chrysler (FCA) CEO Mike Manley will lead the firm's North American operations.

The formation of Stellantis marks new milestones in both the global integration of production and the protracted decline of America's industrial dominance, with major geopolitical implications.

The finance ministers of France and Italy, Bruno Le Maire and Stefano Patuanelli, released a joint statement to welcome the merger, writing that it would create a "new European champion" and "strengthen Europe's industrial leadership." The three largest owners of Stellantis will be Exor, the holding company of Italy's Agnelli family (14.4 percent); France's Peugeot family (7.2 percent); and the French state (6.2 percent).

Both Ford and GM, for their parts, have been compelled to retreat and downsize their global footprints in recent years, shedding thousands of jobs at their overseas operations. Ford announced just this month that it would pull the plug on its Brazilian plants, and there is speculation that it could be on the verge of leaving India. GM announced last year that it was exiting Australia, New Zealand and Thailand, and had threatened to leave South Korea in the midst of its efforts to force concessions on workers there.

The merger of FCA and PSA has been driven by the ferocious struggle among the auto giants to dominate both new technologies, including electric and autonomous vehicles, and markets. The tie-up will itself push other companies to seek out further consolidation and cost savings. The major banks and investors have exerted relentless pressure on automakers in recent years to accelerate cuts and restructuring plans, with the aim of squeezing out every drop of profits possible from the working class.

FCA had previously announced a merger with France's Renault in 2019 at the same time as it was exploring its deal with PSA, but the plan subsequently collapsed. Earlier, FCA had made overtures to General Motors under then-CEO Sergio Marchionne. According to a lawsuit filed by GM last year, FCA funneled tens of millions of dollars to United Auto Workers executives with the aim of winning their support in forcing a merger between the two companies.

Stellantis executives are touting projected annual savings of €5 billion ($6.1 billion), promising that these will be achieved without factory closures, but instead through economies of scale in purchasing and consolidation of operations in sales, marketing, engineering, and research and development.

Promises to spare factories and jobs are worthless, however, as decades of shuttered plants and mass layoffs have shown. Industry analysts are already pointing to Stellantis' excess production capacity, particularly at its Italian plants, and the large number of brands (14), several of which perform poorly, in the new firm's portfolio.

"For any company, it doesn't matter if you are the new Stellantis or FCA or PSA, you have to look at those plants that are underutilized to see if you can put new product here, cancel the product, or entirely close the plant," Katelyn Drake, an analyst with LMC Automotive Ltd., told the *Detroit News*. FCA's plants in Europe were recently running at only 55 percent capacity, compared to PSA's at 68 percent, according to LMC.

"You can't be cost-efficient if you keep the entire scale of both companies," Karl Brauer, another auto industry analyst, told the Associated Press. "We've seen this show before, and we're going to see it again where they economize these platforms across continents, across multiple markets."

Even if plant closings do not come immediately, thousands of white-collar workers could be soon facing the axe. Stellantis inherits engineering centers in Paris; Rodelsheim, Germany; Turin, Italy; and Auburn Hills, Michigan, in the US.

A number of industry analysts have also pointed to the group's weak position in China, now the world's largest market for automobiles, and the possibility for a reconfiguration of the companies' current partnerships in that country. According to Chinese media reports, Stellantis is already in talks with the country's GAC (Chery Automobile and Guangzhou Automobile Group) about creating a new joint venture, although the company has denied this. PSA's then-CFO said in November that he expects the company's operations in China to be streamlined.

The catastrophic impact of COVID-19 in the Americas and Europe and the resulting economic crisis has only intensified the scramble to dominate China's giant auto market. Even there, however, car sales had begun to stall beginning in 2017. Global sales dropped from 94 million units in 2017 to 90 million in 2019, then plummeting 15 percent in 2020, to 76.5 million, according to IHS Markit.

While autoworkers across the world have been forced to labor in filthy and dangerous conditions and have been told there is not enough money to temporarily shut factories and pay them while the COVID-19 pandemic is brought under control, executives at Stellantis will be looking forward to a monumental payday.

Former FCA CEO Mike Manley could receive up to $62.7 million (€51.4 million) in a cash retention award, according to calculations by *Automotive News Europe*. The payout for former FCA Chief Financial Officer Richard Palmer could total $20.3 million (€16.6 million), and other former FCA executives could see their own multimillion bonuses.

The windfall for John Elkann (estimated net worth of $1 billion) and other members of the Agnelli and Peugeot families who own substantial portions of Stellantis' stock will no doubt be even greater, with the company's shares rising 6.94 percent on Paris' exchange and 7.57 percent on Milan's in the first day of its trading Monday.

The corporatist trade unions in Italy, France, and the US have largely given their blessing to the consolidation, predictably toeing the line of company management, while occasionally mouthing hollow concerns about the potential threat to jobs. At a PSA works council meeting in 2019, all trade union officials voted in favor of the merger, with a representative of the CFTC union saying, "[T]he project in the form it's been presented makes sense because the two groups complement each other, are in good financial health, and thanks to the new format will attain a critical size which is vital in the auto business today."

The UAW, for its part, has remained largely silent on the merger, issuing a perfunctory statement endorsing it in December 2019. UAW-FCA Vice President Cindy Estrada—whose charity was previously under investigation by federal officials as part of the years-long corruption case—simply regurgitated management's talking points about maintaining jobs in the US when asked about the merger by the *Detroit News* recently, saying, "At this time FCA North America management has consistently communicated that we will see no change to our UAW-represented facilities or impact to our membership due to the merger with PSA."

For decades, the UAW has worked hand in hand with their management "partners," facilitating the nonstop assault on jobs, wages and working conditions. For their efforts in suppressing opposition, isolating workers' struggles and enforcing pro-company contracts, union officials were rewarded with millions in bribes, as the federal corruption investigation revealed, along with countless other "legal" payoffs and privileges.

Throughout, the UAW, like its counterparts in other countries, has incessantly promoted nationalism and the lie that workers in the US share the same interests as their corporate exploiters. Such nationalist programs have long since proven not only their bankruptcy, but also their reactionary character.

The merger of FCA and PSA and the creation of the transnational giant Stellantis is the latest demonstration of the global economy becoming ever more integrated, tying workers together in a vast, interconnected system across national boundaries. While the globalization of production under capitalism is coupled with endless assaults on workers' conditions, it produces at the same time the objective grounds for the growth of global opposition and the unification of workers' struggles across national borders.

To wage a successful fight against the transnational corporations, workers need new organizations of struggle, independent of the nationalist unions, and an internationalist strategy to unify their struggles, uniting every nationality, ethnicity and race. The already far-advanced globalization of the auto industry poses the necessity of it being placed under workers' democratic control, to be run to meet the needs of society, not the profit interests of the financial aristocracy. Such an outcome can only be achieved as part of the fight for socialism and the construction of a revolutionary leadership in the working class.