

The Demise of the National Union in Italy: Lessons  
for Comparative Industrial Relations Theory

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## Introduction

Much of prevailing industrial relations theory rests on the premise that there exist different "national models" of industrial relations. This approach rests on three distinct but interrelated assumptions : 1) that national borders are synonymous with the scope of markets; 2) that national unions are necessary to cope with challenges generated by national markets and the modern corporation; and 3) that certain national institutional arrangements are more effective than others at adapting to changing political-economic circumstances.<sup>1</sup>

Yet the new terms of international competition and technological innovation have challenged each of these underlying conditions. Markets have become simultaneously globalized and segmented while new technologies have provided opportunities for individual firms and entire industries to experiment with alternative business strategies and structures.<sup>2</sup> Together these developments test and/or transcend the boundaries of traditional industrial relations practices. For instance, while national industrial unions have proven unwilling, or perhaps unable, to adjust to or even accommodate these changes, individual firms have pursued a variety of alternative arrangements with labor. This combination of micro-level effervescence and macro-level paralysis has provoked a proliferation of diverse patterns of industrial relations within and not simply across nations. Some of these sub-national labor-management arrangements appear to have more in common with their equivalents in other countries than with other industrial relations patterns co-existing within the same national borders. In short, just as the creation of national markets and the rise of the national union were central to the development of national industrial relations systems theory, now the demise of these conditions creates the need for new explanations.

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Through an analysis of recent changes in Italian industrial relations, this paper makes a case for a new approach to comparative industrial relations research and theory. Instead of treating national systems as the basic unit of analysis and searching for macro-institutional features as the key dimensions to use in constructing comparative typologies of industrial relations systems, the approach developed here focuses on micro-level developments and the politics of strategic choice to explain variation within nations. This approach builds on previous work in industrial relations which employs strategic choice theory to explain managerial behavior<sup>3</sup> but extends this analysis to labor unions in order to identify the relevant forces shaping their divergent responses to industrial change.

To illustrate this approach, this paper analyzes the reorganization of Italy's two leading automobile producers -- Fiat Auto and Alfa Romeo. These cases are interesting for a variety of reasons. First, both firms have historically played major roles in Italy's economy and have often set the pattern of industrial relations elsewhere in the country. The development of work relations and the balance of power in these firms reveals (often in extreme form)<sup>4</sup> the situation elsewhere in the country. Second, in many ways Fiat and Alfa have acted as advanced laboratories for Italian industrial relations. Since the late 1960s these firms have witnessed several experiments in both the organization of production and the strategy of the union movement. Finally, union experiences with industrial adjustment at these two firms have been radically different. While Fiat Auto reorganized by asserting managerial control and repressing the unions, Alfa Romeo experienced a more negotiated process. Moreover, whereas both firms emerged more competitive as a result of the reorganization, the outcomes for the two unions differed sharply : Alfa's unions managed to preserve, if not enhance their strength while Fiat's unions lost membership and practically all influence on the shop floor. This divergence is especially interesting given that both firms share the same ownership, their

workforces are organized by the same unions, their plants possess similar technologies, and they operate within the same national setting.

This paper argues that two factors are key to explaining these different outcomes : local socio-economic conditions which shape the strategies of unions and management in firms undergoing adjustment; and the choices unions make in reallocating responsibilities between local and national structures. The argument will be laid out in three parts. The first part examines the rise and decline of the national union in Italy. The second section illustrates this development at the micro-level through an in-depth analysis of industrial restructuring in the Italian automobile industry. The implications of this analysis for comparative industrial relations theory and research are discussed in the conclusion.

### The Rise and Fall of the National Union in Italy

National unions arose throughout the West in response to the emergence of the modern corporation and the creation of national markets.<sup>5</sup> These national industrial unions were characterized by two basic features : organizational hierarchies in which vertical industry structures dominated local and regional union bodies and national contracts standardized wages and working conditions throughout the industry; and firm-level functionalism in which managerial authority was respected and unions merely grieved or negotiated the impact of managerial decisions.

These two basic features were mutually reinforcing. For example, in response to the growth of national markets, national unions standardized wages and working conditions across plants and industrial sectors. These practices, in turn, helped sustain the consumer demand that created national markets based on mass production of standardized goods. Similarly, as industrial production became

centered around large firms employing semi-skilled workers to produce standardized commodities according to a strict division of labor within the plant, national industrial unions increasingly focused their organizational strategies around these workers, often at the expense of other segments of the working class. Union contracts also sought to regulate rather than transform the emergent division of labor within plants.

The recent transformation of national markets and consequent proliferation of diverse business practices not only across but also within the same industries have undermined the organizational rationale for the supremacy of national industrial unions. In fact, these vertical structures appear unable to adapt to the variety of corporate structures and strategies emerging within their sectors. The union's place within the firm is also changing. Functional distinctions between different kinds of jobs or between labor and management more generally are becoming blurred in firms where new technologies require broadly skilled workers capable of performing a variety of jobs.<sup>6</sup> This transformation of work combined with the increased participation of new types of workers (women, youth, part-time) in the labor market has shrunk the traditional power base (semi-skilled male workers) of most industrial unions. And even these traditional workers have become disgruntled with national union structures which appear unable to represent, let alone defend their interests. In short, both constituent elements of the postwar industrial relations system -- the supremacy of national industrial unions and firm-level functionalism -- have been swept away by the current wave of industrial restructuring.

In Italy, this pattern is unfolding in slightly different ways due to the peculiarities of Italy's postwar industrial relations system in which national industrial unions developed somewhat later and as creatures of the national confederations. The Italian labor movement emerged from the destruction of

twenty years of fascism and the Second World War as a highly politicized, centralized and unified organization, the Cofederazione Generale Italiana del Lavoro (CGIL). The union movement, like Italy's first postwar governments, consisted of a broad coalition of anti-fascist resistance forces : Communist, Socialist, Republican and Catholic currents co-existed within the trade union confederation.

The union movement was the creation of these political parties. Because the postwar labor movement had to rebuild more or less from scratch, union structures at all levels were creations of the central confederations in Rome. Rank-and-file workers and pre-fascist trade unionists had little to do with the reconstruction of the Italian union movement. Indeed, many of the CGIL's initial union leaders were recruited directly from political parties, often having little previous union experience.<sup>7</sup>

With the advent of the Cold War, both government and labor coalitions dissolved. The Catholic current of the CGIL eventually established itself as the Confederazione Italiana dei Sindacati Lavoratori (CISL) while the Republican and Social-Democratic trade union leaders set-up the Unione Italiana dei Lavoratori (UIL). Throughout the 1950s and 1960s, the politics and strategies of the three union confederations were shaped by their political affiliations and rivalries.<sup>8</sup>

Increased collaboration during the "hot autumn" led to a form of reunification in 1972 with the signing of the Federative Pact. Within the Federazione Unitaria CGIL-CISL-UIL, each confederation retained its autonomy at all levels of the union hierarchy but new joint structures aimed at coordinating decisions among these existing organizations were also created.<sup>9</sup> The federation dissolved in 1984, due to disagreements between the Communists in the CGIL and the rest of the labor movement over an Italian Communist Party (PCI) sponsored referendum abrogating a government decree revising the scala mobile (system of wage indexation). Since then, the three confederations have continued to cooperate

in contract negotiations notwithstanding increasing antagonism over issues like flexible work hours, internal mobility and contingent compensation schemes.

Each confederation has both vertical and horizontal structures. The vertical structures are based on industries or branches of industry. Thus, each confederation has a national chemicalworkers, textileworkers, and metalworkers federation. The three confederations are also organized geographically, in what are called "horizontal" structures (e.g., the Camera del Lavoro of Turin or Milan). During the 1950s, when the union movement was fragmented, weak and politically isolated, these horizontal structures, especially the confederations, were predominant. However, with the increase in collective bargaining at the industry and firm levels during the 1960s, the national industrial unions became ascendant.<sup>10</sup> Following the hot autumn struggles and the federative pact in 1972, factory councils, elected by and composed of union and non-union workers alike, were established at the shop floor. These are the official workplace organs of the three confederations, replacing the earlier Commisione Interne (factory grievance committees). Figure 1 depicts the organization of the Italian union movement.

Because of their role in negotiating the contratti collettivi nazionali di lavoro (CCNLs), triennial industry-wide collective bargaining agreements over minimum wages, work hours, and job classification schemes, the national industry unions remained extremely powerful throughout the 1970s, notwithstanding other (not necessarily coordinated) accords being negotiated at the confederal and plant levels.<sup>11</sup> Among these industry federations, the metalworkers unions -- the FIOM, FIM, and UILM,<sup>12</sup> associated respectively with the CGIL, CISL and UIL -- were traditionally Italy's largest and most powerful national unions. The metalworkers often served as strategic and political innovators for the rest of the union movement, leading the way for the other industrial federations and even for the three national confederations.<sup>13</sup> For example, it was the metalworkers who

instigated the resurgence of working class militancy and promoted renewed unity among the three competing confederations in the 1960s. The metalworkers also spearheaded most innovations in collective bargaining, often setting the pattern to be replicated by national unions in other industrial sectors. Their leadership role was so pronounced that the most assured way of climbing the union hierarchy was within the metalworkers unions -- almost all confederal secretaries came from these national industrial unions.

However, this leadership role has been seriously challenged by the massive industrial restructuring which took place in Italy throughout the 1980s.<sup>14</sup> As individual firms and even entire industries reorganized their plants, invested in new technologies, and reduced their workforces, national industrial unions like the metalworkers found themselves suddenly outflanked. With each firm embarking on a different adjustment strategy, it became increasingly difficult for the national unions to negotiate, let alone coordinate their responses to, the reorganization underway in the industry. Attempts to do so through various Industry Plans failed miserably.

Even the triennial industry-wide collective bargaining negotiations (CCNLs), the institutional basis of the metalworkers' power, began to elude their control as individual employers and local unions resisted national accords which continued to standardize working conditions, work hours, and job classifications throughout the industry. These micro-level actors argued that national industry-wide contracts were overly rigid and unresponsive to their particular needs. As a result, both the sequencing and the content of these industry agreements began to change in ways that further eroded the leadership role of the national industrial unions.

For example, master agreements (CCNLs) used to be negotiated every three years and renewals were essentially automatic. Negotiations by union locals at individual firms were mere addenda to these more standardized national contracts

and usually took place within one year of the signing of the national agreements. During the 1980s this pattern completely broke down. Examination of the metalworkers contracts indicates that time lags between the expiration and renegotiation of national contracts as well as between the signing of national accords and their integration at the firm-level have increased substantially (See tables 1 and 2). While we must be careful not to overinterpret these developments, it seems safe to infer that these trends suggest that the national metalworkers union experiences substantial difficulties in developing, let alone implementing contracts capable of covering the wide array of experiences prevalent within the same industry.

The content of collective bargaining agreements also appears to be shifting in favor of local unions. Recent research on collective bargaining in Italy reveals that contrary to past practice, local union contracts appear to be the most innovative and important agreements covering workers in industry.<sup>15</sup> At both Fiat and Alfa, in fact, negotiations over work-time, work rhythms, bonuses and profit sharing, new technologies and redundancies all appear to be negotiated at the firm level.<sup>16</sup> Even the sequencing of contract negotiations has shifted in favor of local unions. Whereas before, national contracts were negotiated first and local agreements later, often with a prescribed lag period, today many local unions negotiate their own contracts first, with the national agreement emerging later more as an aggregation and ratification of prior local deals.<sup>17</sup>

To better appreciate how this process occurred, the next section of this paper will analyze the reorganization of Italy's two leading automobile manufacturers -- Fiat Auto and Alfa Romeo. The discussion will proceed in two stages. First it will describe the restructuring processes of each firm. Then, it will compare the divergent outcomes of the two companies and analyze them according to the alternative approach outlined above.

## Industrial Adjustment and Industrial Relations : A Tale of Two Companies

### Chronic Conflictualism : The Case of Fiat Auto

Fiat was founded in 1899. After a few years, Fiat's founder and chairman, Giovanni Agnelli, began to pursue a strategy aimed at the transformation of automobile production into large-scale industry. This change in strategy was the result of Agnelli's visit to the United States and his decision to "produce like Henry Ford."<sup>18</sup> This plan by Agnelli to develop large-scale industry in Turin made Fiat not only a major actor in the local economy but also the main architect of Fordism in Italy. Fiat, like Ford, began to pay higher wages as a way of attracting skilled workers away from other firms. After the recession of 1907, it took over several of its suppliers as well as its competitors. As a result, Fiat managed to simultaneously increase its productive integration and reduce local competition.

Factory work also began to change. Production was organized by sequence and American semi-automatic single-purpose machine tools were introduced. Interestingly enough, the metalworkers' union, FIOM, not only agreed to these changes (in return for increased piece rates) but also reorganized its structures to match the emergent fordist order.<sup>19</sup>

While two world wars and the autarkic economic policies of the Fascist regime delayed the realization of Agnelli's plans for about forty years, by the late 1950s Fiat had succeeded in creating and servicing a mass market for automobiles in Italy. By the late 1960s Fiat had one of the largest automobile production facilities in Western Europe from which it dominated the Italian market and exported abroad. In short, over the course of the post-war period, Fiat became Italy's leading automobile producer and largest private enterprise.

By the late 1970s, however, Fiat Auto, like most automobile producers in Western Europe and the United States, experienced very serious organizational and financial problems. In many ways, Fiat's troubles were related to the more general crisis of the auto industry. A variety of factors, including increased international competition, the rise of fuel costs, changing consumer tastes, more stringent government health, safety and environmental protection regulations, and increased labor costs all contributed to the crisis of the automobile industry in the West.<sup>20</sup> Yet, because of insufficient capital investments and extremely conflictual and rigid industrial relations practices throughout the 1970s, Fiat's productivity, profitability, and plant utilization rates were all lower than its major competitors.

Fiat's crisis became visible when the automobile division acquired a separate balance sheet for the first time in 1979. Suddenly, Italy's largest privately owned firm appeared to be on the verge of bankruptcy. As a result, the firm launched a restructuring process which included the massive introduction of new process and product technologies, a reorganization of its supplier and sales networks, and a radical break with the industrial relations practices of the 1970s.<sup>21</sup> As part of its reorganization plan, Fiat proposed to place 24,000 workers in cassa integrazione, a state-financed redundancy fund, during the Fall of 1980.

The local union rejected this reorganization plan and broke off relations with the firm. Fiat, in turn, declared its intention to fire 15,000 workers, beginning on October 6. Things heated up as the union blockaded the firm and Fiat sent out letters of dismissal. The ensuing strike lasted 35 days but rank-and-file participation was low. Finally, on October 14, Fiat foremen and supervisors organized a successful demonstration calling for a return to work. 40,000 people marched against the union, among them many blue collar workers.<sup>22</sup> That very night an agreement was signed which represented a major defeat for the union. The agreement met with resistance from the more militant factions of the

local union but was signed and pushed through for approval by the national industry federations. Despite initial attempts by the local labor movement to claim victory in this strike, it marked a major defeat from which the unions never recovered.<sup>23</sup>

With the union out of the way, Fiat embarked on a major reorganization of its production processes. Its products were re-designed so that many new models with greater differentiation in appearance but more common components were introduced. The modular design of these new models permitted the automaker to reap greater economies of scale as well. Fiat also invested heavily in new technologies like CADs, CAMs and industrial robots. Finally, Fiat rationalized and upgraded its network of components suppliers. This increased collaboration between Fiat and its suppliers both enhanced the quality of its components and stimulated continuous product innovation.

The consequences of this reorganization have been positive for the firm. Profits rose from 324 billion lire in 1981 to 1764 billions in 1988.<sup>24</sup> Productivity, as measured by the average number of cars produced by single worker, more than doubled (from 14.0 to 29.0) between 1979 and 1986. As a result of these and other improvements, Fiat has increased its market share and now rivals Volkswagen as Europe's number one auto producer.

If the results of Fiat's restructuring have been positive for the auto firm, the consequences for the union have not. Immediately following the rupture in relations with the unions in 1980, the firm asserted a "hard" line with the labor movement. Within the factories this translated into a recreation of traditional hierarchies and control on the shop floor, the expulsion of numerous union activists, and the reduction of the workforce by tens of thousands of workers.<sup>25</sup>

Ongoing antagonism between the local unions and Fiat management foreclosed all possibilities of labor participation in the adjustment processes

underway. In many shops, traditional union rules and practices were rendered obsolete by the introduction of new technologies and the reorganization of production. Three examples concerning informal accords over piece rates and pauses, job classification schemes, and sourcing decisions illustrate this point. During the 1970s, factory delegates and the Job Analysis offices of Fiat's plants engaged in extremely meticulous, time consuming negotiations over individual and group work effort levels (livelli di saturazione), piece rates and new piecework times, and working conditions.<sup>26</sup> As a result, numerous informal accords were reached regulating piece rates and breaks in different parts of the assembly line and hazardous work sites (i.e., paint shops) were restructured. However, with the introduction of new technologies in chassis welding (Robogate), engine construction (LAM), and the paint shops (robots), work was reorganized in a variety of different shops and these previous accords were rendered obsolete, if not entirely unnecessary.

These new technologies also transcended traditional job classification schemes as they simultaneously rendered certain traditional jobs redundant while also creating new positions for people capable of both operating and servicing these new process technologies (e.g., meccatronico). Since the skill requirements and responsibilities for these new jobs did not fit nicely into traditional job classification schemes, and as increasing numbers of workers began to occupy these new jobs, the unions found themselves with an anachronistic classification system. What to do with these workers placed the unions in a difficult position. Either way they would lose since they would either antagonize new workers by not fully appreciating their skills, or anger their traditional constituency of semi-skilled workers by appearing to favor the new workers with the extra bonuses and privileges associated with higher classification levels.

Finally, the reconceptualization of the automobile as a composite of modular macro-component systems overhauled prior production and sourcing arrangements as engines, brake systems, dashboards and seats could be produced by specialized suppliers working in collaboration with Fiat. Since these "make or buy" decisions seemed to be continuously renegotiated by the firm and given that many of these suppliers were also organized by the metalworkers union, it became increasingly difficult for the union to develop a viable position on these issues.

Perhaps more damaging for union practices than the actual changes in production, was the way these changes were implemented by the firm. For the first half of the decade, Fiat management circumvented the unions, negotiating directly with workers over issues concerning retraining, flexible work hours, and modifications of their jobs. While these modifications were significant enough to match the changes underway in the organization of production they were not so dramatic as to necessitate formal renegotiations of job classification schemes, etc. since this would have legally required union participation. This blurring or bending but not breaking of already established contractual rules and boundaries was very characteristic of Fiat industrial relations policies over the course of the 1980s.

A recent study on the way Fiat workers perceive the technological changes underway in the firm suggests that those workers most vulnerable to being replaced by automation are extremely anxious about their positions and diffident towards the union. Unions are shunned not only because of their failure to protect these workers but also because of fears that union contacts will result in company reprisals in the form of dismissals or cassa integrazione<sup>27</sup>. Union membership rates reflect these feelings. At Fiat's various Turinese plants, membership in the local metalworkers union, the FLM, fell from 32,898 in 1980 to 11,589 in 1986.<sup>28</sup>

If the situation is precarious for workers within the firm, it was even more dismal for those workers expelled from the factories. The most evident sign of the

severe dislocation resulting from Fiat's restructuring and the defeat of the union was the existence and fate of the "cassintegrati", i.e., the redundant workers supported by this special fund. Fiat alone placed 31,000 full-time workers in cassa integrazione while also employing this mechanism to lay-off other workers during periodic downward shifts in demand. During the first half of the 1980s, tens of thousands of local workers found themselves under- or unemployed, though the exact number of people placed in cassa integrazione by Fiat and related firms is difficult to determine precisely as figures are calculated in terms of hours, not individuals.

The majority of cassintegrati were middle-aged, unskilled, poorly educated workers of Southern origin. Many of the handicapped and women workers hired during the latter half of the 1970s (because of union enforcement of national hiring policies) were also removed from the factory during these years. Many cassintegrati experienced tremendous difficulties adjusting to their new lives outside the factory. With the loss of their jobs, their identities -- very much associated with the workplace, work group, and productive activity -- were thrown into question. Removed from the shop floor, these workers also lost their political affiliations and social relations. Workers in cassa integrazione found themselves in a state of limbo : no longer active in the factory but still legally dependent on the firm for survival. The costs of this exclusion are high. Among these workers, rates of suicide, divorce, substance abuse, and psychological illness have reached alarming proportions<sup>29</sup>.

Needless to say, serious tensions have developed between this group and the unions which are held responsible for their sad state. Loss of support among the rank-and-file has been matched by other problems, including continued strategic confusion, factional in-fighting and purges, and persistent paralysis vis-a`-vis firm initiatives. In sum, the local union's policy of militant confrontation and

intransigence in the face of the firm's need to restructure not only failed but also threatens to destroy the union. A more careful examination of why the union adopted this strategy raises serious questions about union politics in today's climate of sweeping economic change. But before this is attempted, let us look at a second, very different case of industrial restructuring. Examination of this second case will not only provide us with a comparative perspective through which to better understand the case of Fiat but also highlight the local socio-economic factors which shape labor politics.

### Negotiated Restructuring : The Case of Alfa Romeo

Founded in 1906, Alfa Romeo did not concentrate its production on automobiles until after World War II.<sup>30</sup> Instead, alongside its automobile production it also manufactured a variety of more or less profitable items like munitions, railroad stock and aircraft engines. Following the First World War, market limits, financial problems and management errors constrained Alfa Romeo's car output. This occurred during the same period in which Fiat began to reorganize its production along the lines of mass production. In contrast, Alfa management drew on the firm's experience in making racing cars and concentrated on the manufacture of high quality and expensive automobiles. In the field of industrial relations, the firm stressed workers' skills, cooperation and loyalty to the firm. Even after the company's take-over by the state during the Depression, Alfa continued to be characterized by this model of industrial development.

This triad of high quality production, skilled workers and cooperative industrial relations continued to underpin the firm's industrial strategy in the postwar period. In fact, Alfa did not really embark on the mass production of autos until the early 1960s, when it opened its Arese plant outside Milan and

doubled its productive capacity. Even then, it continued its tradition of high quality production through technical innovation (Alfa was famous for its technically advanced product development and design.) and labor-management cooperation. The results were impressive : over the course of the decade Alfa tripled its sales, doubled its workforce and became an internationally recognized leader in sportscars.

The success of this model, however, was fully appreciated only after it was abandoned for Fordism. In 1972, Alfa Romeo opened its Pomigliano plant outside of Naples and thus sought to break from its past and embark on a new path of development. With the Pomigliano plant, Alfa sought to change its traditional product differentiation-based strategy and instead manufacture a new product, the Alfasud, which was a small, economy car, for a mass market (which the firm knew little about since its traditional products are extremely expensive and cater to a small niche of clients), in a new way (using unskilled workers and highly automated and dedicated equipment).<sup>31</sup> That the firm sought to change its strategy exactly at the moment when the European automobile industry began to suffer from overcapacity, increased fuel and labor costs, and greater international competition, may explain the disastrous results this change in strategy had for the firm. That these two productive poles were operated more or less as two distinct companies, with separate managements and autonomous design, purchasing and marketing offices, may also account for the poor results experienced by Alfa during the 1970s. In fact, following the opening of Pomigliano, Alfa never again turned a profit and what was once seen as the pride and joy of Italian state enterprise languished for over a decade before it was finally restructured.

To further exacerbate the firm's troubles, labor relations at Alfa (both in the North and the South) became extremely conflictual in the 1970s. Like Fiat, Alfa Romeo experienced an especially militant wave of strikes and worker mobilization during the hot autumn. While instigated and for the most part

controlled by older union militants, here too Southern migrant workers were active in the strikes.<sup>32</sup> In fact, unions at Alfa became so powerful that they were often able to achieve their goals with no more than the threat of strikes. While absenteeism and hours lost to work stoppages increased dramatically over the decade, productivity and product quality plummeted.<sup>33</sup> The climate of industrial relations at the Pomigliano plant became so horrible that industrial sociologists dedicate volumes to understand this case of "anomalous conflictuality".<sup>34</sup>

Yet, the way Alfa sought to deal with its troubles was radically different from Fiat. For example, in the early 1980s, the local union and Alfa's management negotiated a series of accords aimed at both increasing the firm's productivity and enriching workers' skills. Out of these agreements emerged the homogenous production groups (GPO), teams of 10-20 laborers working on different segments of the production line. Essentially, the assembly line was divided into various segments with groups of workers assigned to these segments. Within these groups, workers rotated various jobs as a way of eliminating monotony and increasing their skills. Quality control and maintenance work were also relegated to these groups. As a result of these changes, productivity increased 35% within a year, product quality improved and a number of indirect and supervisory jobs were eliminated from the factory.<sup>35</sup> The success of this experiment appeared so great that one of Alfa's personnel managers wrote a book arguing that one could "forget Turin" ("dimenticare Torino") in this new phase of "negotiated restructuring".<sup>36</sup> In fact, both absenteeism and strikes decreased significantly following these accords (See Table 3).

While a variety of factors including the increased militancy of the local FIM and the subsequent dissolution of union unity at Alfa, the break-down of the firm's logistic system (making it nearly impossible to maintain production schedules, let alone product quality), a series of management turn-overs, and persistent under-

investment, especially in new product and process technologies, all combined to undermine the production group experience,<sup>37</sup> the more cooperative spirit of Alfa's labor-management relations continues, even now that Alfa belongs to Fiat and is run by Fiat managers.

Illustrative of this continuity is the May 3, 1987 agreement between Fiat and the unions over the restructuring of Alfa Romeo. In this accord, Fiat agreed to increase production by investing 55 billion lire in new process technologies, restyling a number of existing Alfa models and transferring production of various Lancia models (Y-10 and Thema) to Alfa's plants. In return for these investments, the union abandoned what remained of the production groups, agreed to a number of early retirements and the use of cassa integrazione, and relaxed its norms regulating internal labor mobility. In essence, the unions traded labor flexibility in return for job security for the vast majority of Alfa's workforce.

Interestingly enough, the radical faction of the local FIM rejected this restructuring plan and mobilized the local workforce against it. Claiming that the national metalworkers union and the local FIOM and UILM had sold out to Fiat, this faction demanded a referendum on the restructuring plan. This took place in the late Spring of 1987, with a victory for the more cooperative forces. Moreover, with the unions involved, the costs of the reorganization in terms of cassa integrazione or union membership were much lower than anticipated. While the plan envisioned the continued use of this instrument through 1990, most workers placed in cassa integrazione were back at their jobs by 1989. And while all unions suffered a slight reduction in membership following the accord with Fiat (much of it due to early retirements), the more cooperative unions fared much better than the militant FIM. (See Table 4) With the success of the 164 model, Alfa has once again become profitable and is regaining market share in both Italy and abroad.

## Alternative Explanations for Diversity in Industrial Relations

Thus, we have two cases, one of chronic conflictualism resulting in the defeat of the union and the other of a more negotiated solution which appears to have benefitted both labor and management. How do we account for these differences in union experiences with industrial restructuring? One's first instinct is to attribute these differences to economic factors. In other words, because these two firms occupy different market segments, they faced different challenges and thus the processes and outcomes of their respective reorganizations diverged. While it is true that Alfa and Fiat have traditionally pursued different strategies, it is also true that during the 1970s (with Fiat's acquisition of Lancia and Alfa's construction of Pomigliano) their strategies and product ranges began to converge.<sup>38</sup> If anything, Alfa's financial difficulties were much more serious than Fiat's. Moreover, other foreign companies competing with Fiat in exactly the same market segments appear to have restructured in vastly different ways.<sup>39</sup> Thus, competitive strategy alone can not explain the observed differences.

Another explanation commonly offered to account for the divergent patterns of industrial relations at these two firms focuses on the fact that Alfa (until 1986) was a state-owned firm and thus, its management could be more relaxed about economic goals like efficiency and sales, permitting it to be "easier" on the unions. However, a recent study reviewing management practices at Alfa during these years indicates that Alfa's management was no more benevolent towards the unions than Fiat's management and at times, it was even more aggressive.<sup>40</sup> That labor relations at Alfa continue to be significantly different from those at Fiat, even now that they share the same ownership and management, also casts doubt on this assertion.

An alternative way of explaining the diversity of union experiences with corporate restructuring employed in this paper focuses on two basic features : local

socio-economic factors which shape union behavior at the firm level and the institutional linkages between local and national union structures. Building on the works of Arnaldo Bagnasco, Carlo Trigilia, and Mark Granovetter<sup>41</sup> which illustrate how local socio-political arrangements and resources influence the strategic choices of economic actors like firms and unions, I argue that three local features shape the type of strategies developed by local unions : 1) the organizational strength of the local union; 2) the ideological outlook or worldview of its leadership, and 3) the degree of social and political development of the surrounding context.

Moreover, because industrial development occurred in different ways and at different times in the various localities and regions of all national economies, certain organizational attributes tend to cluster together, reflecting the particular context in which they are embedded. At Alfa, for example, the local union is organizationally strong in terms of its resources and legitimacy, its leadership seeks to negotiate rather than resist the changes underway in the industry, and both the union and the firm are integrated into a complex social network capable of mediating conflicts between them. At Fiat, on the other hand, the union is organizationally weak, its leadership is extremely militant, and there are no strong and autonomous interest groups or political parties in Turin capable of arbitrating labor-management conflicts.<sup>42</sup>

But the story of Italian industrial relations in the 1980s is not simply a collection of local histories. In fact, to fully understand how diverse models of local industrial politics have proliferated over this decade, we must also examine the institutional linkages between local and national union structures. What we observe is that the ability (or lack thereof) of particular national unions to articulate a new division of labor within their organizations, one which provides local unions with increased autonomy over their firm-level strategies while at the same time preserving for themselves a minimum degree of control and coordination over basic

issues like wages and working conditions, also influences union experiences with industrial change. A re-examination of our two cases illustrates the importance of these two sets of factors in shaping contemporary industrial relations patterns in Italy.

### The Cases Revisited : Local Patterns of Industrial Relations

The development of Fiat along the lines of Fordism, and the way in which it occurred, had significant effects on both the firm and its workforce, as well as on the history of Turin.<sup>43</sup> The expansive development of the firm made it not only the biggest, but in many ways the only show in town. Fiat is referred to as "la mamma" by local residents. The local economy has historically revolved around the firm and the majority of the local labor force is employed either at Fiat or at one of its numerous suppliers.

Due to its hegemonic position, Fiat was able to dominate local government, control local business and cultural associations, and thus, more or less determine the development of the city. Fiat management also cultivated an extremely authoritarian, hierarchical vision of its role.<sup>44</sup> Thus, during the early years of the firm, through the long tenure of Vittorio Valletta, and continuing to this day, Fiat management has sought to control the firm's development unilaterally. As a result, management promoted pro-business political forces and company unions. It also sought to tame its workforce through a combination of repression and paternalism and undermined all attempts at alternative bases of power (i.e., the postwar co-management councils, consigli di gestione) within its plants.

This particular model of development had a major impact on the local labor movement.<sup>45</sup> Local unions were essentially weak organizations with strong ideologies. Antagonism towards the firm combined with a maximalist vision of

politics to create a local labor movement which perceived itself (and at times sought to act) as the vanguard of the Italian labor movement.<sup>46</sup> For instance, peculiar to the local labor movement are its frequent experiences with spontaneous worker upsurges, regularly followed by the politicization of industrial relations. This occurred in 1913, when the rank-and-file supported anarcho-syndicalist positions and prevented the local union from negotiating with the firm, and have continued throughout the local union's history.

As a result of the particular way in which industry developed in Turin and the peculiarities of the local labor movement, stable relations between the firm and its workforce never developed. The result was a continuous struggle between these actors in which no long-lasting compromises were possible. Defeat by one meant its almost complete subordination to the other. The wounds of past battles were nourished as the loser prepared revenge in the next round of struggles. Thus, since the factory occupations in 1920, and continuing through the rise and fall of fascism, the restoration of private capital in the 1950s, the hot autumn struggles in the late 1960s, and the 35-day strike in 1980, labor and management in Turin have been engaged in an all or nothing battle.

Furthermore, Turin does not possess the socio-political resources necessary to mediate the type of conflictual labor relations characteristic of Fiat. Because of the simplicity of Turinese society -- composed essentially of two groups : an industrial bourgeoisie and a proletarian working class -- organized interest groups and political parties never fully developed in Turin. Membership figures and participation rates in these political institutions are especially low in Turin.<sup>47</sup> Even in the union, which has historically been more of a movement than an institution, membership rates have been always below the national average. What other interest groups exist are dominated by either the firm or the union movement. The only institutions that are autonomous of these two protagonists are the local churches.

But due to their own historical development even they are quite radical and actually exacerbate rather than diminish antagonisms between labor and management at Fiat.<sup>48</sup> In sum, the local union at Fiat was a highly political but organizationally weak structure located in a city lacking potential mediators of industrial conflict. It is no surprise, therefore, that repeated attempts by groups within the local union and firm to construct a more negotiated and stable form of industrial relations at Fiat failed.<sup>49</sup>

The contrast with Alfa is striking. As we have seen, Alfa developed in such a way that preserved workers' skills and reinforced local union organizations through much of this century. Unlike at Fiat, the union at Alfa was never seriously repressed during the postwar period. Thus, throughout the 1950s and 1960s, as well as after the hot autumn, the union at Alfa consisted of a sizeable group of disciplined old-guard unionists who promoted shop floor bargaining. This group was active in all debates over union politics and played a major role in the negotiated restructuring of the firm in the 1980s.

The local union was always a stronger and more complex organization than its equivalent at Fiat and thus, less subject to the vicissitudes of the more movement-oriented union in Turin.<sup>50</sup> Moreover, the auto industry is only one of many industries in the area and while Alfa is the largest factory in Milan, the metalworkers are not hegemonic in the same way they are in Turin.<sup>51</sup> Textile and chemical unions -- two unions with much experience in technological innovation and firm restructuring -- are also strong in Milan and thus counterbalanced the particular interests or strategies of the more militant wings of the local metalworkers' unions. Unlike Turin, Milan possesses strong and well organized interest groups and political parties which have served historically as mediators between labor and management and thus have helped avoid the development of the zero-sum scenario which exists between labor and management at Fiat.

Thus, local socio-economic factors shaped the divergent models of union politics we examined. But this alone can not explain the different outcomes observed, especially since the resurgence of local patterns of industrial politics has also redrawn the boundaries between local and national unions. To fully understand the different outcomes at Fiat and Alfa we must also examine the changing relations between the national metalworkers union and the two locals in question. What we find is that while the metalworkers' federation was unable to develop a new, mutually agreeable division of labor between it and the locals at the time of the Fiat restructuring, seven years later, and partially as a result of what it had learned from the Fiat experience, a redistribution of responsibilities had been achieved and the two levels of the union hierarchy could work together during the reorganization of Alfa.

In the late 1970s, the two levels of the union competed with one another for the strategic leadership of the union, often at the expense of its membership. The debacle at Fiat in 1980 best illustrates the negative consequences of this internal union struggle. For instance, prior to the 35 day strike at Fiat, the national leadership of the metalworkers union sought to negotiate the reorganization of Fiat with the firm's management. Unwilling to include the local union leadership (for fear that it was too radical) national union leaders began these negotiations in secret. When these meetings were discovered, the local union, unwilling to relegate the power to negotiate the new firm-level contract to the national leadership, rebelled against these negotiations and insisted that a new platform, including more radical language and various non-negotiable demands, be presented instead. Unable to impose its will on the local (We must recall that we are dealing with the largest firm in Italy.) the national union acquiesced and negotiations subsequently broke down.<sup>52</sup> Thus, because of internal rivalries between the different levels of the metalworkers' union, and given that a clear division of labor was not established

between the local and the national over bargaining procedures and issues, contractual negotiations were blocked. The 35 day strike and the eventual demise of the local union soon followed.

The situation at Alfa was different. Notwithstanding the existence of a very strong and militant group within the local FIM which opposed the accord with Fiat over the restructuring of the company, the local FIOM, UILM and FLM, along with the regional CGIL, CISL, and UIL all supported the agreement. Not only did these other union groups outnumber the opposition but more importantly, the national union, having learned from its prior mistakes, organized a referendum over the accord in order to rally rank-and-file support for the restructuring plan. It eventually even censored Tiboni, the leader of the FIM opposition for his continuing agitations against the agreement. In short, seven years later, the national union had learned how to work with reform-oriented groups within the local union to prevent the type of showdown which had occurred in Turin.

#### Industrial Relations Theory in a Changing International Economy

This paper has argued that the current wave of industrial restructuring in Italy has provoked a reconfiguration of industrial relations in favor of local unions which, because of their diverse organizational histories and socio-political contexts, respond differently to common challenges. This explanation runs counter to the dominant paradigm in comparative industrial relations theory which focuses on national models of industrial relations and assumes a certain degree of homogeneity within national systems. Diversity in industrial relations patterns, according to this traditional approach, exists either between nations, due to their varying institutional arrangements, or across sectors with different markets and technologies. The cases of Fiat Auto and Alfa Romeo illustrated two very different patterns of industrial

relations notwithstanding that both firms share the same ownership, their workforces are organized by the same unions, their plants produce similar products with analogous technologies, and they operate within the same national setting. To explain these differences, I argued that clusters of local socio-economic variables and the type of relations which existed between local and national union structures combined to shape the strategies of unions and management in firms undergoing industrial adjustment.

But this is not merely an Italian phenomenon nor is it limited to industrial relations systems historically characterized by weaker linkages between the various levels of the union.<sup>53</sup> While local patterns of industrial politics may be especially salient in Italy because of its peculiar political-economic development<sup>54</sup>, they nonetheless appear to be emerging (perhaps in different ways) in other countries with very different political-economic histories as well. In other words, what is happening in Italy is not exceptional but rather reflective of more general trends sweeping across all advanced industrial nations.<sup>55</sup> Recent work by Kern and Sabel for Germany, Ahlen and Elvander for Sweden, and Kochan, Katz and McKersie for the United States all suggest that similar patterns of decentralization and redefinition of industrial relations practices are taking place in these countries as well.<sup>56</sup>

Nor is this process limited to industrial relations. In a variety of other social science fields, new work stressing the decreasing salience of national models is emerging. In political science, for example, discussions of "neo-corporatism" and consociationalism have evolved away from country-based explanations to more sectoral or regionally differentiated accounts.<sup>57</sup> The same is true for analyses of corporate strategy and industrial organization.<sup>58</sup>

New research in comparative industrial relations needs to investigate the determinants underlying these diverse sub-national patterns. In the same way that

this paper sought to identify the key variables shaping the two patterns of industrial relations observed in Italy, we could begin comparing seemingly analogous sub-national models across nations in order to better grasp the political factors shaping the strategic choices implicit within each one. Once we better understand the determinants and consequences of each of these micro-level patterns, we can begin to analyze the different mixes or distributions of these sub-national models across nations. Only if one or a particular set of models emerges as dominant in a given country should we return to the convention of comparing industrial relations systems in terms of national models. If this happens, we will be on our way towards reconstructing national models which highlight rather than obscure the dynamic relationship which exists between local practices and national regulatory institutions. If not, we must construct completely new typologies, based perhaps on more local or micro-level patterns of industrial relations, to guide future comparative research and theorizing.

The proliferation of sub-national patterns of labor management relations is an important issue not only for industrial relations theory. It is also central to future union policy, especially at a time when the unity of the labor movement could determine its future viability. In other words, the reconfiguration of industrial relations in favor of the local or firm level not only creates opportunities for unions to become more responsive to local needs but also poses several risks for the labor movement as a whole. How does the labor movement prevent whipsawing or the exploitation of workers in firms with weaker local unions? How do unions (with or without allied political parties) reaggregate the increasingly divergent interests of their rank and file (and of the majority of workers who do not belong to unions) into an organizationally coherent labor movement capable of promoting social and political reforms at the national level?

Maintaining unity amid the increasing diversity of the labor movement will not be easy. While some unions appear to be able to achieve this balance, others have failed. As the Italian metalworkers' case illustrates, maintaining traditional structures and strategies in the face of radical economic change simply does not work. Times have changed and unions must change accordingly.

The transformation of the union away from its previous vertical, highly bureaucratic structures and toward a more horizontal, perhaps more democratic, organization has begun to take shape, but only after much internal debate and several set-backs. Perhaps it is safe to say that it took the defeat at Fiat for the metalworkers to respond differently at Alfa.

The reconstruction of the labor movement along more horizontal lines -- as a federation of strong locals firmly embedded in their regional economies -- may be a viable solution for the entire labor movement. Just as the national union was the appropriate organizational solution in the previous era of national markets and large, bureaucratic corporations, the federation of strong locals could be most adept at representing the interests of workers in this period of market fragmentation and continuous industrial change. Whether this alternative arrangement is possible, and if so, whether it is sufficient to save organized labor, can not be answered at present. These questions are the focus of future research. Nonetheless, if this essay has been at all convincing, it will have stimulated you to think that this alternative line of inquiry is worth pursuing.

## Notes

1. Since the early work of Commons, industrial relations theory has stressed the importance of national institutional structures and regulations. This literature seeks to account for national patterns of industrial relations by showing how particular laws, regulations and organizational arrangements shape the behavior of firms and unions in different countries.

Given divergent structures and patterns of arrangements, typologies were developed which classify industrial relations systems according to whether they are organizationally centralized or not, whether they defend narrow job classification schemes or encourage broad skills, whether their allied political parties are in power or in opposition, and whether their ideologies are revolutionary, reformist, or as in the United States, "business-like". The peculiarities of these institutional arrangements reflect the particular national histories of these different states. In fact, these institutions are the organizational legacy of past struggles between industrial relations actors.

From this classification scheme, industrial relations systems are organized along a continuum, with the United Kingdom and the United States on one end, due to their fragmented union structures and emphasis on collective bargaining between labor and management, and Austria and Sweden on the other end, with their centralized structures and peak-level bargaining. French and Italian unions are situated somewhere in between because of their weak structures, highly politicized strategies and dependence on the state.

These typologies are not merely descriptive. They are also normative and imply that certain systems are more "mature" or stable than others. For instance, following the economic crisis of the 1970s numerous scholars argued that nations with centralized interest organizations, peak-level bargaining and Social Democratic governments were better able to weather the crisis since they were capable of implementing neo-corporatist policies which traded wage moderation and labor peace for increased investment and price freezes. These neo-corporatist arrangements, it was argued, were responsible for the lower inflation and unemployment rates and more stable economic growth of these countries.

See Walter Galenson, ed., Comparative Labor Movements, (New York : Russell and Russell, 1952); and Everett M. Kassalow, Trade Unions and Industrial Relations : An International Comparison, (New York : Random House, 1969) for examples of this institutional approach to comparative industrial relations. For illustrations of how this perspective was integrated in discussions of "neo-corporatism", see Robert J. Flanagan, David W. Soskice, and Lloyd Ulman, Unionism, Economic Stabilization, and Incomes Policies : European Experience, (Washington, D.C. : The Brookings Institution, 1983); and David Cameron, "Social Democracy, Corporatism, Labor Quiescence, and the Representation of Economic Interest in Advanced Capitalist Society," in Order and Conflict in Contemporary Capitalism, John H. Goldthorpe, ed., (Oxford : Clarendon Press, 1984).

2. For more on these developments, see Michael J. Piore and Charles F. Sabel, The Second Industrial Divide, (New York : Basic Books, 1984); and Michael E. Porter, The Competitive Advantage of Nations, (New York : Free Press, 1990).

3. See, for example, Thomas A. Kochan, Harry C. Katz and Robert B. McKersie, The Transformation of American Industrial relations, (New York : Basic Books, 1986); and Wolfgang Streeck, "The Management of Uncertainty and the Uncertainty of

Management," International Journal of Political Economy, Vol. 17, No. 3, (Fall 1987) : 57-87.

4. Aris Accornero, "Torino da laboratorio a caso limite," Politica ed economia, n0. 1, (January 1988).

5. For how this happened in the United States, see Lloyd Ulman, The Rise of the National Union, (Cambridge, MA. : Harvard University Press, 1955). For Italy, see Daniel L. Horowitz, The Italian Labor Movement, (Cambridge, MA. : Harvard University Press, 1963); and Bianca Salvati, "The Rebirth of Italian Unionism, 1943-54," in The Rebirth of Italy, 1943-1950, Stuart J. Wolfe, ed., (London : Longman, 1972).

6. Katherine Van Wezel Stone, "Labor and the Corporate Structure : Changing Conceptions and Emerging Possibilities," The University of Chicago Law Review, Vol. 55, No. 73, (1988).

7. For more on this, see Sergio Turone, Storia Del Sindacato in Italia, (Bari : Laterza, 1976); Joseph La Palombara, The Italian Labor Movement : Problems and Prospects (Ithaca: Cornell University Press, 1957); and Joseph A. Raffaele, Labor Leadership in Italy and Denmark, Madison, WI : University of Wisconsin Press, 1962).

8. See Maurice F. Neufeld, Italy : School for Awakening Nations, (Ithaca, N.Y. : New York State School of Industrial and Labor Relations, Cornell University, 1960) for an interesting analysis of this period.

9. For more on the Italian union movement during this period, see Peter Lange and Maurizio Vannicelli, "Strategy Under Stress : The Italian Union Movement and the Italian Crisis in Developmental Perspective," in Peter Lange, George Ross, and Maurizio Vannicelli, Unions, Change and Crisis, (Boston : George Allen and Unwin, 1982).

10. Ettore Santi, "L'evoluzione delle strutture di categoria : il caso Cisl," Prospettive Sindacale, n. 48, 1983.

11. During the 1970s, the national confederations negotiated with employers' organizations and the government over economy-wide agreements while the factory councils, in conjunction with the provincial unions, bargained over a wide range of issues, including wages and working conditions. As a result, confusion and conflict among these three levels of the union hierarchy ensued. For more on this general process, see Tiziano Treu, "Centralization and Decentralization in Collective Bargaining," Labour, vol. 1 (1987)." 147-175. For how this influenced negotiations at Fiat, see Tom Dealessardri and Maurizio Magnabosco, Contrattare alla Fiat (Rome : Edizions Lavoro, 1987).

12. A note of clarification. The three metalworkers unions united as the FLM in the early 1970s and continued in this form through most of the 1980s. Workers, however, can be members of either the individual unions or the FLM.

13. For more on the importance of the metalworkers, see Miriam Golden, Labor Divided : Austerity and Working Class Politics in Contemporary Italy, (Ithaca : Cornell University Press, 1988).

14. An interesting analysis of this process is presented in Fabrizio Barca and Marco Magnani, L'Industria For Capitale e Lavoro, (Bologna : Il Mulino, 1989). See also Maurizio Ferrera, "Politics, institutional features, and the government of industry," in State, Market, and Social Regulation : New Perspectives on Italy, Peter Lange and Marino Regini, eds., (New York : Cambridge University Press, 1989); and CER-IRS, Quale Strategia Per L'Industria?, (Bologna : Il Mulino, 1986).
15. See Raul Nacamulli, Giovanni Costa and Luigi Manzolini, La Razionalita Contrattata, (Bologna : Il Mulino, 1986) and Arnaldo Camuffo, "Relazioni Industriali E Performance D'Impresa : Alcune Implicazioni Delle Trasformazioni Del Sistema Di Relazioni Industriali," Tesi di Laurea, Facolta' Di Economia E Commercio, Universita' Degli Studi Di Venezia, 1984.
16. For more on this, see Richard Locke and Serafino Negrelli, "Il Caso Fiat Auto," in Marino Regini and Charles Sabel, eds. Strategie di Riaggiustamento Industriale, *op. cit.*
17. Daniella Guidotti, Strategia Generale E Azione Decentrata, (Milan : Franco Angeli, 1986); and Giovanni Provasi, ed., il gioco negoziale, (Milan : Franco Angeli, 1987).
18. This section draws heavily on Duccio Bigazzi, "Management Strategies in the Italian Car Industry 1906-1945 : Fiat and Alfa Romeo," in The Automobile Industry And Its Workers, Stephen Tolliday and Jonathan Zeitlin, eds., (Cambridge, U.K. : Polity Press, 1986); Valerio Castronovo, Giovanni Agnelli. La Fiat dal 1899 al 1945, (Turin : Einaudi, 1977); Angelo Michelsons, "Turin Between Fordism and Flexible Specialization : Industrial Structure and Social Change, 1970-85," Ph.D. Dissertation, Cambridge University, 1986; and Simonetta Ortaggi, "Padronato e classe operaia a Torino negli anni 1906-1911," Rivista di Storia Contemporanea, 3 (1979) : 321-366.
19. For more on this, see Giuseppe Berta, "Dalla manifattura al sistema di fabbrica : razionalizzazione e conflitti di lavoro," in Storia D'Italia Annali I, (Turin : Einaudi, 1978). The union leadership's own explanation for this shift can be found in Bruno Buozzi, "Per L'Organizzazione Dei Metallurgici A Milano," published originally in Il Metallurgo, February 20, 1910 and reprinted in Metalmecanici : Documenti Per Una Storia, Gianfranco Bianchi and Giorgio Lauzi, eds., (Bari : De Donato, 1981).
20. Alan Altshuler, et.al., The Future of the Automobile, (Cambridge, MA. : MIT Press, 1984).
21. For more on the reorganization of Fiat, see Richard Locke and Serafino Negrelli, "Il Caso Fiat Auto," in Marino Regini and Charles F. Sabel, Strategie Di Riaggiustamento Industriale, (Bologna: Il Mulino, 1989).
22. For more on this episode, see Alberto Baldissera, "Alle origini della politica della disuguaglianza nell'Italia degli anni '80: la marcia dei quarantamila," Quaderni di Sociologia, XXXI, 1984; and G. Bonazzi, "La lotta dei 35 giorni alla Fiat: un'analisi sociologica," Politica ed Economia, 11, 1984.
23. Interestingly enough, the union already possessed information suggesting its lack of rank and file support. See A. Accornero, A. Baldissera and S. Scamuzzi, "Ricerca di massa sulla condizione operaia alla Fiat", Bollettino CESPE, 2, (February

1980).

24. These and other figures on Fiat's restructuring were obtained during field research in Turin in 1986-1989. This field research entailed interviews with company managers, union officials, and local and national government leaders. See Richard M. Locke, "Local Politics and Industrial Adjustment: The Political Economy of Italy in the 1980s," Ph.D. Dissertation, Department of Political Science, MIT, February, 1989 for more details.
25. This figure was taken from Aldo Enrietti, "La Caduta Dell'Occupazione Alla Fiat," Ex Macchina, n. 1, 1986; For more on the expulsion of union activists, see figures in A. Becchi Collida and Serafino Negrelli, La Transizione Nell'Industria E Nelle Relazioni Industriali: L'Auto E Il Caso Fiat, (Milan: Franco Angeli, 1986).
26. For more on this, see Giovanni Contini, "The Rise and Fall of Shop-Floor Bargaining at Fiat 1945-80," in Steven Tolliday and Jonathan Zeitlin, eds., The Automobile Industry and Its Workers, (Cambridge, UK : Policy Press, 1986); and the interview of Cesare Cosi in Gabriele Polo, i Tamburi di Mirafiori, (Turin : RIC Editore, 1989).
27. Vittorio Reiser, "Immagini Del Progresso Tecnologico E Del Lavoro," Ex Macchina, n. 2, 1986.
28. Figures from FLM, Turin, December 31, 1986.
29. See Roberto Cardacci, "Gli Effeti Sociali Della Ristrutturazione: La Cassa Integrazione A Torino Dopo il 1980," in Angelo Michelsons, ed., Tre Incognite Per Lo Sviluppo, (Milan: Franco Angeli, 1985).
30. For more on the early years at Alfa Romeo, see Duccio Bigazzi, Il Portello : Operai, tecnici e imprenditori all'Alfa-Romeo 1906-1926, (Milan : Franco Angeli, 1988).
31. Gianni Geroldi and Antonio Nizzoli, L'Alfa Romeo : il mercato, la struttura, le risorse d'azienda, le prospettive, (Milan : FIM-CISL, 1986).
32. See Emilio Reyneri, "Maggio Strisciante : L'inizio della mobilitazione operaia," in Alessandro Pizzorno, et. al., Lotte operaie e sindacato : il ciclo 1968-1972 in Italia, (Bologna : Il Mulino, 1978); Massimo Roccella, "La Composizione Dei Conflitti Di Lavoro Nella Grande Impresa : Il Caso Dell'Alfa Romeo Di Arese," Giornale di diritto del lavoro e di relazioni industriali, n. 14, (1982) : 251-273; and Martin Slater, "Migration and Workers' Conflicts in Western Europe," Ph.D. Dissertation, Department of Political Science, M.I.T., October, 1976.
33. See Giovanni Costa and Claudio Gradara, Impresa e Relazioni Industriali : Alfa Fomeo, Italsider, e Olivetti, (Padora : LEDAM, 1984).
34. See, for instance, Dario Salerni, Sindacato E Forza Lavoro All'Alfasud : Un Caso Anomalo Di Conflittualita` Industriale, (Turin : Einaudi, 1980).
35. Marco Frey, "Ristrutturazione Ritardata E Conseguenze Occupazionali : Il Caso Alfa Romeo," Economia e politica industriale, n. 59 (September 1988).

36. Giuseppe Medusa, L'Impresa Tra Produttività E Consenso : il caso Alfa Romeo, (Milan : ETAS Libri, 1983).
37. Gianni Geroldi and Antonio Nizzoli, op. cit.
38. See Giuseppe Volpato, L'Industria Automobilistica Internazionale, (Padova : CEDAM, 1983) : 441-455.
39. See Wolfgang Streeck, "Industrial Relations and Industrial Change : The Restructuring of the World Automobile Industry in the 1970s and 1980s," Economic and Industrial Democracy. Vol. 8, (1987) : 437-462.
40. Giuseppe Medusa, "Condizioni di impiego nella grande impresa : il caso Alfa Romeo-Arese," Osservatorio sul mercato del lavoro e sulle professioni, n. 11-12, (1979) : 54-78; and Raffaella Montini, "Il Caso Alfa Romeo : anni settanta," unpublished manuscript, Camera del Lavoro di Milano, 1986.
41. Arnaldo Bagnasco, "La costruzione sociale del mercato: strategie di impresa e esperimenti di scala in Italia," Stato E Mercato, n. 13, April 1985; Mark Granovetter, "Social Structures and Economic Action : The Problem of Embeddedness," American Journal of Sociology, Vol. 91, N. 3 (November 1985) : 481-510; and Carlo Trigilia, "La regolazione localistica : economia e politica nelle aree di piccola impresa," in U. Ascoli and R. Catanzaro, La Società Italiana Degli Anni Ottanta, (Bari : Laterza, 1987).
42. The idea of linkages between or clustering of these features is something various scholars have written about when discussing national systems of industrial relations. See, for example, Marc Maurice, Francois Sellier, and Jean-Jacques Silvestre, "The Search for a Societal Effect in the Production of Company Hierarchy : A Comparison of France and Germany," in Internal Labor Markets, Paul Osterman, ed., (Cambridge, Ma. : MIT Press, 1984); and Wolfgang Streeck, "Industrial Relations and Industrial Change : The Restructuring of the World Automobile Industry in the 1970s and 1980s," Economic and Industrial Democracy, Vol. 8, (1987) : 437-462. In this paper, I am applying this concept to sub-national models of labor-management relations.
43. See Valerio Castronovo, Impresa ed economia in Piemonte dalla "grande crisi" ad oggi, (Turin, UTET, 1979); and Angelo Michelsons, "Turin between Fordism and Flexible Specialization", Ph.D. Dissertation, Cambridge University, 1986.
44. See Valerio Castronovo, Giovanni Agnelli, (Turin, Einaudi, 1977); and Piero Bairati, Valletta, (Turin, UTET, 1983) for the specific case of Fiat. For a more general discussion of how management worldviews shape organizational features, see Edgar H. Schein, "The Role of the Founder in Creating Organizational Culture," Organizational Dynamics, (1983): 13-28.
45. For more on the labor movement at Fiat, see various essays in Aldo Agosti and Gian Mario Bravo, eds., Storia Del Movimento Operaio, Del Socialismo E Delle Lotte Sociali in Piemonte, (Bari: De Donato, 1980); Renzo Gianotti, Trent'Anni Di Lotte Alla Fiat 1948-1978, (Bari: De Donato, 1979); and Miriam A. Golden, "Historical Memory and Ideological Orientations in the Italian Workers' Movement," Politics and Society, Vol. 16, No. 1, (1988).

46. See Vittorio Reiser, "Come si riproduce un'avanguardia" in Aris Accornero and Vittorio Reiser, Il Mestiere Dell'Avanguardia, (Bari: de Donato, 1981).
47. Arnaldo Bagnasco, Torino: Un Profilo Sociologico, (Turin: Einaudi, 1986): chapter 4.
48. Luigi Berzano, et. al., Uomini Di Frontiera: "Scelta Di Class" E Trasformazioni Della Coscienza Cristiana A Torino Dal Concilio Ad Oggi, (Turin: Cooperative di Cultura L. Milani, 1984).
49. Tom Deallesandri and Maurizio Magnabosco, Contrattare Alla Fiat, (Rome: Edizioni Lavoro, 1987).
50. For more on the unions at Alfa and how they differed from those at Fiat, see Carol Anne Mershon, "The Micropolitics of Union Action : Industrial Conflict in Italian Factories," Ph.D. Dissertation, Department of Political Science, Yale University, May, 1986.
51. Amalia Fumagalli, "Lo sviluppo dell'area metropolitana milanese," in R. Mainardi and C. Tombola, eds., Grandi Citta` E Aree Metropolitane, Vol. I, (Milan : Franco Angeli, 1982).
52. For more on this episode, see Fabrizio Carmignani, "Il `sindacato di classe' nella lotta dei 35 giorni alla Fiat," Politica ed Economia, n. 11, 1984.
53. As argued by Lloyd Ulman in "Connective Bargaining and Competitive Bargaining," Scottish Journal of Political Economy, Vol. XXI, N.2, (June, 1974) : 97-109.
54. See for instance, Percy A. Allum, Italy -- Republic without government?, (New York : W.W. Norton and Co., Inc., 1973); Perry Anderson, "Italy" in Lineages of the Absolutist State, (London : Verso, 1979); Derek Beales, The Risorgimento and the Unification of Italy, (London : Longman, 1981); Antonio Gramsci, "Notes on Italian History," in Quintin Hoare and Geoffrey Smith, eds., Selections from the Prison Notebooks of Antonio Gramsci, (New York : International Publishers, 1971); and Stephen Hellman, "The Emergence of the Modern Italian State," in Mark Kesselman and Joel Krieger, eds., European Politics in Transition, (Lexington, MA. : D.C. Heath and Co., 1987) : ch. 16.
55. For an interesting discussion of the concept of exceptionalism in labor history, see Aristide R. Zolberg, "How Many Exceptionalisms?," in Ira Katznelson and Aristide R. Zolberg, eds., Working Class Formation, (Princeton : Princeton University Press, 1986).
56. See Horst Kern and Charles Sabel, "Trade Unions and Decentralized Production : A Sketch of Strategic Problems for the West German Labor Movement," unpublished paper, February, 1990; Kristina Ahlen, "Swedish Collective Bargaining Under Pressure : Inter-Union Rivalry and Incomes Policies," British Journal of Industrial Relations, 27, no. 3 (November 1989) : 330-346; Nils Elvander, "Incomes Policies in the Nordic Countries," International Labour Review, 1990; and Thomas A. Kochan, Harry C. Katz, and Robert B. McKersie, The Transformation of American Industrial Relations, (New York : Basic Books, 1986).

57. See various essays in Private Interest Government : Beyond Market and State, Wolfgang Streeck and Philippe C. Schmitter, eds., (London : Sage Publications, 1985); and Jurg Steiner's excellent review article, "The Consociational Theory and Beyond," Comparative Politics, Vol. 13, N. 3, (April 1981) : 339-354.

58. Illustrative of this trend is the evolution of Michael Porter's work on the subject. Compare Michael E. Porter, Competitive Strategy : Techniques for Analyzing Industries and Competitors, (New York : The Free Press, 1980) with his essay, "Competition in Global Industries : A Conceptual Framework," in Competition in Global Industries, Michael E. Porter. ed., (Boston : Harvard Business School Press, 1986) and his most recent book The Competitive Advantage of Nations, (New York : The Free Press, 1990) to see how generic corporate strategies evolve from being conceived in domestic, then global and finally in regional terms. See also Charles Sabel, "Flexible Specialization and the Re-emergence of Regional Economies," in Reversing Industrial Decline, Paul Q. Hirst and Jonathan Zeitlin, eds., (London : Berg, 1989) for a stimulating essay on this development.

Table 1

Dates of Metalworkers National Contract Renewals  
and of Integrative Contracts for FIAT Group  
and FIAT Auto (1970-1988)

<u>Level</u>	<u>Date</u>	<u>Date</u>	<u>Date</u>	<u>Date</u>	<u>Date</u>	<u>Date</u>
Metal Workers National Contract Renewal	01.08.70	04.19.73	05.01.76	07.16.79	09.01.83	01.18.87
National/Firm Contract Time Lag (Months)	7	10	14	16	29	18
Integrative Contract Renewal						
FIAT Group	08.05.71	03.09.74	07.07.77	10.16.80	02.11.86	07.10.88
FIAT Auto	--	11.30.74	07.03.78	07.13.81	10.22.83	05.04.87
	--	07.04.75	--	--	03.13.83	--

Source: Elaboration on CGIL and FIAT data.

Table 2

**Metalworkers National Contract Renewal Dates (1973-1987)**

<u>Signature</u>	<u>Effectiveness</u>	<u>Maturity</u>	<u>Vacancy Period Months (M-S)</u>	<u>Renewal Lag (Months)</u>
01.08.70				33
04.19.73	01.01.73	12.31.75		37
05.01.76	05.01.76	01.01.79	5	39
07.16.79	07.16.79	12.31.81	7	50
09.01.83	09.01.83	12.31.85	9	41
01.18.87	01.01.87	12.31.89	13	

**Source:** Elaboration on CGIL Data.

TABLE 3

**Work Hours Lost Due to Union Actions and Absenteeism**

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
# of hours lost due to union actions	785	669	1,071	778	565	152	365
# of hours lost due to absenteeism	9,152	6,423	3,927	3,147	2,664	1,936	2,585

**Source:**

Mario Frey, "Ristrutturazione Ritardata E Conseguenze Occupazionali : Il Caso Alfa Romeo," in Economia e politica industriale, n. 59, 1988, p. 67.

TABLE 4

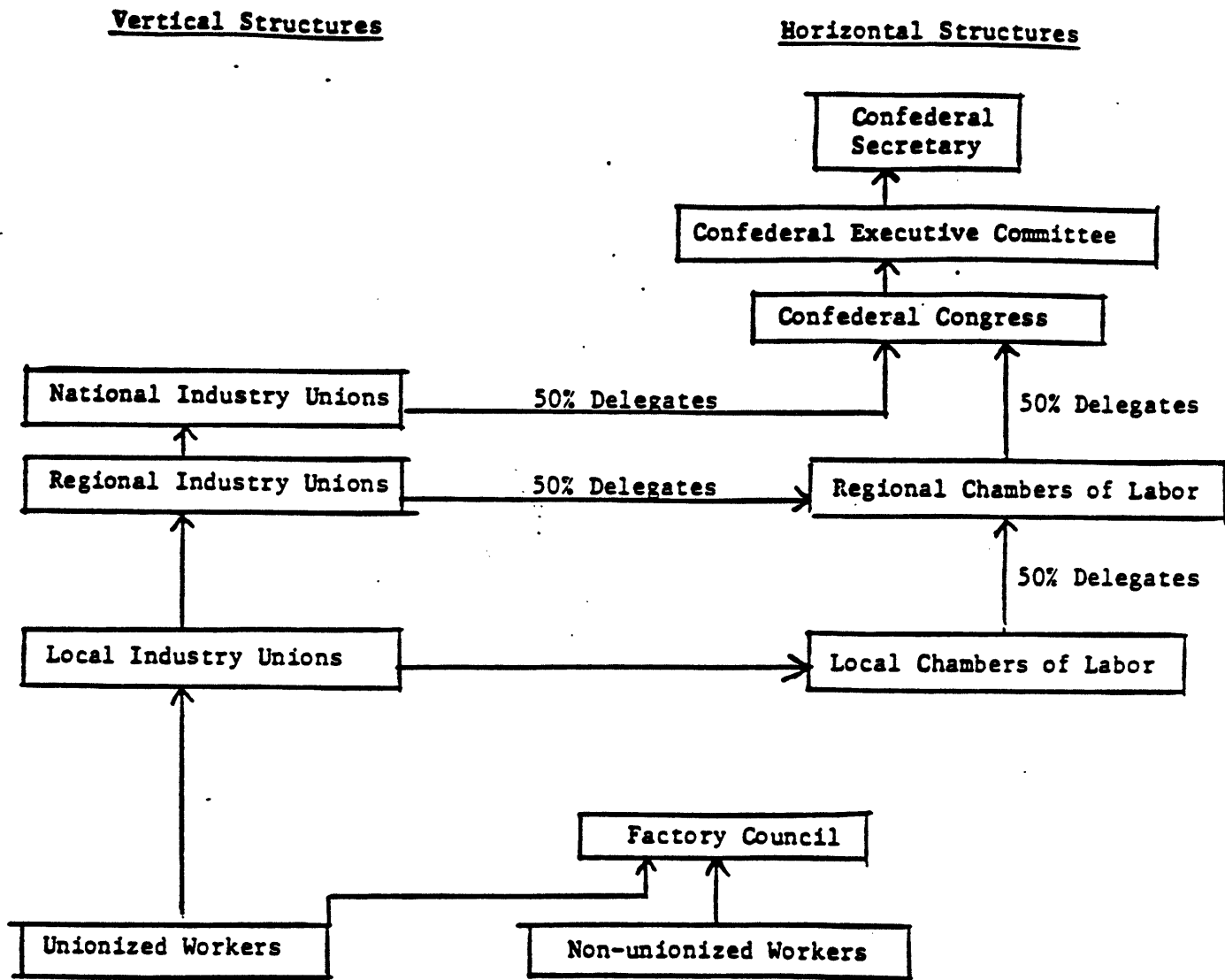
Unionization Rate at Alfa Romeo Arese Plant

	<u>May 1987</u>	<u>April 1988</u>
FIOM-CGIL	4,462 (30.5%)*	3,300 (26.6%)
FIM-CISL	2,211 (15.0%)	1,200 ( 9.7%)
UILM-UIL	655 ( 4.5%)	513 ( 4.1%)
FLM	708 ( 5.0%)	450 ( 3.6%)
Total	8,036 (55.0%)	5,463 (44.0%)

\*Figures in ( ) indicate % of total # of employees belonging to the unions.

Source: Marco Frey, "Ristrutturazione Ritardata E Conseguenze Occupazionali :  
Il Caso Alfa Romeo," in Economia e politica industriale, n. 59, 1988,  
p. 85.

Figure 1. Organizational Structure of the Italian Union Movement



Adapted from Guido Romagnoli and Giuseppe Della Rocca, "Il sindacato," in Gian Primo Cella and Tiziano Trev, eds., Relazioni industriali : Manuale per l'analisi dell'esperienza italiana, second edition. (Bologna : Il Mulino, 1989).