Economic Development and Industrial Relations in a Small-Firm Economy: The Experience of Metalworkers in Emilia-Romagna, Italy

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Economic Development and Industrial Relations in a Small-Firm Economy

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One example often referred to in discussions of successful economic restructuring is the “Third Italy,” particularly the Emilia-Romagna region of north-central Italy. And yet in the growing literature on Emilia-Romagna there is often little mention of the role of industrial relations in this predominantly small-firm economy. This chapter seeks to explain the history and results of a proactive collective bargaining strategy developed by the Federazione Impiegati Operai Metallurgici (FIOM), the metal-mechanical union affiliated with the Confederazione Generale Italiana del Lavoro (CGIL), in the context of the successful industrial restructuring of the Emilian economy.

The FIOM, with almost 70,000 members in the region (Catholic and Republican affiliates have 16,000 members), in an industry sector with a 55 percent unionization rate, has used its strength to pursue a proactive collective bargaining strategy designed to increase worker participation and control.1 Leveraging needed organizational change within the firm to gain greater autonomy and an expanded role in the restructuring process, the FIOM is trying to “regain” control of work layout and job design. The goal of the FIOM approach is to establish an ongoing, autonomous union role in what are often referred to as areas of management prerogative (such as work layout and staffing) inside individual firms (intrafirm). Yet, given the complex web of relations between firms (interfirm) in Emilia-Romagna, the FIOM strategy is
also clearly intended to promote an active union role in defining inter-firm relations as well.

The initial objective of the FIOM strategy is to expand the scope of collective bargaining to establish interdisciplinary (cutting horizontally across existing vertical hierarchies), autonomous work groups, thereby bilaterally determining job design and layout. Once established, these work groups will pursue productivity improvements and be rewarded based upon the results achieved. However, because of the autonomy of the work groups, management does not automatically gain access to the methods whereby the productivity improvements were achieved. Therefore, by attempting to establish ongoing autonomy and control over production decisions, the FIOM of Emilia-Romagna is redefining the boundaries of collective bargaining and industrial relations.

Background

Industrial relations have been in a state of flux for the past few decades, with the Italian situation exhibiting considerable volatility. Twenty-five years ago the Italian labor movement found itself with formal recognition guaranteed by the Italian constitution, but with very little real power and almost no presence inside the factory. The union federations—Communist/Socialist (CGIL), Catholic (CISL), Republican (UIL)—were numerically significant, yet they lacked effective power both on the shop floor and at the national policymaking level. This situation of formal recognition but de facto exclusion was swept away by the social unrest of the late 1960s and the “Italian Hot Autumn” of 1969. Throughout this phase of rapid ascendancy on the part of labor and the working class, the union movement played a varied role, from that of catalyst to reactive captive, attempting to “ride the tiger.” Nonetheless, despite a somewhat contradictory approach, by the mid-1970s the Italian labor movement was considerably strengthened and therefore had much to lose in the subsequent period of resurgent capital.

During the late 1960s and early 1970s, the Italian labor movement succeeded in establishing, or co-opting, factory-based workers councils (consigli di fabbrica) while simultaneously achieving a national
role in setting macroeconomic policy. Utilizing a process of political exchange, the Italian union federations were able to insert themselves into a tripartite, neo-corporatist bargaining process involving government and industry. Once having gained a seat at the national policymaking table, the union federations used their ability to control the political activities of their members (e.g., strikes, job actions, and broader demonstrations) in exchange for favored macroeconomic and social policy. The passage of the Italian Labor Bill of Rights (Statuto di Lavoro) in 1970, the legislative response to the unrest of 1968-69, proved to be the most enduring result of this period of tripartite bargaining.

Relations between the three national trade union federations—CGIL, CISL, and UIL—also improved dramatically during the 1970s. Increased cooperation among them led to the adoption in February 1978 of a common platform, the EUR Accord, and it appeared as though a new era of industrial relations was beginning. The post-EUR optimism proved to be short-lived.

Union solidarity ruptured when CISL, UIL, and part of the CGIL supported the Craxi government plan to limit the wage indexing system (scala mobile) in 1984. The metalworkers union, the Federazione Lavoratori Metalmeccanici (FLM), officially broke apart in February 1984, although the crisis had been in the making since 1979-80. In particular, the failed 35-day strike at FIAT in 1980 was emblematic, marking a significant shift in power away from unions and toward management initiative. After the 35-day strike, FIAT management moved quickly to reassert complete control over the organization of the factory by using technology to unilaterally restructure the firm.

Throughout Italy firms followed FIAT's lead as industry restructured to the detriment of organized labor. Management began to outsource components, followed by whole subassemblies, in order to circumvent large unionized firms. Growing decentralization, fueled by outsourcing, contributed substantially to the proliferation of small firms; and as some of these firms increased their sophistication and capacity to meet market demand, local industrial agglomerations began to coalesce. The development of a broad range of business services, including market, financial, and production assistance, by trade associations and some local governments assisted small firms in achieving certain "external" economies of scale. Shaped by the decentralization
process and the subsequent interventions on behalf of trade associations and government, Emilia-Romagna evolved into one of the most advanced examples of a small-firm economy. Today, while some large, vertically integrated firms continue to operate in the region (FIAT's tractor factory in Modena is one example), the Emilian reality is predominantly one of small and medium-sized firms.

Located in the heart of what has come to be known as the Third Italy (an area stretching from the Veneto to Tuscany), the Emilia-Romagna region of north-central Italy provides a useful example of dynamic economic development. This region has undergone a dramatic transformation in the past 50 years, moving from fascist domination and civil war to a situation of broad economic well-being and political domination by the Italian Communist Party (PCI). The present, unquestionably fluid situation in which the PCI is attempting to "refound" itself does not negate over 40 years of the PCI's rule.

The PCI's historic Bologna Congress of March 1990 confirmed the initiative to reconstitute the party, and at the Rimini Congress in early 1991, the PCI officially became the Partito Democratico della Sinistra (Democratic Party of the Left—PdS). Different interpretations of the new course remain and the divisions could well be destabilizing for the PdS. PdS Secretary, Achille Ochetto, the architect of the transformation, was himself rebuffed at the Rimini Congress by not being reelected Secretary on the first ballot, although he was reelected on the second ballot. Still, Ochetto, his cadre of quarantenne (40-year-olds, a reference to youth and an acknowledgment that the post-World War II generation has taken the lead within the party apparatus), and the normally allied reformist "miglioristi" wing of the party appear to have mustered a somewhat unstable majority.

Long-term PCI control over local governments has made Emilia-Romagna a center of activity for both the miglioristi and the postwar militants. Often in conflict in the past, many members of these two groups found themselves united in the "si" (promajoritarian/Ochetto platform) coalition during the heated internal debate that led to the demise of the PCI and the simultaneous birth of the PdS. Perhaps more important, the transformation of the PCI into the PdS is, according to the majoritarian position, an attempt to broaden the party to include other progressive forces. In this respect, Emilia-Romagna has
been a leading example of inclusive politics based on the dominant electoral position of the PCI.

Coalition politics and government are familiar situations in Emilia-Romagna where the PCI has usually preferred to govern with the Italian Socialist Party (PSI). Recent, exclusively PCI, "monocolore" governments appeared to challenge the norm of coalition, but the municipal elections of May 1990, in which the PCI continued to lose votes, led to a return of coalition government.

Since July 1990, Bologna (the capital of Emilia-Romagna) has been governed by a PCI, PSI and Psdi (Italian Social-Democratic Party) coalition headed by Renato Imbeni of the PdS, member of the European Parliament and mayor since 1983. At the regional level, the numerical impossibility of a local equivalent to the ruling national coalition (the pentapartito or five-party coalition comprised of the Christian Democrats, PSI, Psdi, Republicans and Liberals) led to a regional agreement between the PCI, PSI, Psdi and the Republican Party. These recent political changes have resulted in the election of Socialist Enrico Boselli as President of the region.14

In terms of industrial policy, the Regional Ministry of Industry, traditionally the domain of the PCI, is now in the hands of the Republican Party. The Republican Party is not a formal member of the governing coalition, but the Republicans agreed to support the new government and were given the Regional Ministry of Industry as part of that agreement. Whether or not these political changes will lead to any significant shifts in industrial policy remains to be seen.

The Emilian Economy

At the end of World War II, the local economy of Emilia-Romagna was primarily agricultural, with the manufacturing that did exist being concentrated in a small number of large, vertically integrated firms.15 This situation changed drastically during the 1950s and 1960s as agriculture was replaced by manufacturing as the dominant economic activity in the region.

It was also during the immediate post-World War II period that an active cooperative sector began to reassert itself.16 Originally, the co-op
movement was based in the agricultural sector, but it quickly spread to construction, food processing and distribution, light manufacturing, and transportation. Today, many Emilian co-ops have become large enterprises, dominating some industry sectors (construction, food processing and distribution) and active in all economic areas.¹⁷

As industry grew, there was a concomitant deterioration of the dominance of a few sizable manufacturing firms and a proliferation of flexible, specialized small firms. Today, Emilia-Romagna, with a population of almost 4 million, has over 325,000 individual firms. More than 90 percent employ fewer than 50 people, and almost 40 percent of the workforce is engaged in manufacturing. The results of this decentralized, yet integrated, system of firms are striking.

• Wage rates are almost double the Italian average.
• Productivity is among Europe’s highest.
• Exports are increasing (7.9 percent of Italian exports originated in Emilia-Romagna in 1973; 10.2 percent in 1986).
• Per capita income grew faster than the Italian average between 1970 and 1979; by 1979 per capita income in the region was 127 percent of the national average. During the same 1970-79 period, the provinces of Modena and Reggio moved from seventeenth and twelfth in national income rankings to second and fourth, respectively (Brusco 1982).
• From 1971 to the present, Gross Regional Product has increased over 50 percent.¹⁸

Overall, the economy of Emilia-Romagna has proved to be both resilient, specializing in high value-added products, and adaptable, adjusting quickly to market fluctuations. A system of auxiliary industry services that operate through pooled resources, accessible programs, and accountable member organizations has directly contributed to the high level of technical expertise attained by individual firms.
Decentralized Production and Flexible Manufacturing

Initially, the small firms of Emilia-Romagna served large enterprises as dependent subcontractors, and some of those relationships continue today. For example, many of the Modena artisans continue to supply components, or specialized manufacturing services such as grinding and heat treating, to FIAT's tractor factory, one of the remaining large, vertically integrated firms in Emilia-Romagna. Still, to overcome the negative consequences of being dependent subcontractors, many small shops learned to diversify their client base through horizontal linkages to other small firms. This process was accelerated as small firms decided to pursue discrete specializations in order to differentiate their activities and expertise from that of other small firms.

Relationships of trust grew as firms subcontracted among themselves rather than refusing to take on contracts too large for the individual shop. Informal networks developed, especially in the tightly knit industrial districts in and around Bologna, Modena, and north along the via Emilia (Carpi, Reggio-Emilia, Piacenza) to Milan.¹⁹

Commercial linkages were also encouraged by the diversification, fragmentation, and customization of market demand, which led firms to adapt flexible production techniques, both internally and externally, through outsourcing. Specialization strengthened commercial linkages, and as the small firms became increasingly independent of large enterprises, they began to coordinate their respective expertise, thereby developing value-adding partnerships.²⁰

Cooperation between firms made it feasible to bid on larger, more valuable contracts, and this in turn stimulated the growth of value-adding chains which could be coordinated to create complete products. Stronger commercial relationships reinforced the tendency of industry sectors to cluster, further stimulating the consolidation of industrial districts comprised of firms involved in different stages of production.²¹ These developments were facilitated by the growth of industry services which helped overcome the traditional limits of small business.

Informal relations between firms have become more structured as some medium-sized local firms have begun to acquire outright, or take a minority equity position in smaller, generally more specialized satel-
lite firms. For example, Corazza, a medium-sized company producing food packaging equipment located outside Bologna, recently bought one of its more sophisticated subcontractors and acquired equity positions in other small suppliers. Similar relations are being established throughout the Emilian economy.

Many of the larger co-ops have grown by merging with other co-ops. Recent studies have also identified significant merger and acquisition activity as many of the Emilian firms are increasingly integrated into the global economy through large multinational corporations.

Industry Services

In Emilia-Romagna, industry services are used not only to support individual firms, but to stimulate shared solutions to what appear at first to be individual problems. At the outset, industry services were provided by trade associations to take advantage of appropriate economies of scale and cut overhead costs for member firms. Because resources could be pooled by trade associations, shared accounting, payroll, and business planning services were available for reduced user fees. Easy access to these services (available to nonmember firms as well, though at a higher price) allows firms to cut costs while concentrating on producing high quality products.

The National Confederation of Artisans (CNA) is the most notable example of a small-firm trade association aggressively involved in providing an array of business services. Formed in the immediate post-World War II period, the CNA has grown to include 340,000 member firms (80,000 in Emilia-Romagna). Nationally, the organization has 2,300 offices and 7,000 employees and is financed through annual membership dues of $100, plus 1 percent of payroll. As with most Italian trade associations, the CNA is organized both geographically and by industry sector. Local CNA chapters are organized at the provincial level and governed by an elected board of directors who must themselves be artisans. Sector-specific trade federations are organized nationally in 27 categories (i.e., metalworking, woodworking, clothing). Thus, artisan firms normally belong to a sector-specific trade federation within provincial chapters of the CNA.
The sector-specific focus allows the CNA and its federations to develop considerable expertise and sophisticated, tailored business services. Sector-specific expertise, channeled into geographically proximal clusters of related firms, allows the CNA staff to maximize its outreach for minimal cost. The democratic and participatory nature of the CNA also facilitates an ongoing process of interaction and exchange of information among member firms. As the CNA began to develop more sophisticated types of business services, member firms grew to expect and therefore demand increased levels of service.

Following the lead of trade associations, the regional and local governments became actively involved in enterprise creation and development. Promoting a system of industry services that facilitates economic development, public planners opted for an "incubator without walls" strategy. Economic development activities focused on:

- assistance in business expansion and new enterprise creation by developing targeted industrial parks for small firms and supporting trade associations and cooperatives to foster new enterprises;
- sectoral technology transfer programs and research services to aid innovation;
- market information, export assistance and support for trade fairs;
- upgrading the entire vocational and technical training system;
- financial assistance for an array of needs including training, group procurement, and purchasing new equipment.

To implement this strategy, a public-private partnership, ERVET, was created by the regional government with the support of local banks and trade associations in 1974. ERVET's industrial policy is geared towards sectors rather than individual firms and designed to provide both vertical (sector-specific) and horizontal (across industries) assistance through technology transfer and marketing service centers located in their respective industrial districts. Established centers include:

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<tr>
<th>Vertical (sector-specific)</th>
<th>CITER (1980) for knitwear and fashion</th>
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<tr>
<td>CESMA (1983) for agricultural machinery</td>
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<tr>
<td>CERCAL (1983) for shoe firms</td>
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The success of the broad, highly articulated economic development infrastructure of Emilia-Romagna is generally acknowledged. Less discussed is the role of industrial relations and organized labor in the Emilian economy. To date, trade unions play no direct role in the established service centers, and unlike local banks, trade associations and educational institutions, labor unions do not sit on the advisory boards of ERVET or the established centers.

The fact that organized labor plays little direct role in the service centers is criticized by the unions, although the criticism is somewhat muted given the leading role of the PCI-PdS and its historic alliance with the trade union movement (especially the CGIL). Still, organized labor's demand to be part of the governing board for a long-anticipated regional research complex, Polo Tecnologica, was the principal impediment that delayed the start of the project for almost three years. Recently, the controversy was settled in labor's favor and the unions will be represented on the governing board of Polo Tecnologica. This in itself is an interesting prospect, since few unions share a similar role in the world's increasingly numerous science parks.
FIOM's Strategy

While the FIOM supports efforts to gain access to the region's economic development apparatus, it has concentrated on using the collective bargaining process to broaden participation and gain more autonomy on the shop floor and increased control over the process of production. As explained by the FIOM's Regional General Secretary, Francesco Garibaldo:

Since the end of the sixties a specific characteristic of the Bolognese metal-mechanical workers' experience is the enduring interest in the organization of work considered as the meeting point of every strategic problem: wage, work environment, pace and intensity of production and career development.28

Focusing on work organization assisted the FIOM in successfully contesting management's efforts during the 1970s to improve productivity by simply speeding up production rather than exploring a more efficient organization of production.

The success of FIOM's bargaining position influenced management's decision to initiate a new investment cycle through the introduction of computer-numerically-controlled equipment. During this phase of technological change and reorganization, the FIOM pursued a policy designed "to contest the capitalistic work organization and to build up the power of the workers over their work conditions." Overall, the strategy was quite successful and workers gained significant power within the firm; piecework was done away with, "the whole wage was a bargained wage" with wage differentials based on skill, and a 35-hour workweek was established.

Management attempts to divide craft activities, such as those of machine tool workers or design engineers, into many unskilled jobs was also resisted. Instead, the FIOM insisted upon an open career for each craft-like activity. Career mobility would be encouraged by requiring that rotation and recomposition schemes be linked to broad-based education courses, rather than more limited task-specific training. These achievements may seem modest, yet when compared to counterparts in the rest of the industrialized world, the FIOM has clearly succeeded where many others have failed.
The FIOM's organizational presence and power inside the firm compelled management to bargain and, in exchange for performance, to increase wages as well as allow for growing self-management over work conditions. However, by 1977 this strategy had reached an impasse; the expansion of outsourcing and supply firms, coupled with the introduction of new computer-based technologies and new organizational criteria combined to erode the gains derived from the FIOM's policies.29

Searching for a new approach, FIOM concentrated on building up craft-based professional areas (technicians, design engineers, operators and fitters) but strong management pressure for increased flexibility limited the FIOM strategy to "a few small experiments."30 Given these unsatisfactory results, FIOM continued to search for a viable alternative.

The Search for an Alternative

The conceptual basis for FIOM's new approach is the belief that the world economy is in the midst of a new industrial revolution. In the emerging industrial order there is a growing tension between the "integration needs" inherent in the increasingly complex organizational and technical aspects of production and the model of social relations. In the "old" social model, employee cooperation was bargained for in a rigid, mechanical (Tayloristic) fashion, resulting in complex, hierarchical work rules. Within the emerging system of production, employee cooperation needs to be of an organic (flexible) nature, involving more interactive problemsolving than was previously the case.

To better comprehend the transition from mechanical to flexible cooperation, the FIOM initiated two research projects. The first aimed at understanding the impact of emerging economic conditions on the structure of the firm and work organization, while the second project concentrated on identifying and comprehending the subjective feelings of the workers about their work experience.31 The results of these two projects were widely discussed as the FIOM debated a new strategy.

From 1985 to 1987, the FIOM began to pull together the methodology needed to pursue an "alternative strategy." The starting point was a
new educational scheme for unionists designed not to rely upon a pre-fabricated set of solutions, but rather promote an interdisciplinary understanding of the new technological and organizational revolution currently underway. This new educational program was in turn linked to a participatory design process geared toward a radical reform of work organization and industrial relations.

Acknowledging that there are diverse strategies to achieve a more "organic cooperation," the FIOM decided to pursue a "democratic alternative" based on interactive work groups. The decision to promote work organization based on group activities was itself a risky one. As pointed out by the FIOM's chief consultant on the project:

Work organized by groups, like work carried out individually, is marked by contradiction. On the one hand, such groups can be manipulated by the mechanisms of management; on the other, they can use the bargaining process to reclaim the ability to manage themselves.

Embracing the dynamic of group experience does not mean adhering strictly to approaches which favor workers alone. Indeed, such an approach can only be subordinate to corporate goals. The issue is rather one of distinguishing between the work organization "produced" by the group in the framework of a given firm, and the group's relationship to worker identity—an equally critical process.

Beginning in 1987, the FIOM began to sign a series of agreements aimed at establishing more participatory cooperation through group-oriented work organization. Briefly, two broad categories of agreements have been signed. The first, and more limited set of agreements, established procedures whereby the unions and factory council delegates would receive advance information on new technologies and/or changes in work organization. Once informed, the union and the delegates can propose an alternative plan which management must review and discuss. The weakness of this first approach is that there is no obligation to come to a mutually acceptable agreement.

The second approach includes the procedures of the first but goes further by establishing bargained patterns of work organization with considerable autonomy from management intrusion for some areas of the firm. In these agreements there are provisions which establish diverse, autonomous work groups. For example, certain agreements
established "unified production groups." The main characteristics of these groups are:

1. The group has autonomy to decide its own task assignments, maintenance, and educational courses for skill development.

2. The group has a coordinator (usually a skilled worker) who coordinates the management of the group. The position of coordinator rotates from every four to six months depending on the agreement.

3. The group workload is bargained for once a year and production beyond the agreed upon amount is rewarded. Other types of groups have been established in specific functional segments of the firm (e.g., design department groups), or for systems integration/assembly (e.g., the "fitting group," which assembles a complex automatic machine).

The specifics vary from firm to firm and agreement to agreement, but the overall approach is consistent; the focus remains the control over the organization of production, autonomy from what is viewed as rigid, hierarchical management control, and "bargained results" where management agrees to reward productivity improvements but, because of the autonomy of the work groups, does not automatically obtain ownership of the method by which the productivity improvements were obtained.

The FIOM is also quick to point out the importance of how the group is established and its role in shaping the worker's identity.

The group planning phase is not a technical one, but is rather one of the processes by which workers' identity is formed in relation to both the company and the socio-political context. Hence the benefits of this reorganization of work are continuously channeled in two directions: towards the company and towards the workers. On the one hand, this approach results in the reduction of lead time and the improvement of product quality; on the other, it tends to strengthen the relationship between professional experience and identity.\textsuperscript{34}

The importance of the group's autonomy from management is paramount for the FIOM. According to FIOM strategists, autonomy within
the firm (intrafirm) could eventually be used to establish contact across firms (interfirm) without having to go through the normal channels of management hierarchy. The FIOM believes the results would be a more efficient and flexible system of production that acknowledges and rewards the efforts of members.

To date the FIOM of Emilia-Romagna has successfully signed dozens of contracts which, to varying degrees, create autonomous work groups within the firm (see appendix). Still very much in the experimental stage, the strategy did nevertheless receive a sympathetic hearing at the FIOM's 1988 National Congress, but no formal endorsement was forthcoming.

The success at the intrafirm level has not yet been expanded to entail interfirm linkages; informally, however, on a problem-solving basis, work groups have begun to communicate across firms. At the Ferrari factory in Maranello, a suburb of Modena, the installation of a sophisticated flexible machining system (FMS) to machine engine blocks presented a complex set of problems that needed to be resolved quickly to bring the system on-line.

The FMS, a complex series of computer-integrated machining centers, is made by Mandelli in nearby Piacenza. Communication through the respective Ferrari and Mandelli management hierarchies proved to be a time consuming, inefficient way to debug the FMS. Therefore, the work group installing the system found it necessary to circumvent management hierarchies and establish direct contact with the Mandelli team that built the FMS. In this case, a telephone link from one shop floor to the other proved more effective than the established corporate channels of communication.

Although the contracts signed so far have involved mostly medium-sized firms, the metalworkers have not neglected the artisan firm sector, signing their first contract (involving all three metalworkers unions) with the National Confederation of Artisans (CNA) in 1984. Efforts to expand this precedent to other sectors have been slow to show results. A modest breakthrough occurred in 1989 when the textile workers unions signed a contract with the Emilia-Romagna CNA and continued to pressure the other small-firm associations.

At the national level, recent legislation extended employee protection from arbitrary dismissal to include the artisan firms, further incorporating the small-firm sector into the national industrial relations
system. Still, much remains to be done within both the Italian and overall European contexts to bring small firms into a more regulated system.

The innovative bargaining approach developed by the FIOM of Emilia-Romagna, and the results achieved, argue well for the possibility of a more democratic alternative to hierarchical, rigid production systems. However, the limited role of organized labor in many of the economic development agencies in Emilia-Romagna may prove to be an impediment to continued successful economic restructuring.

NOTES

1. In the 1970s, combined support for the metalworkers unions was 110,000. The 55 percent unionization rate is an aggregate figure; roughly 75 percent of the production workers are organized, but only 20 percent of the clerical/white-collar staff. (Figures supplied by the FIOM.)


3. For the immediate post-World War II period, see, Aris Accornero, Gli anni'50 in fabbrica (Bari: De Donato, 1973).


7. FIAT proposed that 24,000 workers be placed in Casa Integrazione, a state-financed redundancy/layoff fund. The union rejected this proposal and broke off relations. FIAT responded by declaring its intention to fire 15,000 workers. The ensuing strike lasted 35 days until FIAT foremen and supervisors organized a successful demonstration when 40,000 people marched silently through Turin protesting for a return to work. For more see, Alberto Baldissera, “Alle origini della politica della disuguaglianza nell'Italia degli anni '80: la marcia dei quarantamila,” Quaderni di
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13. Local leaders from very diverse perspectives, such as Irene Rubini, Regional Secretary of the Confederazione Nazionale dell’Artigianato (the artisan/small-firm trade association) and Lanfranco Turci, President of Emilia-Romagna for most of the 1980s and recent head of the national “red” co-op league, all long-standing miglioristi, found themselves aligned with Francesco Garib-
aldo, Regional Secretary of the FIOM trade union and Antonio LaForgia, a former Bologna City Council Member, individuals traditionally associated with Pietro Ingrao (historic leader of the left-wing of the PCI and prominent spokesperson for the "no" coalition).

14. La Republica, 7/17/90.


16. The Italian cooperative movement began through the agitation of the agrarian wing of the Italian Socialist Party, especially early leaders such as Massarenti who was particularly active in Romagna. For a good history describing 19th Century roots, see, Giulio Sapelli, ed., Il movimento cooperativo in Italia (Turin: Einaudi, 1981).

17. In 1988 the Lega Emilia-Romagna ("red" co-op league), comprised 1,750 individual co-ops, with 60,580 employees and 916,762 soci (co-op members). The largest categories remain the agriculture and consumer sectors but there are over 250,000 soci and 30,000 employees in the production and services sectors. For complete details, see, I bilanci delle imprese cooperative 1988 (Bologna: Lega Emilia-Romagna, 1989); for labor relations in the co-ops, see Marco Biagi, Cooperative e rapporti di lavoro (Milan: Franco Angeli, 1983).

18. Information provided by the Regional Government of Emilia-Romagna, Regional Ministry of Industry.


21. Interfirm linkages within industrial districts have been labeled by some observers as "manufacturing networks." See especially C. Richard Hatch, "Learning From Italy's Industrial Renaissance," The Entrepreneurial Economy 6, no. 1 (July/August), 1987. The network concept has in turn been criticized by Bennett Harrison because: "In one degree or another, industrial (like all social) organization has always entailed 'networking.'...Most seriously, the concept of the 'network' lends itself to silence on the question of relations of power and control." See, Bennett Harrison, "Concentration Without Centralization: The Changing Morphology of the Small Firm Industrial Districts of the Third Italy," paper presented to the International Symposium on Local Employment (National Institute of Employment and Vocational Research, Tokyo, Japan, September 12-14, 1989), p. 22.

22. Almost all of the large construction co-ops were formed through mergers between smaller co-ops. For example Co-op Sette, a firm engaged in construction and furniture production, was formed by the merger of six different co-ops, hence its name. At a more international level there is Co-op COM, a furniture producer headquartered near Bologna, with a complex set of joint ventures and strategic alliances stretching around the globe.


25. For a history of the CNA in Modena see, Andrea Tosi, *Il ruolo di una associazione sindacale artigiana nello sviluppo modenese: la CNA dal dopoguerra ad oggi*, Tesi di Laurea, Facoltà di Economia e Commercio, Università di Modena, 1986; for Bologna, see, Maurizio Angelini, "Rapporti fra organizzazioni artigiane ed enti locali nell' esperienza della CNA di Bologna," in Andrea Tosi, ed., *La politica industriale delle regione* (Milan: CLUP, 1983). The CNA is the largest and most significant of four national artisan associations. "Artisan" is a legal category in Italy referring to firms with fewer than 20 employees (excluding family members and apprentices). Owners of artisan firms must also be directly engaged in production work and the firm cannot be structured as a limited liability entity.  


29. For a brief overview of these events in English, see, Francesco Garibaldo, "The crisis of the demanding model and the search for an alternative in the experience of the metalworkers union in Emilia-Romagna," paper presented at Bielefeld University, March 30, 1989.


32. The planning process itself is crucial, as explained by the Fiom consultant:

Whenever we discuss the planning of an area, we necessarily take into consideration the informal roles in the factory, not the structure of job titles and grades, which is the explicit instrument used to redesign different occupational roles, but a much more important structure: the informal statuses created by the interaction of professional, political and cultural experiences and histories.

This explains why, when planning an area, we encounter not the risk, but the certainty of modifying the geography of the work relationship in that particular corporate structure.


36. The Ferrari-Mandelli case study was presented by Oscar Marchisio at the Conference on Economic Restructuring in Princeton, NJ, October 5-6, 1990. The conference was organized by the Center for Labor-Management Policy Studies.
## Appendix to Chapter 2
### Composition of Work Groups by Individual Firm

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<th>Firms</th>
<th>Areas of Activity and Composition</th>
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<td>Biotec</td>
<td>Analysis (125) Design (1235) Production (25)</td>
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<td>Bargaining (1235) Supervision (12)</td>
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<td>Pai Demm</td>
<td>Education (1238) Analysis (12358) Design (1235) Production (123568)</td>
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<td>Mectrak</td>
<td>Analysis (238) Design (1238)</td>
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**Participants**
1. Department workers
2. Worker’s Council delegates
3. Education Department of the metalworkers union
4. Bargaining Department of the metalworkers union
5. Organizational Department of the metalworkers union
6. Metalworkers union secretary
7. Representative from Bologna Camera di Lavoro
8. Consultant