

The Cassa Integrazione Guadagni,
unemployment welfare and industrial
conflict in post-war Italy, 1941-1987



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This dissertation is the result of my own work and includes nothing which is the outcome of work done in collaboration.

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This dissertation does not exceed the 80,000-word limit prescribed by the History Degree Committee.

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List of abbreviations

ACS	Archivio Centrale dello Stato
ADL	Archivio del Lavoro
AST	Archivio di Stato di Torino
ASCGIL	Archivio Storico Confederazione Generale Italiana del Lavoro
ASCGILC	Archivio Storico Confederazione Generale Italiana del Lavoro Campania
ASCISL	Archivio Storico Confederazione Generale Sindacati Lavoratori
ASC	Archivio Storico Confindustria
CGIL	Confederazione Generale del Lavoro
CIG	Cassa Integrazione Guadagni
CIG-O	Cassa Integrazione Guadagni Ordinaria
CIG-S	Cassa Integrazione Guadagni Straordinaria
CISL	Confederazione Generale Sindacati Lavoratori
DC	Democrazia Cristiana
FIAT	Fabbrica Italiana Automobili Torino
FIM	Federazione Italiana Metalmeccanici
FIOM	Federazione Italiana Operai Metalmeccanici
FIOT	Federazione Italiana Operai Tessili
FLM	Federazione Lavoratori Metalmeccanici
FULC	Federazione Unitaria Lavoratori Chimici
FVN	Fondazione Vera Nocentini
GEPI	Società Gestioni e Partecipazioni Statali
INPS	Istituto Nazionale Previdenza Sociale
LC	Lotta Continua
PCI	Partito Comunista Italiano
PRT	Power Resource Theory
PDUP	Partito di Unità Proletaria
PSI	Partito Socialista Italiano
UI	Unemployment Insurance
UIL	Unione Italiana del Lavoro
UILM	Unione Italiana Lavoratori Metalmeccanici
VoC	Varieties of Capitalism

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Introduction

During the second half of the twentieth century, the economic structure of Italy underwent radical changes. The country experienced a dramatic growth and became a fully-fledged industrialised nation. One thing, however, remained constant: the structural incapacity of the Italian productive system to absorb all available manpower. A high level of unemployment, firstly concentrated in agriculture and, later on, in the industrial sector, characterised the history of the country. Compared to the experience of other Western European economies, unemployment in Italy has been a troubling issue. After 1946, the average European unemployment rate never rose above 2.5%.¹ In Italy by contrast, the rate of unemployment remained above 7% of the total active workforce well into the 1960s, when the surge of industrial growth reached its peak. At the dawn of the 1970s, when heightened worker conflict and the eruption of the energy crisis ended the economic boom of the post-war period, Italy had barely managed to reach full employment.²

Despite a disturbingly persistent high number of people without work, the Italian system of social insurance against unemployment has been extremely lacking, providing only a meagre dole to those who lost or could not find a job. Rather than the

¹ Michael Mossey Postan, *An Economic History of Western Europe 1945-1964* (New York: Routledge, 1967), p. 62.

² Fabrizio Barca, 'Compromesso senza riforme nel capitalismo italiano', in *Storia del Capitalismo Italiano dal dopoguerra ad oggi*, ed. Fabrizio Barca (Roma: Donzelli Editore, 1997), 4-117, at pp. 35-36; Elisa Farri and Chiara Farra, *Italian labour forces and population 1959-2013* (Milano: Fondazione Rodolfo De Benedetti, 2015), retrieved from http://www.frdp.org/page/data-it/scheda/italian-labour-forces-and-population-1959-2013/doc_pk/10987, 08/09/2018 at 18.19 GMT.

consolidation of insurance-based assistance schemes, Italy pursued a policy model where neither assistance nor guaranteed minimum income were present. The weakness of state structures, the widespread cronyism of its political elite and the socially fragmented class system hindered the creation of a universalistic system of welfare. Rather than conforming to the experience of its Western European partners, Italian social security has been characterised by many protection gaps and niches of privilege, and standard unemployment insurance (UI) remained severely underdeveloped well into the end of the twentieth century.

To compensate for the deficiencies of its unemployment social policy, the country has relied on the *Cassa Integrazione Guadagni* (CIG), literally ‘wage supplementation fund’, more often translated by scholars as ‘redundancy fund’.³ Rather than offering universal assistance to all the jobless, or a system of insurance to compensate all who lost their jobs, the scheme has provided a wage replacement allowance in order to compensate employees for a temporary reduction of their working time. The intervention of the CIG was restricted to the industrial sector and was not automatic, but only happened upon request of single troubled companies and authorised by *ad hoc* local commissions on a case-by-case basis. Most importantly, the workforce made redundant under the scheme was expected to be rehired, and formally maintained its employment relationship with the companies for the entire duration of income support. The CIG is officially classified as a short time work device – namely a public program intended to preserve jobs at firms experiencing temporary low demand due to business downturns - along the lines of schemes existing in other European countries, like Germany and Austria, whose *Kurzarbeit* is broadly similar.⁴

Compared to its European counterparts, however, the CIG has progressively been adapted to compensate for the absence of other forms of support for the unemployed. The generosity of the scheme was progressively expanded and its eligibility criteria relaxed. By the end of the post-war economic boom, the CIG had become a permanent instrument of intervention to finance manpower redundancy not

³ Unless otherwise stated, all translations from Italian are my own.

⁴ See Tito Boeri, Herbert Bruecker, Nicola Fuchs-Schündelin and Thierry Mayer, ‘Short-time work benefits revisited: some lessons from the Great Recession’, *Economic Policy* 26 (2011), 699-765; Hugh Mosley and Thomas Kruppe, ‘Short-time work in structural adjustment: European experience’, *European Journal of Industrial Relations* 2 (1996), 131-151; Stefano Sacchi, Federico Pancaldi and Claudia Arisi, ‘The Economic Crisis as a Trigger of Convergence? Short Time Work in Italy, Germany and Austria’, *Social Policy and Administration* 45 (2011), 465-487.

only during economic downturns, but also in cases of industrial restructuring, reconversion and company bankruptcy, serving to face the social consequences of the economic crisis of the 1970s and the onset of deindustrialisation in the 1980s. Since then, the CIG has represented the chief social policy instrument against unemployment in Italy, so much so that it has become a synonym for the dole.⁵

Since the importance of the CIG firstly became apparent, a growing body of economic, juridical and sociological studies has developed to understand the multifaceted effects of short time work. However, the dualistic nature of the instrument and its very confused legislative development made it difficult to situate the CIG into the broader context of Italian social policy. Existing literature has either concentrated on the macroeconomic effects of the CIG or on the role it played in the Italian political dynamic of the post-war period. A closer look at how the evolution of Italian industrial relations influenced, and was influenced by, the development of unemployment social policy has been missing, or at least lacking. The thesis will shed light on this connection, showing how the pattern of industrial conflict in post-war Italy shaped the development of its segmented and corporatist system of unemployment benefits. The role played by the CIG in governing the factory shop floor has often been neglected. By contrast, its development can be understood as both a consequence of and a response to the trajectory of the Italian labour movement, which was characterised by an endemic weakness during the expansion of the Italian economy, and by an abnormal explosion of conflict following the recession of the 1970s. More closely relating industrial conflict and the development of the welfare state offers a new account of why the Italian system of social security never developed a universal safety net against unemployment. Most importantly, it explains why the CIG emerged as an institutional response to the economic and social problems of the crisis of the 1970s, becoming thereafter a permanent feature of the Italian labour market.

⁵ Paolo Garonna, *L'economia della cassa integrazione guadagni: teoria e funzioni degli interventi di integrazione salariale nella economia italiana* (Padova: Università di Padova, 1984); Fiorella Padoa-Schioppa, 'Underemployment Benefit Effects on Employment and Income Distribution: What We Should Learn from the System of the Cassa Integrazione Guadagni', *Labour* 2 (1988), 101-124; Leonello Tronti, 'Employment Protection and Labour Market Segmentation: The Fiftieth Anniversary of the Cassa Integrazione Guadagni', *Labour* 1 (1991), 121-145.

1. The puzzle of unemployment welfare in post-war Italy

Up until the late 1930s, mass unemployment had remained an endemic social disease for the whole European continent and many governments across the continent struggled to promote employment-creation policies or set up comprehensive systems of social insurance to halt its advance.⁶ In pre-modern economies, joblessness per se did not represent an overarching threat to social stability. As argued by Topalov, economists and social scientists started to develop – ‘invent’ - the modern concept of unemployment, intended as involuntary and prolonged idleness, only towards the end of the nineteenth century, in conjunction with the spread of industrialisation and the rise of organised labour and socialist political movements across European nations.⁷

Despite the early recognition of the political and social relevance of unemployment in dawning industrial societies, social assistance targeting joblessness took long to manifest. Policymakers and organised labour concentrated first on the introduction of work accidents and old age insurance mechanisms. At the beginning of the twentieth century, the first schemes of unemployment insurance were introduced in some European countries, mostly following the demobilisation after the First World War. However, unemployment social legislation remained piecemeal, as the welfare discourse was still consolidating in both ideological and policy terms. Only after the watershed of 1945, when the international context of the Cold War and the need for reconstruction forced governments to rein in social conflict, did the welfare state enter a phase of sustained expansion, with the development of a comprehensive system of social security. The post-war decades witnessed the growth of welfare programs across the board in almost all Western European countries.⁸ The growth of social policy was so central to this period that the welfare state has been unanimously considered an integral part of Fordism, the industrial and societal

⁶ Barry Eichengreen and T.J. Hatton, ‘Interwar Unemployment in International Perspective: an Overview’, in *Interwar Unemployment in International Perspective*, eds. Barry Eichengreen and T.J. Hatton (Dordrecht: Kluwer Academic Publisher, 1988), 1-51.

⁷ Christian Topalov, ‘Invention du chômage et politiques sociales au début du siècle’, *Les temps modernes* 496-497 (1987), 53-92; Christian Topalov, *Naissance du chômeur, 1880-1910* (Paris: Albin Michel, 1994).

⁸ For a comprehensive overview see Stein Khunle and Anne Sander, ‘The Emergence of the Western Welfare State’, in *The Oxford Handbook of the Welfare State*, eds. Francis G. Castles, Stephan Leibfried, Jane Lewis, Herbert Obinger, and Christopher Pierson (Oxford: Oxford University Press, 2010), 62-80; Frank Nullmeier and Franz-Xaver Kaufmann, ‘Post-War Welfare State Development’, in *The Oxford Handbook of the Welfare State*, eds. Francis G. Castles, Stephan Leibfried, Jane Lewis, Herbert Obinger, and Christopher Pierson (Oxford: Oxford University Press, 2010), 81-104.

paradigm built around Keynesian demand management and industrial mass production, accompanied by a consensual industrial relations framework.⁹

In Italy, however, the post-war period did not see any serious attempt to set up a comprehensive system of passive labour market policies to tackle the issue of unemployment. After having followed a similar trajectory of social welfare development as those of other Western European countries, the evolution of unemployment protection in Italy progressively diverged. In many respects Italy could be considered a pioneer in the development of unemployment insurance. As early as in 1919, the country introduced a system of compulsory insurance against involuntary unemployment to cope with the social strife that ensued after war demobilisation. This measure anticipated the British Unemployment Insurance Act of 1920 and, despite earlier developments, also the German labour market reforms of 1927.¹⁰ The advent of Fascism during the early 1920s represented an institutional watershed, but during the interwar years the new regime built on the legacy of the social policy framework introduced during the liberal period. Mussolini's government consolidated the municipal bases of welfare and modelled social policy on the male breadwinner family model fostered by fascist ideology.¹¹ In the field of unemployment protection, however, the impact of Fascism was much less incisive. The Fascist government was forced to face the social aftershock of the 1929 crisis in a broadly similar fashion to other European countries. In 1933, Mussolini rationalised and centralised welfare administration in the newly created *Istituto Nazionale della Previdenza Sociale* (INPS), the National Institute for Social Insurance, and three years later led a comprehensive reform of unemployment insurance, tripling its daily amount.¹²

⁹ Michel Aglietta, *A theory of capitalist regulation: the US experience* (New York: Verso, 2000), pp. 111-147; Ash Amin, 'Post-fordism: Models, Fantasies and Phantoms of Transition', in *Post-fordism: a reader*, ed. Ash Amin (Oxford: Blackwell Publishing, 1994), 1-40; Michael J. Piore and Charles F. Sabel, *The Second Industrial Divide* (New York: Basic Books, 1984).

¹⁰ Niccolò Serri, 'La cassa integrazione guadagni e l'illusione del welfare nell'Italia del dopoguerra (1941-1968)', *Storia e problemi contemporanei* 72 (2016), 119-138, at p.120.

¹¹ Maria Sophia Quine, *Italy's Social Revolution: Charity and Welfare from Liberalism to Fascism* (Basingstoke: Palgrave, 2002), pp. 304-305.

¹² In 1936, law n. 1155 led a comprehensive reform of unemployment insurance. The new regulation raised daily benefits to between 1.25 and 3.75 lire but restricted them to a maximum of 120 days. See Manfredi Alberti, *Senza Lavoro. La disoccupazione in Italia dall'Unità ad oggi* (Bari: Laterza, 2016), p. 102; Chiara Giorgi, *La Previdenza del Regime. Storia dell'Inps durante il Fascismo* (Bologna: Il Mulino, 2004); Stefano Vinci, 'Social security legislation in Italy during fascism', *Revista Aequitas: Estudios sobre historia, derecho e instituciones* 3 (2013), 389-398, at p. 395.

It is only after 1945 that the divergence between Italy's system of unemployment protection and that of other European nations became apparent. From the very beginning of the war, spiralling inflation rates rapidly eroded the value of unemployment benefits, which was set in nominal terms. The end of the conflict and the birth of the Republic did not bring forth any attempt at reform of unemployment insurance. Facing the dramatic social situation that followed war demobilisation, the new provisional government tried to tackle the mass of jobless through emergency measures and a temporary ban on workers dismissals.¹³

The first reform of standard unemployment insurance, introducing a daily sum of 200 lire a day - still largely insufficient to meet the most basic needs of the unemployed - only came in 1949. The dominant paradigm was one of economic liberalism, based on inflation targeting, low wages and an export-oriented drive to fuel industrial growth. Despite the growing importance attached to the problem of unemployment in the Italian socio-political debate, attempts to improve the coverage of social insurance were thwarted.¹⁴ Well into the late 1950s, with the widespread approval in principle of the theory of public intervention, the problem of unemployment insurance remained largely neglected.¹⁵ By 1975, the replacement rate of unemployment insurance equated to less than 15% of the average blue-collar worker salary. The lack of generosity of the Italian insurance system fell short of the official directives of the International Labour Organisation, which in 1952 had already ratified Convention C102, indicating a 45% replacement rate as the bare minimum for a functioning unemployment welfare system.¹⁶

As the effectiveness of unemployment insurance dwindled, the CIG emerged to accommodate the need for continued social stability and the income maintenance of redundant workers. The scheme was first established in 1941 to cope with the frequent production stoppages and difficulties of procurement induced by the Second World War. Initially, the scheme was not devised to work as an income maintenance

¹³ Giorgio Mori, 'L'economia Italiana tra la fine della Seconda Guerra Mondiale e il "secondo miracolo economico" (1945-1958), in *Storia dell'Italia Repubblicana. I. La costruzione della Democrazia. Dalla caduta del Fascismo agli anni Cinquanta*, ed. Francesco Barbagallo (Torino: Einaudi, 1994), 131-230, at pp. 134-140.

¹⁴ Nicola Crisci, 'Legge n. 264 del 1949: mosaico legislativo', *Il Foro Italiano* (1951), 69-70; Francesco Vito, 'La sicurezza sociale e i suoi riflessi sulla formazione e sulla distribuzione del reddito nazionale', *Rivista internazionale di scienze sociali* 21 (1949), 271-283.

¹⁵ Franco Archibugi, 'La politica di piano in Italia: tra il passato e l'avvenire', *Centro di studi e piani economici. Contributi occasionali* 20 (1967), 7-33;

¹⁶ Roberto Leonbruni, Adriano Paggiaro and Ugo Trivellato, 'Per un pugno di euro. Storie di ordinaria disoccupazione', *Politica Economica, Journal of Economic Policy* 1 (2012), 5-48, at p. 10.

system for the unemployed.¹⁷ Rather the CIG was an industrial policy device to help freeze companies' internal labour markets, allowing employers to overstaff and suspend production, but only temporarily, thanks to the support of the redundancy fund. At the end of the war, the CIG was incorporated into the law of the new Republican State. The immediate purpose was that of easing the social effects of reconversion to peace production and support industrial overcapacity, particularly in the industrialised north of the country.

At this stage, the CIG replaced only two thirds of a worker's salary and its use was tightly restricted to 'accidental and transient causes', intervening only for production stoppages caused by 'events independent of the employer's and employees' will'.¹⁸ This ruled out coverage for prolonged layoffs and made the CIG unsuitable in the event of structural or sector-wide economic crises. That became apparent in the mid-1950s, when the crisis of the textile industry in the northwest regions of the country forced policymakers to temporarily expand the generosity of the CIG.¹⁹ Many piecemeal legislative provisions were implemented to adapt the workings of the CIG to the evolution of the Italian economy, which in the meantime had experienced a dramatic industrial development in the years of the so-called *Miracolo Economico*²⁰

The real watershed in the evolution of the CIG came only towards the end of the 1960s, when the scheme experienced a drastic shift in nature and its use witnessed an explosive growth that continued unabated for almost twenty years, reaching a peak in the mid-1980s. In 1968, a new law introduced the *Cassa Integrazione Guadagni Straordinaria* (CIG-S), a new structural 'extraordinary' short time work fund, while the previous one was re-labeled as *Ordinaria* (CIG-O). The new CIG scheme was more generous and longer in its duration, replacing four fifths of employee wages. Its management was tasked directly to the government, which supervised its functioning through an inter-ministerial committee with complete discretion over the authorisation

¹⁷Franco Carinci, 'la disciplina della cassa Integrazione: evoluzione storica e interpretazioni dottrinali', in *Ristrutturazioni aziendali, cassa integrazione e licenziamenti collettivi, atti del convegno su 'licenziamenti per riduzione di personale e cassa integrazione, Bologna 29-29 aprile 1973*, eds. Franco Carinci and Maria Vittoria Ballestrero (Celuc: Milano, 1974), 9-29, at pp. 10-13.

¹⁸Decreto Legislativo Luogotenenziale, 9 novembre 1945, n. 788, *Istituzione della Cassa per l'integrazione dei guadagni degli operai dell'industria e disposizioni transitorie a favore dei lavoratori dell'industria dell'Alta Italia*, Gazzetta Ufficiale, Serie Generale n. 155, 27/12/1945.

¹⁹Claudia Mazzi and Valentina Severino, 'Finalità e Funzioni della Cassa Integrazione Guadagni per gli operai dell'industria', *Previdenza Sociale* 6 (1974), 1816-1868, at pp. 1826-1828.

²⁰Vera Zamagni, *Dalla Periferia al Centro: la seconda rinascita economica dell'Italia, 1861-1990* (Bologna: Il Mulino, 2003), p. 431.

and length of the CIG-S. The new short work scheme was devised to cover a whole new array of economic and social risks, shifting the emphasis of public intervention from accidental shocks in production to structural factors in business dynamics. Indeed, the CIG-S could be requested by employers to finance even complete suspensions of working time due to firm restructuring and introduction of technological change, reorganisation of production and business cycle downturns in certain regions or industrial clusters.²¹

The fact that the new scheme was completely financed by the state - compared to the CIG-O, which was funded by employer contribution - made the CIG-S an important driver of 'liquidity' of employment relations.²² Firms resorted to short time not only in times of real crisis, but also as an expedient to ensure that even momentary losses in the profit rate could be discharged on the state via partial manpower redundancy.²³ As the economic crisis of the country deepened, following the 1973 oil crisis, to cope with higher labour and production costs, employers started to resort to worker suspensions systematically. The discretionary rules and flexibility of short time work schemes allowed them to be used in cases of prolonged redundancy but also for shorter production stops, due to temporary market downturns and even industrial strikes and workplace micro-conflict. During the 1970s, the CIG-S was further expanded to meet the needs of an increasingly sclerotic industrial system. By the end of the decade, short time could be requested to provide income maintenance to workers also in cases of corporate crisis and bankruptcy, to disguise *de facto* permanent layoffs.²⁴

In the span of forty years, the CIG was overturned and drastically altered from the aims that had guided its original design. From an instrument of temporary intervention to finance labour hoarding, by the early 1980s, short time benefits had become a fully-fledged system of unemployment welfare, addressing the absence of other forms of insurance. The CIG was used to cushion the social effects of industrial

²¹See Michele Miscione, 'Cassa Integrazione: fattispecie e condizioni di intervento', in *Ristrutturazioni aziendali, cassa integrazione e licenziamenti collettivi, atti del convegno su licenziamenti per riduzione di personale e cassa integrazione, Bologna 29-29 aprile 1973*, eds. Franco Carinci and Maria Vittoria Ballestrero (Milano: Celuc, 1974), 30-41. The 1968 law also introduced a special unemployment welfare scheme, the *Trattamento Speciale di Disoccupazione*, meant for workers left jobless due to the closing down of industrial firms. It paid two thirds of the previous salary for a duration of 180 days.

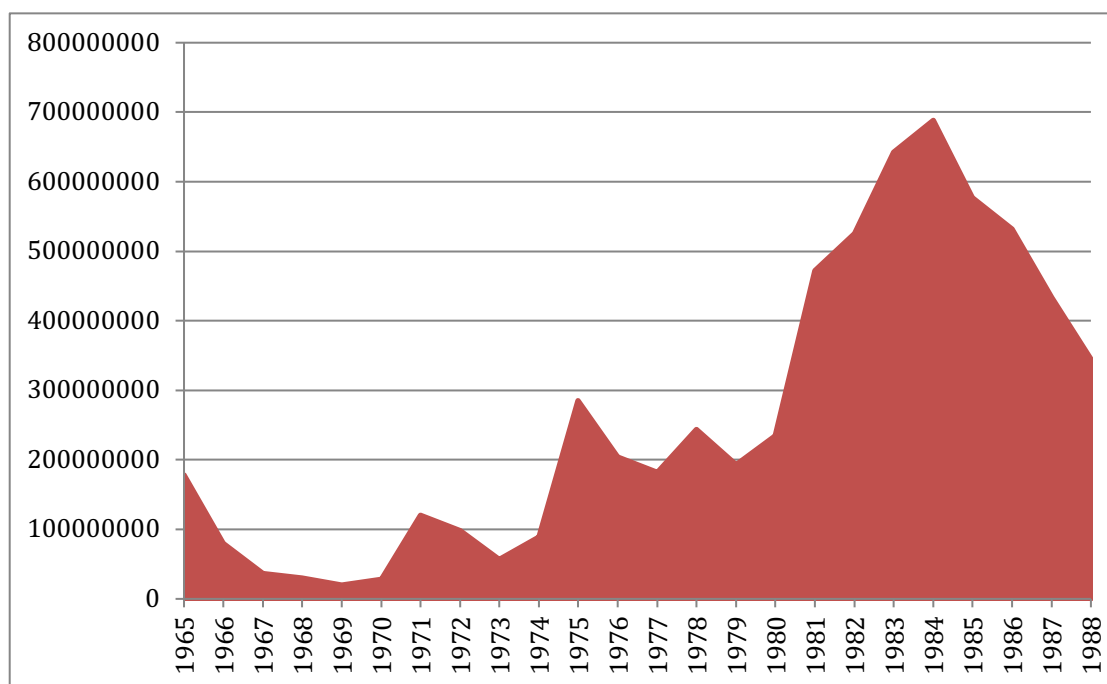
²² Marco Dardi, 'Contratti di lavoro, licenziamenti e cassa integrazione', *Rivista internazionale di scienze sociali* 91 (1983), 375-401, at p. 395.

²³ *Ibidem*.

²⁴ Marina Schenkel and Maurizio Zenezini, 'Alcuni aspetti della Cassa Integrazione Guadagni: un'analisi empirica', *Rivista internazionale di scienze sociali* 94 (1986), 87-112, at p. 88.

restructuring, providing public financial assistance for employer manpower policies and targeting only the core industrial working class, while the weaker strata of the labour market were left with little or no support against joblessness.

Fig. 1 authorised CIG hours (1965-1988)²⁵



2. The Italian case in comparative welfare state analysis

Since the development of the comparative welfare state analysis, the literature tried to frame the peculiarity of the Italian welfare system in its wider international context. Initially, however, the academic debate understood the historical delays of social security in Italy – and more broadly in the Southern European semi-periphery – as a result of the relative backwardness and incomplete socio-economic development of the country. This led to a severe underestimation of the institutional and social peculiarities of Italian welfare history.

Still at the end of the 1970s, the field of welfare studies was characterised by the opposition between two functionalist schools of thought: Modernisation theory, on the one hand, and Marxism, on the other. Despite their contrasting approaches and different political overtones, these two interpretations shared the incapacity to answer

²⁵ Data are taken from yearly statements of the National Institute for Social Insurance, see INPS, *Rendiconti dell'Istituto Nazionale della Previdenza Sociale* (Roma: INPS, 1966-1989).

the basic question of why similar industrialised market economies developed such different systems for welfare and social protection.

Modernisation theory posed a direct link between welfare and economic growth, understanding social policy as a natural result of industrialisation. In 1950, a forefather of modern sociological theory, T. H. Marshall, linked the welfare state to the twentieth century emergence of industrial and social citizenship, which defined the set of public responsibilities that modern states have towards their citizens.²⁶ This suggestion was taken up, in the 1960s, by both Kerr and Wilensky and Lebeaux, who argued that the emergence of the welfare state was dictated by the necessity to ensure the socialisation of the labour force to factory work and coping with the technological changes induced by industrialisation.²⁷

Early Marxist interpretations adopted a similarly static interpretation, but linked the development of social policy not to industrial society per se, but to the overall needs of the capitalist system. The rise of the welfare state was interpreted as an instrument for ‘the social control of the working class’, serving to ensure the continued social reproduction of labour power.²⁸ The orthodox Marxist view of the welfare state as simply a repressive instrument for the regulation of labour strife was amended only towards the end of the 1960s with the recognition of the relative autonomy of the state vis-à-vis the interest of capital, in the work of Poulantzas and in the German ‘state derivation debate’.²⁹ The recognition that the state did not always act in the immediate interests of the employers opened up to more nuanced interpretations, which stressed the inherent duality of the welfare state and understood it as a compromise between its social control function and the material gains it afforded to the working class.³⁰

The paradigm shift in comparative welfare state analysis came to fruition only towards the end of the 1970s, with the rise of Power Resource Theory (PRT).

²⁶ Thomas H. Marshall, ‘Citizenship and Social Class’, in *The Welfare State Reader*, eds. Christopher Pierson and Francis G. Castels (Cambridge UK: Polity Press, 2000), 30-40.

²⁷ Clark Kerr, Frederick H. Harbison, John T. Dunlop and Charles A. Myers, *Industrialism and industrial man: The Problems of Labor and Management in Economic Growth* (Cambridge US: Harvard University Press, 1960); Harold L. Wilensky and Charles N. Lebeaux, *Industrial society and social welfare* (New York: Free Press, 1966).

²⁸ Christopher Pierson, ‘Marxism and the Welfare State’, in *Marxism and Social Sciences*, eds. Andrew Gamble, David Mash and Tony Trant (Basingstoke and London: Macmillan, 1999), 175-194, at p. 180.

²⁹ John Holloway and Sol Picciotto, ‘Towards a Materialist Theory of the State’, in *State and Capital. A Marxist Debate*, eds. John Holloway and Sol Picciotto (London: Edward Arnold, 1978), 1-31, at p. 19; Nicos Poulantzas, ‘The Problem of the Capitalist State’, *New Left Review* 58 (1969), 67-78, at p. 74.

³⁰ Claus Offe, *Contradictions of the Welfare State* (London: Hutchinson & Co, 1984), pp. 35-65.

Similarly to Marxism, PRT stressed on the importance of social conflict and working class mobilisation. However, it rejected the view of the welfare state as simply a repressive instrument.³¹ According to PRT, social policy reflects ‘class-related distributive conflicts and partisan politics’ and the degree of welfare protection afforded by single countries is directly proportional to the political resources mobilised by national working classes, through the proxy of left wing organisations such as political parties and unions.³² The growth of social insurance was understood in stark opposition with market dynamics. Welfare - particularly unemployment insurance - performed a de-commodification role and served to insulate workers’ incomes from the fluctuations of the market.³³

The most comprehensive analysis based on PRT was carried out in 1990 by Esping-Andersen. He introduced the concept of national ‘welfare regimes’, recognising three varieties of welfare states: a liberal system based on means tested assistance typical of Anglo-Saxon countries, a social democratic regime typical of Scandinavian countries based on universal insurance for all social strata, and a conservative regime, characteristic of continental Europe, in which assistance is largely based on employment status. Esping-Andersen’s interpretation had the benefit of considering the role played by institutions and path dependency in history, showing how the different historical trajectories of advanced economies shaped the evolution of their social policy. However, he dismissed the southern European semi-periphery and considered only Italy, grouping it together with other countries in the conservative world of welfare capitalism, as an underdeveloped case characterised by more exacerbated forms of corporatism and ‘familism’.³⁴

The neglect of Esping-Andersen for the specificities of Mediterranean countries underscored a wider problem in applying a PRT perspective to Italian social policy. Although underdeveloped compared to other continental European countries, Italy had all the ingredients to develop a strong occupationally based system of unemployment insurance, since it had a forceful and relatively well-organised

³¹ Walter Korpi, ‘Social policy and distributional conflict in the capitalist democracies. A preliminary comparative framework’, *West European Politics* 3 (1980), 296-316.

³² Julia S. O’Connor and Gregg M. Olsen, ‘Understanding the Welfare State: Power Resource Theory and Its Critics’, in *Power Resources Theory and the Welfare State: a critical approach*, eds. Julia S. O’Connor and Gregg M. Olsen (Toronto: University of Toronto Press, 1998), 3-34, at p. 15;

³³ Lyle Scruggs and James Allan, ‘Welfare-state decommodification in 18 OECD countries: a replication and revision’, *Journal of European Social Policy* 16 (2006), 55-72.

³⁴ Gosta Esping-Andersen, *The Three World of Welfare Capitalism*, (Princeton: Princeton University Press 1990), p. 112.

working class. Despite the sharp ideological divisions of its unions, the country had a robust labour movement, particularly from the mid-1960s onwards.³⁵ The Italian Communist Party (PCI), while permanently marginalised from power, was the strongest in numerical terms among Western European countries.³⁶ Concentrating only on the mobilisation capacity of the working class cannot account for the peculiarities of the Italian system of unemployment protection and evolution of the CIG, the abnormal use of which was a *unicum* in postwar Europe.

PRT was credited with bringing the realm of politics back in and underlining the importance of interest groups in the formation of social policy. However, it did not go uncontested and has been challenged by, among others, employer-centred approaches, which tied the development of welfare states to the overall structure of national economies, understanding social policies as part of distinct ‘welfare production regimes’.³⁷ While PRT underlined the role of traditional labour institutions, the new outlook put stress on employers’ coordination capacities as a key variable to understanding various political economic outcomes, including welfare.³⁸ The so-called Varieties of Capitalism (VoC) approach, in the works of Hall and Soskice, Isabella Mares and Torsten Iversen, explored the role of companies in shaping social policy, demonstrating that employers also have an important stake in the development of unemployment policies. Building upon Esping-Andersen's work, they argued that the difference between liberal (LMEs) and coordinated market economies (CMEs) is crucial in accounting for institutional social policy divergence. In LMEs, the low degree of business coordination leads to high labour mobility and low levels of investment in firm level training. In this context, employers have little stake in the development of comprehensive unemployment protection and tight dismissal laws, as workers have general skills and are easily replaceable. In CMEs, by contrast, the more centralised organisation of business interests and the higher investment in workers’

³⁵ Lucio Baccaro and Valeria Pulignano, ‘Employment Relations in Italy’, in *International and Comparative Employment Relations*, eds. Nick Wailes, Gregg J. Bambury, Russel D. Lansbury and Chris Wright (New York: Sage, 2010), 138-168, at p. 147.

³⁶ Ida Regalia, ‘Le Politiche del Lavoro’, in *Welfare all’Italiana*, ed. Ugo Ascoli (Bari: Laterza, 1984), 53-86, at p. 67; Emilio Reyneri, ‘The Italian Labour Market: between State Control and Social Regulation’, in *State and Social Regulation: New Perspective on Italy*, eds. Peter Lange and Marino Regini (Cambridge: Cambridge University Press, 1989), 129-147.

³⁷ Evelyne Huber and John D. Stephens, ‘Welfare State and Production Regimes in the Era of Retrenchment’, in *The New Politics of the Welfare State*, ed. Paul Pierson (Oxford: Oxford University Press, 2001), 107-145.

³⁸ Kathleen Thelen and Ikuo Kume, ‘Coordination as a political problem in coordinated market economy’, *Governance* 19 (2006), 11-42.

companies-specific skills make a developed system of unemployment insurance more palatable to employers. In order to prevent poaching and inter-firm competition, unemployment insurance is more generous and job protection law stronger.³⁹ Italy was considered by the early VoC literature as an example of CME typical of continental Europe. The country was characterised by strong employee protection and tight dismissal laws, while the Italian vocational training system scored much higher than either the United Kingdom or the United States - usually given as textbook examples of LMEs. This should have thus led to the development of unemployment insurance to prevent excessive inter-company worker mobility, but that was not the case. Employer-centred perspectives cannot fully account either for the deficiencies of standard insurance or highlight the reasons why unemployment protection in Italy was taken over by the CIG. Indeed, the most recent VoC literature has recognised that the country has a very low degree of institutional coherence and has given up on fitting it neatly into the categories of LME and CME, accepting that Italy represents somewhat of a political economy hybrid.⁴⁰

In general, mainstream literature on the sociology of the welfare state suffered from its incapacity to read the historical specificities of Italy. The rapid industrial surge and the process of political democratisation that characterised the post-war decades made scholars marginalise the specific character of the institutions and class structure of Southern European countries and simply regard them as latecomers. Building upon the insights of the international comparative approach, a more focused literature developed to make sense of Italian institutional anomalies, framing them within the larger context of a fourth Mediterranean model of welfare capitalism.⁴¹ In the mid-1980s, both Ascoli and Ferrera, from different angles, pointed out the fact that the 'socio-political etiquette' of the Italian welfare state is intrinsically different

³⁹ Peter A. Hall and David Soskice, 'An introduction to Varieties of Capitalism', in *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage*, eds. Peter A. Hall and David Soskice (Oxford: Oxford University Press, 2001), 5-58; Torsten Iversen, *Capitalism, Democracy and Welfare* (New York: Cambridge University Press, 2005); Isabella Mares, *The Politics of Social Risk: Business and Welfare State Development* (New York: Cambridge University Press, 2003), pp. 78-95.

⁴⁰ Andreas Kornelakis, 'Dual Convergence or Hybridization? Institutional Change in Italy and Greece from the Varieties of Capitalism Perspective', *CUE Political Science Journal* 6 (2011), 47-82; Oscar Molina and Martin Rhodes, 'The political economy of adjustment in mixed market economies: a study of Spain and Italy', in *Beyond varieties of capitalism: conflict, contradictions, and complementarities in the European economy*, eds. Bob Hancke, Martin Rhodes and Mark Thatcher (Oxford: Oxford University Press, 2007), 223-252.

⁴¹ Martin Rhodes, 'Southern European welfare states: identity, problems and prospects for reform', *South European Society and Politics* 1 (1996), 1-22.

from that of other corporatist economies in the north of Europe.⁴² The Italian welfare system does replicate the dualism typical of conservative/coordinated welfare regimes, differentiating between an extremely protected core and a marginal fringe of the labour market lacking a significant safety net. However, it does so to a much higher degree than other countries, where the spread between the benefits of different occupational categories is smaller. Furthermore, a great deal of financial fragmentation characterises the Italian welfare system. The ratios of contributions and expenditures differ widely across professional categories and economic sectors.⁴³ The result is a social insurance system based on a weak institutional edifice, characterised by the coexistence of niches of privilege and huge gaps in protection, where the institution of the family has traditionally offered an informal safety net to compensate for the shortcomings of official welfare.⁴⁴

An important stream in the literature sought to analyse the weakness of Italian social policy in light of the competitive mechanics of Italy's democracy. The absence of a 'Weberian bureaucracy' and the institutionally fragmented system of social provision allowed the ruling Christian Democracy Party (DC) to distribute resources to clienteles and interest groups. On the other side of the political spectrum, the presence of a strong Italian Communist Party (PCI), allowed it to concentrate on the narrow protection of its constituencies at the expenses of a more moderate Italian Socialist Party (PSI). This resulted in the growth of a pension-heavy, financially distorted welfare system.⁴⁵

Most recently, Georg Picot linked the fragmentation of the country's unemployment insurance to the 'polarised pluralism' that characterised the party system of the country. Throughout the post-war period, the DC constantly occupied the political centre of the Parliament, leaving anti-systemic parties on the left to occupy the margins of the political space.⁴⁶ Traditional PRT theories, as articulated by

⁴² Maurizio Ferrera, 'The Southern Model of Welfare in Social Europe', *Journal of European Social Policy* 6 (1996), 17-37, at p. 29.

⁴³ Ugo Ascoli, 'Il sistema italiano di Welfare', in *Welfare State all'Italiana*, ed. Ugo Ascoli (Bari: Laterza, 1984), 5-52; Maurizio Ferrera, Valeria Fargion and Matteo Jessoula, *Alle Radici del Welfare all'Italiana* (Venezia: Marsilio Editori, 2012), pp. 3-28.

⁴⁴ Manuela Naldini, *the Family in the Mediterranean Welfare States* (London: Frank Cass Publishers, 2003).

⁴⁵ Maurizio Ferrera, 'Targeting Welfare in a Soft State: Italy's Winding Road to Selectivity', in *Targeting Social Benefits: International Perspective and Trends*, ed. Neil Gilbert (New Brunswick: Transaction Publishers, 2000), 157-186, at p. 7.

⁴⁶ Georg Picot, *Politics of Segmentation: Party Competition and Social Protection in Europe* (New York and Abingdon: Routledge, 2012), p. 15.

Regalia and Reyneri in regard to the Italian case, argued that the shortcomings of the Italian system of unemployment welfare were a direct result of the ostracism of the left and the authoritarian system of industrial relations that prevailed in the country during the 1950s.⁴⁷ Picot turns this argument on its head: the need to secure electoral consensus and the pressure to repel the opposition created a context in which the DC chased after the proposals of the left. The workerist bias of the PCI concentrated on campaigning for public labour market administration and employment promotion strategies, rather than on the protection of the unemployed per se, which would have been equated to an acceptance of the dynamic of a capitalist labour market.⁴⁸

Another literature stream sought to understand the rudimentary character of Italian unemployment welfare by linking it more closely to the needs of the national economy, and particularly to the specific context of the rapid industrialisation experienced in the country during the 1950s and early 1960s. As argued by Carlo Vercellone and others, mostly from the Marxist standpoint, the deprivation of the welfare state of its canonical pillar of unemployment compensation served to support the structural change of the country towards industry and favoured the establishment of a particularly regimented system of industrial relations. High unemployment and a poorly developed unemployment safety net exercised a downward pressure on wages, fuelling the industrial growth of the country. On the supply side, this resulted in a highly competitive labour market. As such, the extremely weak system of unemployment benefits played into the hands of the discretionary power of the employers, favouring the establishment of a particularly harsh and authoritarian mode of factory discipline. While the years of the post-war period might be remembered as a time of economic growth and wide social improvement, the workers' memories of the factories are of bodily searches, political and unions filings, discriminatory practices at the shop floor level and tight piecemeal work rates.⁴⁹

Even within the context of tightly focused works on the Italian welfare model, the CIG received only marginal attention. Most of the early works remained piecemeal accounts that concentrated on the effects of the CIG, rather than

⁴⁷ Regalia, 'Le politiche del lavoro', p. 67; Emilio Reyneri, 'La politica del lavoro in Italia: attori e processi decisionali', *Stato e Mercato* 29 (1990), 253-273.

⁴⁸ Picot, *Politics of Segmentation*, p. 108

⁴⁹ Aris Accornero, *Gli anni 50' in fabbrica. Con un diario di Commissione Interna* (Bari: De Donato, 1973), pp. 50-60; Carlo Vercellone, 'The Anomaly and Exemplariness of the Italian Welfare State', in *Radical Thought in Italy: a Potential Politics*, eds. Paolo Virno and Michael Hardt (Minneapolis: University of Minnesota Press, 1996), 81-98.

questioning the nature of the institution and the political economy behind it.⁵⁰ With the exception of an important 1958 study by Cerchi, the first attempts at a modern historiography of the CIG can be traced to the mid-1970s.⁵¹ In 1974, the publishing house affiliated with the communist leaning union *Confederazione Generale Italiana del Lavoro* (CGIL) published a pamphlet by Stefanelli on the ‘history and problems’ of the CIG, tracing the evolution of the Italian short time benefit system, arguing that its objectives varied between the need of the employers to discharge labour costs and that of the state to ensure local public order.⁵² Regalia further articulated this perspective in a 1978 article in the pages of the journal of the left-wing publisher *Feltrinelli*. She stated that the main features of the CIG and its usage throughout the post-war period had been dependent on two variables: ‘the balance of power in industrial relations’ and the need to favour income maintenance for political consensus.⁵³ In 1975, Biagio Longo had already stressed the connection between short time benefits and unions’ mobilisation on the pages of the radical left journal *Primo Maggio*. He underlined the importance of the CIG as an instrument of economic policy but highlighted also its repressive role in quelling down strikes and social turmoil, acting as an ‘employers’ lockout’.⁵⁴

During 1970s, the most important analyses of the CIG came from social scientists ideologically associated with organised labour and the Left. In the 1980s, instead, the main works were offered by jurists and economists, in the context of a public debate for a reform of the CIG - the profligacy of which was taking an increasing toll on public finances. Garonna, Brunetta and D’Harmant, Padoa Schioppa and Tronti, underlined the dual nature of the CIG, simultaneously an instrument of industrial and welfare policy, but also offered the first periodization of the history of the short time benefit system in Italy, tracking the confused normative development that had made it a surrogate of unemployment welfare. All authors identified an initial

⁵⁰ See, for instance, Emilio Braidà, ‘La Garanzia del Salario e la Cassa Integrazione Guadagni’, *Rassegna del Lavoro* 4 (1957), 1721-1744; Giovanni Lavagnini, ‘l’integrazione salariale nelle disposizioni vigenti’, *La Rivista Italiana di Previdenza Sociale* 11 (1958), 21-33; Lafranconi Natale, ‘La Cassa Integrazione Guadagni come strumento di politica economica e sociale’, *Previdenza Sociale* 1 (1966), 37-57.

⁵¹ Tonino Cerchi, *La Cassa per l’integrazione dei guadagni degli operai dell’industria* (Milano: Giuffrè, 1958).

⁵² Renzo Stefanelli, *La cassa integrazione: storia e problemi* (Roma: Editrice Sindacale Italiana, 1974).

⁵³ Ida Regalia, ‘Stato e Sindacati nella formazione della politica della sicurezza sociale. Appunti sul caso della Cassa Integrazione Guadagni’, *Quaderni della Fondazione Feltrinelli* 10 (1980), 67-89, at pp. 68-73.

⁵⁴ Biagio Longo, ‘Meno Salario, Più Reddito: la Cassa Integrazione’, *Primo Maggio* 5 (1975), 19-33, at p. 27.

phase, coinciding with the years of post-war economic growth, in which the CIG's main function was that of allowing labour hoarding and temporary layoffs.⁵⁵

This was followed by a period, between the mid-1960s and the end of the 1970s, in which the CIG's scope was expanded in many directions, often overlapping one another with no clear institutional design. Tronti identified as many as five policy targets of the CIG during the economic uncertainty of the 1970s: a social shock absorber to manage work-time reduction; an instrument to externalize company reorganisation costs; an income maintenance system for the government to secure workers' earnings in a period of low labour demand; a disguise for dismissal, allowing a permanent reduction of production; an instrument for covering worker costs connected to re-employment and job search.⁵⁶

In the third phase, starting in the 1980s, as Italian industry faced structural downsizing, short time work became *de facto* an unemployment protection device, abandoning its industrial policy function. All authors linked the evolution of the CIG to the macro-economic performance of the Italian economy during the post-war period, implementing an insider-outsider perspective to show how the CIG fostered extreme labour market segmentation, as an overly protected core industrial working class preserved their jobs while access was impeded for the marginal fringes of the labour market.⁵⁷

The domestic literature has had the benefit of placing Italian specificity in context, avoiding easy international comparisons that escape a detailed explanation of the anomalies of the country's social policy. However, it has done so by concentrating almost exclusively on the institutional aspect of social insurance development, without taking into consideration the relations between the country's welfare system and its labour market. Scholars tried to understand the specifics of the country's social policy by concentrating either on the dynamic of its political system or on the macroeconomic functions performed by welfare policies, ignoring how elements of labour organisation and industrial relations might have influenced the development of unemployment policy. Only seldom they considered the role effectively played by

⁵⁵ Antonio D'Harmant François and Renato Brunetta, 'The Cassa Integrazione Guadagni', *Labour* 1 (1987), 15-56; Garonna, *L'economia della cassa integrazione guadagni*, pp. 26-79; Padoa Schioppa, 'Underemployment benefit effects on employment and income distribution', 101-124; Tronti, 'Employment Protection and Labour Market Segmentation', pp. 121-146.

⁵⁶ Tronti, 'Employment Protection and Labour Market Segmentation', p. 125.

⁵⁷ *Ibidem*, pp. 139-140.

organised interest groups in shaping the evolution of the CIG, neglecting how policymakers, firms and trade unions perceived and exploited this instrument. The insights of the 1970s literature on the connection between short time benefits and industrial relations remained unexplored.

3. Methodology and sources: between institutionalism and factory history

The lack of substantial historiographical work on Italian unemployment welfare policy has so far constrained the debate into the realm of comparative political science. In turn, this has led the analyses to focus almost exclusively on the institutional aspect of social policy development, neglecting the impact that unemployment welfare has had on the Italian labour market and industrial relations. Despite its overall importance in the system of unemployment protection, the CIG represents a conundrum. Because of its confused legislative development and the difficulty framing it within the existing interpretation of Italian welfare, few scholars have considered the scheme.⁵⁸ The narrow institutional viewpoint of comparative welfare state analysis proved ill-suited to capture its functioning: The decision making process behind management of short time was highly arbitrary and made it possible to interpret the law in a very discretionary way, relaxing provisions so they would fit the needs of social actors on the ground. The CIG authorisation procedure was managed by local and central commissions composed of employers' and unions' representatives. In order to understand the effects of the CIG and the context that drove the demands for its progressive reform, it is thus necessary to better situate it within the dynamic of workplace industrial relations.

The lesson of historical institutionalism - as developed by authors such as Thelen and Pierson - is key to avoid the methodological conundrums of existing welfare state analysis.⁵⁹ The outlook of historical institutionalism, in fact, does not

⁵⁸ Barbano Filippo (Ed.), *L'Ombra del Lavoro, Profili di Operai in Cassa Integrazione* (Milano: Franco Angeli, 1987).

⁵⁹ Paul Pierson and Theda Skocpol, 'Historical institutionalism in contemporary political science', in *Political science: the state of the discipline*, eds. Ira Katznelson, Helen V. Milner and Ada W. Finifter (New York and London: W.W. Norton, 2002), 693-721; Kathleen Thelen, 'Historical Institutionalism in Comparative Politics', *Annual Review of Political Science* 2 (1999), 369-404.

understand institutions as ‘variables’ operating in a vacuum.⁶⁰ Rather, it defines them as concrete object of historical change, taking into consideration elements of path dependency and the legacies of the past to explain their evolution. The assumption that the objects of historical study ‘change, adapt and are affected by history itself’, in particular, is a fruitful one: elements of contingency and ‘the interaction of interdependent variables over time’ are crucial to understanding the development of the CIG, a policy instrument that has been shaped by the complex relation between the state, capital and labour, affected not only by economic factors but also by different cultural understandings of industrial work and employment.⁶¹ Functionalist perspectives take institutions as the simple result of the social forces on the ground at any given point in time. Historical institutionalism, by contrast, adopts a dialectical approach that is able to show not only how organised interests sought to influence the development of social policy, but also how they were, in turn, affected by it. Complementing a strictly institutional analysis with the history of how the CIG was perceived and used makes it possible to better understand the specificity of the Italian unemployment welfare regime.

Shifting the focus from the domain of high politics into the micro level of workplace history can open new pathways.⁶² By looking at how short time work was perceived and used on the industrial shop floor, it is possible to gauge the driving motives behind its intervention and understand its role in the dynamic of labour relations. The frequency with which employers resorted to the CIG - particularly after the energy crisis of 1973 - made it a mainstay into the managerial politics of production. Short time was used systematically to influence the structure of factory work, intervening to regulate the pace of production and counter the effects of rising worker conflict, serving to suspend workers during strikes on the factory shop floor. By constantly modifying production levels and workforce numbers, the CIG helped to disarticulate the rigid rules of Fordist manufacturing, effectively lessening the

⁶⁰ James Conran and Kathleen Thelen, ‘Institutional Change’, in *The Oxford Handbook of Historical Institutionalism*, eds. Orfeo Fioretos, Tullia G. Falletti and Adam Sheingate (New York: Oxford University Press, 2016), 51-70, at p. 53.

⁶¹ Sven Steinmo, ‘Historical Institutionalism’, in *Approaches in the Social Sciences*, eds. Donatella Della Porta and Michael Keating (Cambridge UK: Cambridge University Press, 2008), 118-138, at p. 134.

⁶² Ginzburg, among others, showed that the focus on micro structures does not impair the historian’s capacity to infer on the more general macro aspect of historical development. See Carlo Ginzburg, ‘Microhistory: Two or Three Things That I Know About It’, *Critical Inquiry* 20 (1993), 10-35.

vulnerability of the factory system to external shocks and labour disruptions. The traces of the relationship between the organisational logic of industrial capitalism and the CIG would be lost if the analysis concentrated solely on the macro level of welfare institutional development. A micro-historical survey investigating how short time influenced the everyday working of the factory is better suited to bring to light the dynamic of interaction between welfare and industrial manpower policies.

The factory, as a place where economics, politics and workers' everyday lives conflate, is the focus most suited for a study of social policy that takes into consideration its effects on the social relations of production. As argued by Burawoy, the labour process is structured by a practical aspect, but also by a 'relational one', the so-called 'relations in production', namely the 'relations of the shop floor into which the workers enter, both with one another and management', characterised by a high degree of informality.⁶³ Nesting the study of Italian unemployment welfare within workplace industrial relations can not only help to better specify the different usages of the CIG, but it can also highlight the concrete policy preferences of organised interest groups and the social context that drove its reform. In turn, analysing the influence of the welfare state on the factory shop floor can help us better understand the complex life of the factory as a social body and illuminate neglected aspects of worker contention.

The methodological shift is not only theoretical; it involves a new approach to archival sources. Traditional historiographical accounts of Italian welfare mostly concentrated on State archives, tracking the development of social policy through the papers of the INPS and the Ministry of Labour and Social Policy, thus favouring the perspective of policymakers. In order to understand the industrial and social milieu in which legislative and administrative procedures were undertaken, however, it is necessary to deepen the view, highlighting the outlook of organised interest groups. To do so, the thesis complements traditional institutional and press sources with the archives of the *Confindustria*, the national Italian employers association, and those of the main trade unions, at the national, but especially at local level.

Getting access to the papers of regional and plant-level unions is indeed crucial to understanding how the CIG operated within workplace relations of production. The

⁶³ Michael Burawoy, *Manufacturing Consent. Changes in the Labour Process under Monopoly Capitalism* (Chicago: University of Chicago Press, 1979), p. 15.

1970s witnessed the strengthening of trade unions at the national level, but also a decentralisation of industrial relations bargaining with the consolidation of plant-based factory councils. These became labour's negotiating front end on most factory issues and provide an invaluable standpoint to understand the effects of the CIG on the everyday life of the shop floor. This thesis will thus also rely on the archives of local and sector unions, particularly in the automobile sector of the Italian North-West, which represented the fulcrum of industrialisation of the country and key test-bed for the evolution of Italian industrial relations. The local archives of the metalworker sector unions, affiliated with the communist and Christian national unions, in Turin, Milan and Naples, store the papers of some of the major factories of the country, among which those of FIAT and Alfa Romeo. As a result of the examination of these records, it is possible to demonstrate not only how workers and workplace stewards perceived the problem of short time suspensions and redundancy, but also how managers utilised the CIG to govern the factory shop floor.

4. Welfare and industrial conflict

The shift from institutional macro-history to the micro-history of the industrial shop floor highlights the importance of the evolution of industrial relations to the explanation of social policy. Indeed, the main argument of this thesis is that the peculiar characteristics of the Italian unemployment welfare model can be related to the country's pattern of industrial conflict. Compared to the experience of other Western European countries, the history of post-war Italian industrial relations has demonstrated a very skewed trend, with the initial marginalisation of the labour movement, until the mid-1960s, followed by the unchecked expansion of its militancy and influence during the 1970s.⁶⁴ This can not only provide an explanation for the relative narrowness of Italian unemployment social policies – as in power resource approaches – but might also explain why the system was not reformed in a more universalistic direction after the 1973 oil crisis, leading instead to the unilateral expansion of the CIG.

In Italy, the immediate post war period was characterised by the weakness of the labour movement and by a very authoritarian system of industrial relations. Still at

⁶⁴Maximos Aligisakis, 'Labour Disputes in Western Europe: Typology and Tendencies', *International labour Review* 136 (1997), 73-94.

the beginning of the 1950s, most of the Italian workforce was tied to agriculture. Mass production was assumed as a ‘mythopoiesis’ of Italian industrial reconstruction after the war, embodying the modernisation desires of the country’s political elite.⁶⁵ Yet, the diffusion of large factories based on Fordist industrial organisation remained modest up until the late 1950s.⁶⁶ This hampered the socialisation of the labour force to industrial work and slowed down the organisational build-up of the trade unions, still divided between the Communist leaning CGIL, on the one hand, and the more moderate *Confederazione Italiana Sindacati Lavoratori* (CISL) and *Unione Italiana Lavoratori* (UIL), affiliated respectively to the DC and the PSI. While Western European countries, to a different degree, managed to integrate working class constituencies into their polities, in Italy the labour movement was excluded from actual policymaking.⁶⁷ The fragile bargaining position of the unions and a financially weak state, which was investing all of its resources into the reconstruction effort, hampered the development of a broad system of unemployment insurance, leading instead to the progressive expansion of the CIG. Short time offered a leaner and more targeted social shock absorber, allowing welfare intervention on local industrial crises without creating a context of universal rights for unemployment that would have burdened state coffers.

The repeated usage of short time throughout the reconstruction and the phase of post-war economic growth entrenched the CIG into the Italian institutional edifice, creating a path dependence effect. At the end of the 1960s, when the increase in industrial conflict finally projected the unions into the political arena, it did so by strongly emphasising their adversarial elements. The spread of large factories, growing urbanisation and migration flows sustained a process of politicisation among blue-collar workers. As the country hovered towards full employment, the end of 1969 was marked by the sudden and unregulated rise of labour strife.⁶⁸ The magnitude of the so-called ‘Hot Autumn’ led to an overhaul of the Italian industrial relations

⁶⁵ Pietro Causarano, ‘La fabbrica fordista e il conflitto industriale’, in *Storia del Lavoro in Italia, il Novecento 1945-2000*, ed. Stefano Musso (Rome: Castelvecchi, 2015), 59-101, at p. 71.

⁶⁶ Duccio Bigazzi, *La grande fabbrica: organizzazione industriale e modello americano alla Fiat dal Lingotto a Mirafiori* (Milano: Feltrinelli, 2000), p. 179.

⁶⁷ Aris Accornero, *La parabola del sindacato. Ascesa e declino di una cultura* (Bologna: il Mulino, 1992), pp. 50-51.

⁶⁸ Nicola Pizzolato, *Challenging Global Capitalism. Labour Migration, Radical Struggle, and Urban Change in Detroit and Turin* (New York: Palgrave Macmillan, 2013), pp. 47-117.

system.⁶⁹ A growing radical rank and file found its voice in the establishment of factory councils, which increased bottom-up democracy within official unions and fostered their radicalisation on bargaining and policy issues. At the organisational level, the renewed strength of the labour movement translated into greater unity, with the three main unions agreeing in 1972 to constitute a common federation: CGIL-CISL-UIL, which lasted until 1984. As the bargaining strength of the unions grew, organised labour re-cast itself as a ‘political subject’, demanding the reform of existing labour law and social policy, trying to cover for the lack of redistributive reforms of the previous decades.⁷⁰ Already in May 1970, the Parliament had passed the *Statuto dei Lavoratori* (Workers Statute), a new law to protect employees’ rights to political expression, preventing employers from conducting investigations and arbitrary firings, while the unions also increased their activism on issues ranging from healthcare to public housing.⁷¹

When it came to unemployment welfare, however, organised labour neglected social insurance. By the early 1970s, the labour market was almost at full employment and the workforce was now decidedly concentrated in the industrial sector. This led organised labour to favour a social policy system targeted towards its core working class constituencies: the CIG would safeguard not only their income but also their social identity and jobs. Compared to the automatic mechanism of unemployment insurance, short time benefits helped strengthen the bureaucratic power of the unions, enhancing their gatekeeping role through their representatives in provincial and central CIG commissions. In no small part, organised labour’s policy preferences were pushed towards the CIG by a dynamic of intra-left competition. In various ways, the radical worker groups that emerged during the Hot Autumn recognised themselves in the current of *Operaismo* - or ‘workerism’, which theorised the social centrality of salaried labour - and demanded a complete guarantee on existing jobs.⁷² As the Italian economy slowed after 1973, with the first foreclosures of factories starting to threaten the rank and file, the competition for consensus led the unions to embrace the more

⁶⁹ Diego Giachetti, *L’Autunno Caldo* (Roma: Ediesse, 2013); Bruno Trentin, *Autunno caldo: il secondo biennio rosso 1968-1969* (Roma: Editori riuniti, 1999).

⁷⁰ Marino Regini, *I dilemmi del sindacato: conflitto e partecipazione negli anni Settanta e Ottanta* (Bologna: Il Mulino, 1981), p. 66.

⁷¹ Emanuele Stolfi, *Da una parte sola. Storia politica dello statuto dei lavoratori. Prefazione di Gino Giugni* (Milano: Longanesi, 1976).

⁷² Steve Wright, *Storming heaven. Class Composition and Struggle in Italian Autonomist Marxism* (London: Pluto Press, 2002), p. 98.

radical proposals of autonomous worker groups, seeking to make industrial wages an ‘independent variable’ of the economic system, insulating them through the protection afforded by CIG.⁷³

The ebbs and flows of industrial conflict in post-war Italy help to account for the segmentation and occupational bias of the country’s system of unemployment welfare. The initial weakness of the unions, followed by the unchecked growth of their political influence and mobilisation capacity in the early 1970s explains why organised labour favoured a rigid system of social protection for its core constituencies. The relationship between industrial conflict and the evolution of unemployment welfare, however, is not one of simple correlation. Even if we factor in the timing of labour outbursts and the pattern of trade union mobilisations, explaining the increasing usage of the CIG as a direct result of the rise in organised labour’s power, we would be assuming a deterministic perspective of historical change. The Italian short time work system was deeply shaped by the demands for employment security coming from bottom-up worker demands, but the reverse holds true as well.

Rather than simply being a social policy instrument to counter unemployment and favour the de-commodification of labour, the CIG has also played a key part in quelling industrial conflict and cushioning its effects on the organisation of production. The expansion of the CIG during the crisis of the 1970s answered well-founded social concerns, but also represented the regulative response of an increasingly rigid industrial system, overly reliant on labour intensive strategies, to the challenges posed by industrial conflict.⁷⁴ Indeed, the CIG proved an invaluable instrument for employers to control the factory shop floor, allowing the absorption of the cost of strikes, marginalising the most riotous workers and intervening in working shifts and production levels without bearing the financial costs of such changes.⁷⁵ Short time was often used to suspend workers during strikes and, in times of crisis, temporary redundancies offered a way for managers to put pressure on the rank and file, bypassing the tighter regulation on layoffs introduced by the Workers Statute.

⁷³ Duccio Cavalieri, *Scienza economica e umanesimo positivo: Claudio Napoleoni e la critica della ragione economica* (Milano: FrancoAngeli, 2006), pp. 37-42.

⁷⁴ Compared to other Western countries, the growth of the Italian manufacturing system was characterized by a much more intense use of labour in the post-war period. See Edward N. Wolff, ‘Capital Formation and Productivity Convergence over the Long Term’, *The American Economic Review* 81 (1991), 565-579.

⁷⁵ Andrea Graziosi, *La Ristrutturazione nelle Grandi Fabbriche 1973-1976* (Milano: Feltrinelli, 1979), pp. 59-68.

Without seeking to explain the CIG as both a result and a response to the non-governability of the shop floor, it would be impossible to understand why *Confindustria* was an active driver in the expansion of short time benefits, preferring them over unemployment insurance, as the CIG allowed better control over the industrial workforce and financial incentives to carry out industrial restructuring and manpower redundancies.⁷⁶

Underlining the socially repressive use of short time work is also important to explain why, at the turn of the 1980s, the CIG shifted its gears: while the aim of short time work remained that of industrial flexibility, the nature of its intervention became more unilateral, directly targeting the bases of political mobilisation in the workplace and leading to the permanent exclusion of workers from the factories. The decade was marked by a qualitative change in Italian industrial relations, with the employers' taking back political initiative on the shop floor, while the CGIL-CISL-UIL federation and its most militant sector categories lost consensus and fragmented, leading to the demise of the united labour front in 1984.⁷⁷ As underlined by Beverly Silver, the decline of organised labour was an international trend: the wave of de-industrialisation, business relocation and technological innovation altered the social landscape of all advanced economies, leading to an unprecedented surge of unemployment and putting the unions on the back foot.⁷⁸ In Italy, the CIG became the kernel of these concomitant processes, linking industrial restructuring with the targeted expulsion of the labour force.

Italian labour history has widely investigated the causes behind the demise of the country's unions during the early 1980s. Factory councils underwent a process of bureaucratisation, with the official unions taking over at the expenses of the stewards directly elected by the rank and file, drying up the bottom-up democracy of plant-level worker representation. As the crisis deepened, towards the second half of the 1970s, organised labour was at odds with how to reconcile the need to foster employment creation policies with that of ensuring the protection of real wages in the industrial sector. Stuck within an insider-outsider dilemma between the unemployed and the core industrial working class constituencies, Italian unions lost consensus.

⁷⁶ Longo, 'Meno Salario, più Reddito', p. 24.

⁷⁷ Aris Accornero, 'La disunione sindacale', *il Mulino*, *Rivista bimestrale di cultura e di politica* 2 (2003), 229-238, at p. 229.

⁷⁸ Beverly J. Silver, *Forces of labor: workers' movements and globalization since 1870* (New York: Cambridge University Press, 2003), p. 163.

Many scholars pointed at the perverse effects of the system of wage indexation to inflation, the so-called *Scala Mobile*, introduced in 1975 under the political pressures of the most radical fringes of organised labour. The automatic nature of the monetary increases introduced by the new system made practical wage bargaining redundant, weakening the *raison d'être* of the unions and alienating the sympathies of the most skilled workers.⁷⁹

In this context, most historians considered the unprecedented surge of the CIG in the 1980s a consequence of the brittleness of organised labour, which could not muster the organisational strength to resist the layoffs demanded by the employers. Looking at the way in which short time work influenced the factory shop floor, however, shows that the CIG was a cause as much as an effect of the weakening of organised labour, precipitating its crisis of consensus. The narrow targeting and generousness of the CIG - compared to the lack of protection afforded by unemployment insurance - extremised the inside-outsider dilemma. The unions and their members started to be perceived as 'overly protected' caste, even within the ranks of the Left.⁸⁰ On a deeper level, the massive use of short time suspensions disarticulated the workings of factory councils inside large factories. As organised labour progressively lost control over managerial manpower policies, the CIG started systematically targeting union stewards and the most radical fraction of the rank and file, depriving factory councils of key personnel and social capital, impairing their capacity to resist further rounds of redundancy and accelerating the crisis of organised labour.⁸¹

In sum, the connection between industrial conflict and the evolution of the Italian unemployment protection system is dialectical, characterised by many push and pull factors that make the relation between worker mobilisation, managerial strategies and the use of unemployment welfare a complex one. More closely examining how the history of labour relations and industrial conflict shaped and was

⁷⁹Michele Magno, 'La sconfitta del movimento operaio e la ristrutturazione capitalista degli anni ottanta', in *Bruno Trentin e la sinistra italiana e francese*, ed. Sante Cruciani (Roma: École française de Rome, 2012), 349-355; Mario Reina, 'Riforma della Scala Mobile e Crisi Sindacale', *Aggiornamenti Sociali* 32 (1981), 405-416.

⁸⁰Such critique was firstly articulated by Alberto Asor Rosa, *Le Due Società. Ipotesi sulla crisi italiana* (Torino: Einaudi, 1977).

⁸¹Giuseppe Bonazzi, 'Italian Cassa Integrazione and Post Redundancy', *Work, Employment & Society* 4 (1990), 577-593.

shaped by the development of social policy provides a new explanation for the history of Italian welfare, recognising its intrinsic duplicity and multifaceted effects on the world of industrial work.

5. Synopsis

The structure of the dissertation follows a chronological order, tracking the evolution of the CIG through various stages of Italian history. The first chapter takes into consideration the first three decades of the post-war period, from 1941, when the CIG was first introduced, until the end of the 1960s. It will show why policymakers and organised interest groups preferred short time work benefits to unemployment insurance during the reconstruction years and will consequently track the way in which the CIG was progressively used out of its original industrial policy boundaries, until the introduction of the CIG-S in 1968. In doing so, the chapter will question the applicability to the Italian case of the concept of a post-war social contract, showing instead how the peculiarities of the Italian unemployment social policy are related to the marginalisation and failed political integration of organised labour.

The second chapter will take into consideration the period between 1968 and the beginning of 1973, shifting the focus to the industrial shop floor to investigate the role played by short time benefits into the worker protest cycle inaugurated by the Hot Autumn. Looking at the troubled evolution of industrial relations in the major car factories of the period, FIAT and Alfa Romeo, the chapter will show how employers sought to make use of the CIG-O as a repressive device to quell the unprecedented surge of labour unrest and solve the industrial organisation strains of mass production.

The third chapter will take into consideration the period between the autumn of 1973 and the beginning of 1975, concentrating on the strains the energy crisis brought on the Italian welfare state, highlighting the outlook of organised labour on the reform of unemployment social policy. Faced with the threat of redundancy and pressed by the competition of autonomous worker groups, organised labour embraced the radical proposals for a general strengthening of the CIG and greater bottom-up control over its allocation. The chapter will track how the demand for a 'guaranteed wage' emerged at the plant-level in the metalworking sector and was eventually adopted by

the national union federation, becoming the cornerstone of an important agreement with *Confindustria* at the beginning of 1975.⁸²

The fourth chapter will take into consideration the period between 1975 and the end of the 1970s, showing how the country's worsening economic crisis and the spread of the CIG-S undermined the consensus within organised labour, exposing the inherent contradiction between protecting the core working class inside the factories and foster employment creation policies for the growing mass of unemployed. The chapter will show how the management of redundancies came to be dominated by a system of imperfect corporatism in which organised labour accepted tying manpower policies to business market outcomes, but failed to obtain new employment creation investments in exchange. In large part, this failure was due to the weakness of state institutions, at the local and central level, lacking an enforcement mechanism to uphold the industrial relation bargain and put forward a proactive industrial policy, instead of simply attempting to freeze workforce levels in unproductive industries via short time.

The fifth and last chapter will take into consideration the decade of the 1980s, starting in October 1980, when the carmaker FIAT made the momentous decision to resort to the CIG-S for tens of thousands of its employees, which drastically altered the panorama of Italian industrial relations.⁸³ The chapter will highlight how the unilateral decision of the company, soon followed by other big companies, configured the CIG as a *de facto* unemployment subsidy. This section will show how the massive use of short time impaired the workings of factory councils and curtailed their bargaining strength. It will offer new data to account for the discriminatory use of the CIG to target the most politicised employees. Furthermore, it will bring new evidence to investigate the rift that opened up between the workers who remained in production and the workers in CIG, the so-called *cassaintegrati*.

⁸² Gino Bedani, *Politics and Ideology in the Italian Workers' Movement: Union Development and the Changing Role of the Catholic and Communist subcultures in Post-war Italy* (Oxford: Berg, 1995), p. 203.

⁸³ Enzo Mattina, *Fiat e Sindacati Negli Anni '80* (Milano: Rizzoli, 1981), pp. 90-110.

1. The political economy of Italian unemployment welfare, 1941-1968

1.1 The post-war social contract in Italy

The first chapter will reconstruct the history of the Italian unemployment welfare system from the Second World War until the end of the 1960s. It will track the process through which the CIG was born and progressively expanded, until it became a permanent feature of Italian social policy. In parallel, the analysis will explore the reasons behind the failed expansion of standard unemployment insurance. The focus will not only be on the institutional dimension of the process, tracking the legislative evolution of social policy. Crucially, it will also take into consideration how employers and organised labour favoured, and sought to make use of short time work throughout the post-war economic expansion, shaping it according to their respective interests. Tracking the interactions between the state, business and trade unions, this chapter will show the complex political economy behind the construction of Italian unemployment welfare, and illuminate the peculiar characteristics of the post-war social contract – or lack of thereof - on which Italian unemployment policy was built.

Both national and the comparative literature on the Italian welfare state considered the 1970s as their initial standpoint of analysis. The explosion of the oil crisis in 1973, along with the consequent stagnation of industrial production, increased the problem of mass unemployment, and thus also the importance of social policy. The impact of external shocks and the increasing role played by international market factors on national economies during the decade, brought to the surface the institutional variations existing among the welfare states of various capitalist economies.¹ Understandably, the late twentieth century has become the main focus of

¹ Peter Achterberg and Mara Yerkes, 'One welfare state emerging? Convergence versus divergence in

analysis of comparative welfare developments. This, however, has led researchers to underplay the importance of the first three decades of the post-war period as a period of institutional formation. The interpretative category of a post-war social contract based on capital-labour collaboration has been applied to encompass different western European economies, underrating national specificities. In various ways, scholars interpreted the international political economy of the post-war period as a political exchange built on Keynesian expansive policies, a bargain between an employer class interested in exploiting the reconstruction as an opportunity for economic growth, and labour organisations seeking to improve institutional protection for their constituencies.²

While recognising the existence of national specificities, Maier accepted the existence of a transnational pattern of social collaboration across western countries in the early stages of the Cold War. The industrial relation peace that dominated post-war Europe underpinned what Maier termed the ‘politics of productivity’.³ Organised labour accepted ‘the linkage of wages to productivity’, in exchange for collective goods, such as full employment and the development of more inclusive welfare states, brokered by the state.⁴ Maier understood the emergence of the post-war social contract as a natural result of the ravages and high inflation inherited after the war.

The most important works on the second half of the twentieth century accepted the idea of a post-war social compact. Hobsbawm recognised that the European golden age of capitalism was characterised by a settlement between capital and labour, in which employers maintained control over the politics of production while workers were compensated by the satisfaction of their immediate material needs through stronger welfare protection.⁵

Judt put forward a similar perspective, understanding the post-war rise of the welfare state and social planning as a response to the political polarisations of the

16 western countries’, *Journal of Comparative Social Welfare* 25 (2009), 189-201, at p. 193; Gosta Esping-Andersen, ‘After the Golden Age? Welfare State Dilemmas in a Global Economy’, in *Welfare States in Transition: National Adaptations in Global Economy*, ed. Gosta Esping-Andersen (London and New York: Sage, 1996), 1-31, at p. 3.

³ Sheri Berman, *The Primacy of Politics: Social Democracy and the making of Europe Twentieth Century* (Cambridge: Cambridge University Press, 2006), p. 188; Alan Milward, *The European Rescue of the Nation State* (London: Routledge, 1992), p. 21,

³ Charles S. Maier, *In search of stability: explorations in historical political economy* (Cambridge: Cambridge University Press, 1987), pp. 121-152.

⁴ Charles S. Maier, ‘The Postwar Social Contract: a Comment’, *International Labor and Working-Class History* 50 (1996), 148-156, at p. 148.

⁵ Eric Hobsbawm, *Age of Extremes. The Short Twentieth Century 1914-1991* (London: Abacus Books, 1995), p. 272.

interwar decades. The social redistributive nature of the welfare state ‘bound social classes closer together, [...] with a common interest in its preservation and defense’, and acted as the lynchpin of a social contract ‘designed to reduce the risk of strikes and wage inflation’.⁷

Eichengreen went even further, placing the idea of a social contract at the very heart of the European post-war growth mechanism. Organised labour accepted wage moderation in exchange for employment creation investments.⁸ The welfare state and other protective labour regulations were introduced to guarantee industrial relations peace, providing immediate benefits to the working class so as to solve the time inconsistency problem by which workers would have to make immediate sacrifices in exchange for future gains.⁹

Historical theories rooted in Marxian categories, without explicitly mentioning the ‘social contract’, underlined that the post-war emergence of the welfare state was rooted into a dynamic of class compromise. For authors such as Aglietta and Jessop – part of the so-called French Regulation School – collective bargaining and the welfare state were a constituent part of the Fordist regime of accumulation and were instrumental in favouring the introduction of mass production industrial organisation, guaranteeing mass consumption and peaceful industrial relations.¹⁰ From a similar perspective, Gordon, Bowles and Weisskopf – pioneers of the Social Structure of Accumulation School – assumed that European post-war economic growth was characterised by a two pronged social contract, composed, on the one hand, of a capital-labour accord that guaranteed social stability on the job market, on the other, of a state-citizens compact that acted as a lynchpin for welfare state expansion.¹¹

⁶ Tony Judt, *Postwar. A History of Europe Since 1945* (New York: Penguin Press, 2005), p. 76.

⁷ Ibidem, p. 329

⁸ Barry Eichengreen, *The European Economy since 1945. Coordinated Capitalism and Beyond* (Princeton and Oxford: Princeton University Press, 2008), pp. 31-47.

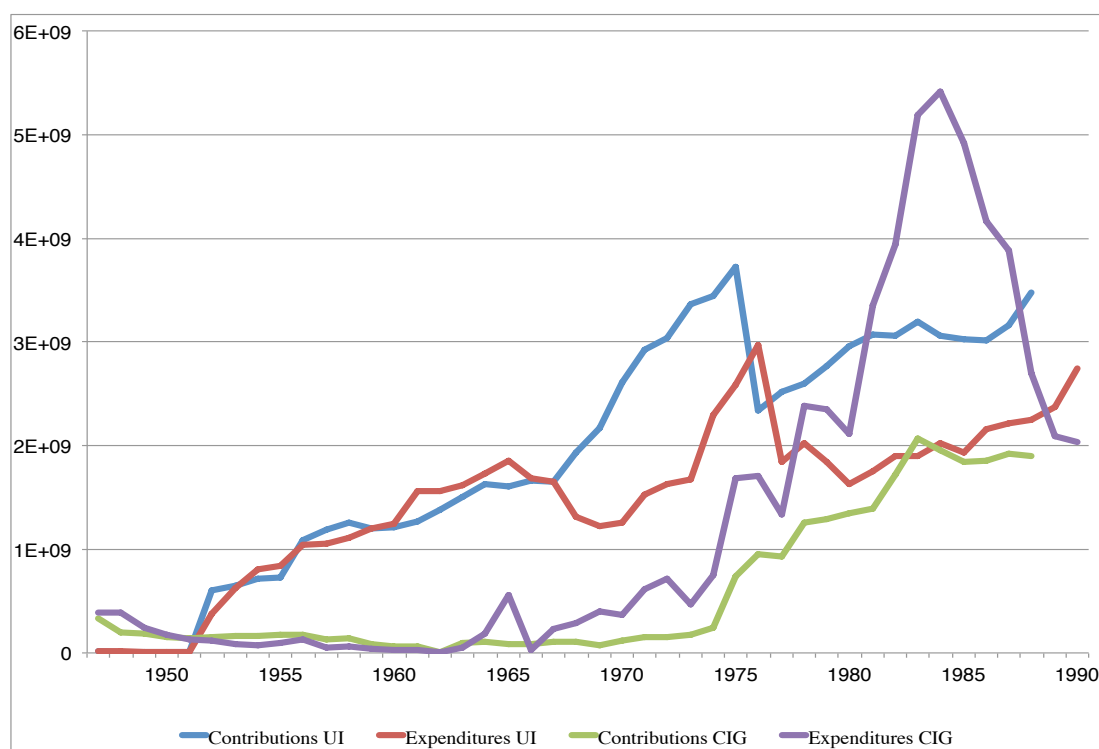
⁹ Barry Eichengreen, ‘Institutions and economic growth: Europe after World War II’, in *Economic Growth in Europe since 1945*, eds. Nicholas Crafts and Gianni Toniolo (Cambridge: Cambridge University Press, 1996), 38-72, at pp. 43-17.

¹⁰ Michel Aglietta, *A Theory of Capitalist Regulation*, pp. 190-198; Bob Jessop, ‘Post-Fordism and the State’, in *Comparative Welfare Systems*, ed. Bent Greve (London: Palgrave Macmillan, 1996), 165-183.

¹¹ Samuel Bowles, David M. Gordon and Thomas E. Weisskopf, ‘Power and Profits: The Social Structure of Accumulation and the Profitability of the Postwar U.S. Economy’, *Review of Radical Political Economics* 18 (1986), 132-167; David M. Kotz, ‘A Comparative Analysis of the Theory of Regulation and the Social Structure of Accumulation Theory’, *Science & Society* 54 (1990), 5-28, at p. 23.

The historiography is unanimous in considering the Golden Age of capitalism as an important step of social policy formation, linking the growth of modern welfare states to the compromise that characterised post-war European industrial relations. While most authors underlined national differences, however, they rarely recognised the early post-war decades as a period in which the seeds of future institutional anomalies were planted. This is particularly the case for the Italian system of unemployment benefits. Few authors connected the imbalances of the Italian unemployment welfare model to the harsh regime of industrial relations and factory discipline that characterised the country during the 1950s and the early 1960s. Most historiographical analyses of the short time benefits system concentrated their focus on the 1970s and 1980s, when the use of the CIG became widespread and its total expenditure overtook that of unemployment insurance. This led to failure to trace the roots of Italian unemployment welfare's distortions back to the early post-war decades.

Fig. 1.1 expenditures and contributions for UI and CIG (1947 – 1990)¹²



¹² Data are in 1992 lire. See the yearly financial statements of the National Institute for Social Insurance: INPS, *Rendiconti dell'Istituto Nazionale della Previdenza Sociale* (Roma: Inps, 1947-1990). The deflator index is provided by the National Institute of Statistics. See FOI(nt), *Indici nazionali dei prezzi al consumo per le famiglie di operai e impiegati, generale al netto dei tabacchi (a partire dal Febbraio 1992)* (Roma: ISTAT, 2016).

A quick look at the timing of contributions and expenditures for unemployment insurance and short time work benefits in Italy points towards that direction. The importance of the CIG exploded during the recession of the 1970s, eventually overtaking unemployment insurance by the end of the decade. However, the beginning of its exponential growth predates the crisis, originating at the beginning of the 1960s, when the country had to grapple with the end of the post-war economic miracle. All the main institutional ingredients of the intervention of short time benefits seem to have been in place before the external impact of the oil shock. They were developed throughout the post-war period, in which the CIG served to tackle various sector and regional crises. This allowed for a process of institutional adaptation, policy testing and learning by state officials and social partners alike, through which the CIG was progressively transformed from an industrial policy device for labour hoarding into a flexible surrogate of unemployment insurance. Total spending on unemployment benefits remained initially higher than that on the CIG, but so did the fiscal contributions absorbed by the fund, which remained at breakeven for most of the post-war period. Compared to the CIG, unemployment insurance affected a much wider number of recipients and had a lower wage replacement rate, making it less effective than the CIG to tackle severe industrial crises, particularly when they were concentrated at the local or sector level.

The failure to develop an effective unemployment insurance system and the parallel institutional development of the CIG can be understood as consequences of the peculiar social contract that characterised the Italian labour market during the post-war decades. Compared to the experience of other core European countries, Italian industrial relations were not consensual, but extremely adversarial. Italian organised labour suffered from internal divisions and a condition of structural weakness due to high unemployment rates. After having showed great cohesiveness and militancy in the immediate aftermath of WWII, its organisational strength waned, hampering its negotiating power on unemployment social policy matters. Employers, on the other hand, exploited their advantage to marginalise the most radical unions and opposed the universal extension of unemployment insurance to avoid increasing direct and indirect labour costs.¹³ After the war, the newly rebuilt Italian State was in a tenuous fiscal position and could not support an extended unemployment insurance,

¹³ Valerio Castronovo, *Storia economica d'Italia. Dall'Ottocento ai giorni nostri* (Torino: Einaudi, 2013), pp. 268-269.

fearing that the high number of jobless would cripple its finances. The state was in no position to redistribute social policy benefits to organised interest groups, and unable to provide the institutional enforcement mechanisms needed to foster capital-labour collaboration.¹⁴

The CIG emerged as a ‘second best institution’, adapting the need for a functioning unemployment social policy to the fiscal limitations of the Italian state and the country’s political economy context.¹⁵ Compared to standard insurance, short time work benefits provided a leaner and more flexible instrument of welfare intervention. Its discretionary nature allowed the state to intervene selectively to stem only the most disruptive crises, without overburdening its tight finances. At the same time, the CIG accommodated the respective interests of large employers and organised labour for manpower flexibility and the protection of core industrial working classes, at the expense of the weaker strata of the labour market.

1.2 The *Cassa Integrazione*, industrial reconstruction and social struggles

The Italian short time work system was created on the 13th of June 1941, through a national contract signed by the Fascist Employers' Confederation and the Fascist workers' union. The agreement established a special fund within the INPS, funded by a 5% contribution by employers, which guaranteed the salaries of industrial workers on reduced working time. Upon request of companies, the CIG could subsidise 75% of workers' wages for all lost time short of a 40 hours working week.¹⁶ The scheme was created to cope with the wartime difficulties of the industrial sector, when most firms in the north of the country were forced to reduce their production because of reduced consumption. The function of the CIG was twofold: on the one hand, it guaranteed workers' income despite production shortages. On the other, it served to safeguard employers from the risk of losing a highly skilled workforce in favour of their competitors. At this stage, the fund was not a public welfare scheme, but a

¹⁴ Patrizia Battilani and Francesca Fauri, *L'economia italiana dal 1945 ad oggi* (Bologna: Il Mulino, 2014), pp. 55-59.

¹⁵ Dani Rodrik. ‘Second-Best Institutions’, *The American Economic Review* 98 (2008), 100–104.

¹⁶ CGIL, Contratto Collettivo Nazionale per la integrazione dei guadagni degli operai dell'industria lavoratori ad orario ridotto, Roma, 13/06/1941, Archivio Storico CGIL (thereafter ASCGIL), Segreteria Generale, Atti e corrispondenza, Problemi sociali e del lavoro, box (b.) 20, fascicle (f.) 16.

device of industrial policy whose chief aim was to favour firms' labour hoarding.¹⁷ Despite the chronic stoppages affecting Italian industry - further exacerbated by energy and raw material procurement problems - the use of the CIG was narrow. Many workers were conscripted into compulsory military service as the conflict progressed, and the state allowed the intervention of short time only in cases of 'preordained, systematic and continuous work-time reduction', restricting its field of intervention.¹⁸ By the end of the conflict, the fund showed a positive balance of one billion liras.¹⁹

The CIG assumed a more pronounced welfarist character only in the aftermath of the war, to cope with the disastrous social conditions of the country. The end of war left the new Italian state facing a serious issue of industrial reconversion, with a hypertrophic military complex and a technologically backward consumer goods light industry.²⁰ These imbalances weighted heavily on an already strained labour market, where the return of demobilised soldiers and partisans worsened the problem of structural unemployment. To face the risks of social disruptions, the first post-war government introduced a special ban on firings in the industrial sector in May 1945, freezing productive overcapacity in the north of the country so as to avoid massive layoffs.²¹ In this context, the new Italian state resorted to the CIG to introduce a degree of flexibility in an industrial labour market which otherwise risked becoming excessively sclerotic. In November 1945, the decree law n.788 introduced the *cassa integrazione guadagni per gli operai dell'industria* into the new legislation, but restricted its replacement rate to 66% and prohibited its intervention in cases of complete work suspension, so as to encourage work sharing practices. Only in the north of the country, where most industries were concentrated, did the decree envision a special temporary regime: it was also possible to use the CIG also in cases of complete production shutdown, subsidising the entire working week and financing industrial manpower redundancies with no time restrictions. Furthermore, the new

¹⁷ Claudia Mazzi and Valeria Severino, 'Finalità e funzioni della cassa integrazione guadagni per gli operai dell'industria', *Previdenza Sociale* 6 (1974), 1816-1868, at p. 1821.

¹⁸ Carinci, 'La disciplina della cassa integrazione', p. 12.

¹⁹ INPS, *Rendiconti dell'Istituto Nazionale della Previdenza Sociale* (Roma: Inps, 1947).

²⁰ Gualberto Gualerni, *Ricostruzione e industria: per una interpretazione della politica industriale nel secondo dopoguerra, 1943-1951* (Milano: Vita e Pensiero, 1980), pp. 42-55; Enrico Mantovani, 'Dall'Economia di Guerra alla Ricostruzione', *Quaderni Storici* 10 (1975), 631-655.

²¹ Enrico Pugliese and Enrico Rebgiani, *Occupazione e Disoccupazione in Italia. Dal dopoguerra ai giorni nostri* (Roma: Edizioni Lavoro, 2004), pp. 25-30; Aldo G. Ricci, *Aspettando la Repubblica: i governi della transizione: 1943-1946* (Roma: Donzelli Editore, 1996), p. 107.

decree allowed the state to intervene directly into the financing of the fund. The *Cassa* could spend above the contributions it accumulated, drawing on money anticipated by the state without interest. Crucially, the scheme shifted from its mutualistic bases to an outright public welfare framework.²² Contrary to the wartime period, when the intervention of the CIG served to tackle temporary stoppages, the new law was designed to cope with a structural problem: relieving industrial companies of excess workforce, so as not to impair their profits in the reconstruction effort, while guaranteeing workers' incomes and occupational statuses.²³

The short time work system was adapted in the post-war period as an emergency measure, to compensate for the shortcomings of standard unemployment insurance, so much so that the decree that instituted it had a self-limiting clause and was set to expire in September 1946, when the ban on firings was supposed to come to an end. The inability of the employers' association of *Confindustria* and the CGIL to reach an agreement on how to jointly oversee the process, however, led to the opposition of the labour movement to any kind of dismissal. Until the summer of 1947, layoffs were adamantly opposed by the union, which could count on a strongly entrenched constituency of highly politicised workers. The CIG was thus progressively prolonged to cope with enduring industrial rigidities. In the years following the end of the war the fund witnessed a dramatic growth of expenditure, quintupling from the 4.491 billion lire of 1945 to 20.952 billion in 1948.²⁴ In 1951, the Parliamentary Commission of Inquiry on Unemployment, led by the social democratic MP Roberto Tremelloni, was already highlighting the key role played by the CIG to diffuse social tensions and prevent the 'rise of public disquiet [...] and discomfort among the new mass of workers'.²⁵

A reform of unemployment insurance would have helped to ease social tensions and the Ministry of Labour had been working on a draft project to raise unemployment benefits since the early part of 1946. At the beginning of the post-war period, Italian unemployment insurance was still regulated by law n. 1155, introduced

²² Decreto Legislativo Luogotenenziale, 9 novembre 1945, n. 788, *Istituzione della Cassa per l'integrazione dei guadagni degli operai dell'industria e disposizioni transitorie a favore dei lavoratori dell'industria dell'Alta Italia*, Gazzetta Ufficiale, Serie Generale n. 155, 27/12/1945.

²³ Carinci, 'La disciplina della cassa integrazione', pp. 14-16.

²⁴ INPS, *Rendiconti dell'Istituto Nazionale della Previdenza Sociale* (Roma: Inps, 1947-1951).

²⁵ Commissione parlamentare d'inchiesta sulla disoccupazione, *La Disoccupazione in Italia: relazione dei gruppi di lavoro, atti della commissione, Vol. II* (Roma, Camera dei deputati, 1953), p. 145. For an overview of the political figure of Roberto Tremelloni, see Mattia Granata, *Roberto Tremelloni: riformismo e sviluppo economico* (Soveria Mannelli: Rubbettino, 2010).

under the Fascist regime in 1936, which had set the daily benefit to between 1.25 and 3.75 lire, depending on the contributions cumulated by single workers, for a maximum of 120 days. In April 1939, a royal decree raised the daily amount to between 2.50 and 7 lire, but left the main institutional framework untouched.²⁶ After the end of the conflict, there were many calls for a comprehensive reform of the unemployment insurance system. Being fixed in nominal terms, the amount afforded by the dole was rapidly eroded by wartime inflation, which reduced the lira to one thirtieth of its pre-war value, making unemployment social policy largely ineffective. The failings of the Italian welfare system were underlined already by the work of the Parliamentary Commission for the Study of Labour Problems, established in January 1946 and led by the Communist MP Antonio Pesenti.²⁷

However, it was not until 1947 that a more coherent blueprint for a reform of the Italian welfare state emerged. In July 1947, the Christian Democrat Minister of Labour, Amintore Fanfani appointed the Parliamentary Commission for the Reform of Social Insurance, led by the Socialist Ludovico D'Aragona.²⁸ Both commissions were explicitly modelled after the Greenwood Committee - which in 1941 carried out a survey of all British social insurance schemes and allied services - and looked with interest at the ideas of the so-called Beveridge report, which initially recommended the creation of a universal national security system to tackle social risks ranging from unemployment to healthcare. The proposals put forward by the Aragona commission were less radical and did not foresee the extension of welfare coverage to all Italian citizens.²⁹ Despite this, even the general extension of effective unemployment insurance to all those who were regularly employed was deemed financially unsustainable by the state, which feared, in particular, the high costs that would have derived from agricultural underemployment.³⁰

²⁶ Manfredi Alberti, *Senza Lavoro*, pp. 166-167; Arnaldo Cherubini and Italo Piva, *Dalla libertà all'obbligo: la previdenza sociale fra Giolitti e Mussolini* (Milano: Franco Angeli, 1998), p. 369.

²⁷ Ministero per la Costituente, *Atti della commissione per lo studio dei problemi del lavoro, I: Relazioni - Questionari - Interrogatori - Inchieste; II: L'ordinamento del lavoro nella legislazione comparata* (Roma, Stabilimento Tipografico UESISA, 1946).

²⁸ Paolo Mattera, 'All'alba della Repubblica: i progetti di riforma sociale degli anni Quaranta e la Commissione D'Aragona', in *Momenti del welfare in Italia*, ed. Paolo Mattera (Roma: Viella, 2012), 81-119.

²⁹ Loreto di Nucci, 'Lo stato sociale in Italia tra Fascismo e Repubblica: la ricezione del piano Beveridge e il dibattito nella Costituente', in *Cittadinanza, Individui, diritti sociali, collettività nella storia contemporanea, Atti del convegno annuale SISSCO, Padova, 2-3 dicembre 1999*, ed. Carlotta Sorbi (Roma: Istituto Poligrafico e Zecca dello Stato, 2002), 161-188.

³⁰ Ministero del Lavoro e della Previdenza Sociale, il Ministro Giuseppe Romita a Confederazione

For its part, *Confindustria* resisted the proposal to strengthen unemployment insurance: the employers recognised the need for a change, but were drastically opposed to any kind of universalistic extension. A social security model à la Beveridge required too many fiscal resources. A larger system of unemployment insurance would have increased the social contributions required by employers, raising indirect labour costs. Furthermore, a generalised income support for unemployment would have caused an upward pressure on the national demand wage, with the risk of jeopardising the economy of reconstruction. Between 1947 and 1948, the employers' association set up its own Confederal Committee on Social Insurance in order to stay informed of the works of the Parliamentary Commission and try to influence its workings.³¹

Compared to the extensive coverage and automatic intervention of unemployment insurance, short time work benefits offered a much more flexible and discretionary social policy instrument. The intervention of the CIG was not automatic, but rather under the administration of provincial commissions within INPS local offices, in which both employers' and unions' representatives took part. The decision making process was thus dependent on the local dynamic of industrial relations, and the functioning of short time could be tailored taking into consideration the mobilisation capacity of organised labour and the production needs of the employers at a local level. At the national level, the CIG was managed by a Special Committee. This institution, however, intervened only when requests for short time were longer than four consecutive weeks.³² The proceedings of the 1951 Parliamentary Commission of Inquiry on Unemployment show a widespread appreciation for the capacity of the CIG to operate without the burdensome institutional framework that a more developed system of insurance would have entailed. The use of short time served 'to solve – in a discreet atmosphere, limited to bureaucratic and union circles – social problems that would have otherwise resulted in dangerous demonstrations'.³³

The workings of the CIG in the southern part of Italy are a good example of its discretionary nature. Since the establishment of the fund, the secretariat of the CGIL

Generale Italiana del Lavoro, Segreteria, Roma, 04/07/1947, ASCGIL, Segreteria Generale, Atti e corrispondenza, Problemi sociali e del lavoro, b. 18, f. 9.

³¹ *Confindustria*, Relazione sull'attività del comitato interconfederale per la previdenza sociale, Roma 8/04/1948, Archivio Storico *Confindustria* (thereafter ASC), Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 279, f. 1191.

³² Mazzi and Severino, 'Finalità e funzioni della cassa integrazione', p. 1832.

³³ Commissione parlamentare d'inchiesta sulla disoccupazione, *La Disoccupazione in Italia*, p. 144.

had lamented the disparity of treatment existing between the industrial north and the rest of the country. The extension of full coverage of the CIG to the rest of the country, however, occurred only in March 1947, when decree law n. 155 gave the Ministry of Labour the temporary right to grant full short time benefits in the rest of the country. The provision was not a rational institutional rearrangement, but a contingent measure to allow the state to intervene in order to contain the spread of social conflict. The Ministry of Finance, in fact, immediately contested the fiscal prodigality of the measure and underlined how the extension represented a clumsy manoeuvre designed to tackle workers' agitation in the pasta-making industry in the Naples region, which was affected by a temporary cereal shortage. The decree was not a coherent normative restructuring, but rather an *ad hoc* attempt to resolve a thorny political situation.³⁴

Only towards the end of the year, as the political situation in the factories improved, did the cadres of the Ministry of Labour decide to lift the ban on dismissals and restore the CIG 'to its technical functions'.³⁵ In August 1947, the *Confindustria* finally reached an agreement with the union, promising gradual redundancies and a certain degree of worker control over the process. Increasingly, the CGIL found itself caught between the inescapable need to accept layoffs and the local struggles of factory workers who tried to prevent them. The secretariat of the union kept asking to maintain as ample as possible the coverage of the CIG. At the same time, however, it invited local union stewards to 'adopt an elastic defense on a firm by firm basis, fighting back against the employers' requests for layoffs when they are not sufficiently motivated by a necessary - if painful - reduction of employment'.³⁶

Decree law n. 869, approved in September 1947, exploited the lurking contradictions within the labour movement. The new provision standardised the workings of short time benefits across the country. The reform stopped the CIG from covering full suspension of workers and explicitly forbade the possibility of extending the scheme to those firms that were keeping employees 'in excess [...] through work-

³⁴Ministero del Lavoro e della Previdenza Sociale, Il Ministero delle Finanze e del Tesoro, Ispettorato Generale per gli Affari Economici, a Ministero del Lavoro e della Previdenza Sociale, Roma, 02/04/1947, Archivio Centrale dello Stato (thereafter ACS), Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio legislativo, b. 43, f. 1.

³⁵ Ministero del lavoro e della previdenza sociale, il Ministro Giuseppe Romita a Confederazione Generale Italiana del Lavoro, Segreteria, Roma, 04/07/1947, ASCGIL, Segreteria Generale, Atti e corrispondenza, Problemi sociali e del lavoro, b. 18, f. 9.

³⁶La Segreteria Confederale CGIL, Circolare, Roma, 02/10/1947, ASCGIL, Segreteria Generale, Atti e corrispondenza, Problemi sociali e del lavoro, b. 18, f. 9.

sharing and work-time reduction'.³⁷ The union acted defensively in front of the threat of massive layoffs, and this provided an opportunity to scale back welfare expenditure, bringing back the CIG to its industrial policy origins.³⁸

The shift from a lax welfare policy regime to a more stringent one, however, represented a delicate transition from the social point of view, particularly in northern Italy, where worker constituencies were stronger. In the autumn of 1947, local union officials were witnessing in fear, for the first time, that 'on a large scale and for a protracted period of time, wages were not paid to the workers of great industrial complexes'.³⁹ To cope with such sharp policy transition, law decree n. 869 introduced special transitory dispositions, which would last only until November 1947, through which short time could be conceded as an all-out surrogate of unemployment insurance, to workers that were sacked or in a company facing bankruptcy.⁴⁰

The Ministry of Labour would have wanted to follow through the restriction of the CIG with a reform of unemployment insurance, as it had promised the CGIL. By the end of 1948, however, the Socialist and Communist Party were expelled from the governing coalition, when the Christian Democratic Party abandoned its accommodating stance, shifting towards a more radical anti-leftism.⁴¹ In economic policy terms, the change translated to a much more committed acceptance of the fiscal austerity line championed by the Vice-President and Governor of the Bank of Italy, the liberal Luigi Einaudi, who was extremely critical of the Beveridge Plan and staunchly opposed to indiscriminate welfare expansions.⁴²

The difficulties in pushing through a reform of unemployment insurance were also due to the severe organisational crisis that the union faced at the end of the decade. After having been outlawed during the Fascist period, the CGIL was reconstituted as an official union in June 1944, bringing together representatives from the Christian Democrats, communists and socialists. Such different labour culture

³⁷Decreto Legislativo del Capo Provvisorio dello Stato, 12 agosto 1947, n. 869, *Nuove disposizioni sulle integrazioni salariali*, Gazzetta Ufficiale, Serie Generale n. 210, 13/09/1947.

³⁸ ANSA, Comunicato della Presidenza del Consiglio sullo sblocco dei licenziamenti, Roma, 21/10/1947, ASCGIL, Segreteria Generale, Atti e corrispondenza, Problemi sociali e del lavoro, b. 18, f. 9.

³⁹CGIL, Memoria della Delegazione dell'Alta Italia sulla situazione dell'Industria nei rapporti del finanziamento, del pagamento dei salari e della produzione, Milano, -/10/1947, ASCGIL, Segreteria Generale, Atti e corrispondenza, Problemi sociali e del lavoro, b. 18, f. 9.

⁴⁰ Braida, 'La garanzia del salario', pp. 1738-1739.

⁴¹ Giuseppe Mammarella, *L'Italia dalla Caduta del Fascismo ad oggi* (Bologna: Il Mulino, 1978), p.170.

⁴² Luigi Einaudi, *Lezioni di Politica Sociale* (Torino: Einaudi, 2004), p. 135; Ugo F. Ruffolo, 'La linea Einaudi', *Storia Contemporanea* 5 (1974), 3-47.

cohabitated in the same organisation in the context of the antifascist political unity that followed the end of the war. As the PCI and PSI were ousted from government and Christian Democracy strengthened its position after the general election of April 1948, the internal contradictions within the labour movement came to light. In September 1948, the Christian Democratic component of the CGIL split off, accusing the organisation of being hegemonized by the communists, and created a new union that was to become the CISL.⁴³ A year later, they were followed by the republicans and social democrats, who abandoned the CGIL to form a third union, the UIL.⁴⁴

The fracturing of the Italian labour movement reduced its bargaining position vis-à-vis the government and the employers. Furthermore, it allowed ideological divergences between the different unions, making the policy preferences of organised labour more varied. The Communist-led CGIL, finally freed from the moderatism of other political currents, concentrated more decisively on labour market issues, proposing to solve the structural unemployment of the country through nationalisation of industries and a general expansion of the national production base, neglecting the reform of social policy all together. In early October 1949, the general secretary of the CGIL, Giuseppe Di Vittorio, put forward an ambitious *Piano del Lavoro*, proposing the nationalisation of electric industries, new real estate investments and the modernisation of agricultural production, but not mentioning the reform of unemployment social policy.⁴⁵

The reform of unemployment insurance only began in April 1949, through law n. 264, and represented a compromise with the reform position expressed in the early post-war years. The law extended the maximum duration of unemployment benefits to 180 days and increased the daily amount to 227 lire, adding supplementary allowances for bread price increases and additional family members. Yet, even at the time of its introduction, the total amount paid by unemployment insurance remained slightly below 20% of the average blue-collar salary, below the subsistence level. The law also foresaw the extension of unemployment insurance to dependent labourers in

⁴³ Guido Formigoni, *La scelta occidentale della Cisl: Giulio Pastore e l'azione sindacale tra guerra fredda e ricostruzione (1947-1951)* (Milano: FrancoAngeli, 1991), pp. 54-55.

⁴⁴ Fabrizio Loreto, *Storia della CGIL. Dalle origini ad oggi* (Roma: Ediesse, 2009), p. 128

⁴⁵ Fabrizio Loreto, *Sul Piano del Lavoro. Antologia di scritti 1949-1950* (Roma: Ediesse, 2013); Domenico Preti, 'Il Piano Del Lavoro Della C.G.I.L. Del 1949-1950', *Studi Storici* 16 (1975), 848-856.

the agricultural sector. But, as noted by Gina Papa on the pages of the journal *Moneta e Credito*, these measures did not take effect until the middle of 1952.⁴⁶

1.3 The 1950s and the textile industry crisis

Throughout the economic crisis of the immediate post-war period, the CIG acted as an important welfare instrument in tackling the social consequences of industrial reconversion. Its discretionary nature allowed the state to intervene selectively, targeting social policy with the consent of social partners and without the financial burden that a more developed system of unemployment insurance would have entailed. Throughout the 1950s, by contrast, its usage decreased. The progressive normalisation of the industrial sector and the high rates of economic growth, particularly in the latter part of the decade, limited the intervention of the CIG to episodic and occasional uses in occasion of natural calamities and accidental production stoppages. Employers' contributions systematically exceeded expenditures, so that by 1960 the fund had accumulated an active balance of roughly two billion lire.⁴⁷

On a national level the CIG performed a marginal role, but proved invaluable in tackling the various regional and sector crises that affected the Italian economy even during this period. In particular, the textile industry required a substantial public policy intervention. After having fuelled the economic growth of reconstruction, the textile industry entered a severe crisis: yarn production fell from 231,028 tons in 1951 to 175,067 in 1955. Within the same time span, clothes production fell from 168,142 to 137,070 tons.⁴⁸ Growing international competition particularly affected the Italian cotton industry, which saw a 20% output decrease.⁴⁹

Since the summer of 1952, the CGIL complained to the Ministry of Labour about the precarious social conditions of many textile workers, particularly in

⁴⁶ Gina Papa, 'Il sistema italiano dell'assicurazione obbligatoria contro la disoccupazione', *Moneta e Credito* 5 (1952), 342-351, at p. 345.

⁴⁷ INPS, *Rendiconti dell'Istituto Nazionale della Previdenza Sociale per l'anno 1960* (Roma: Inps, 1961), pp. 570-571.

⁴⁸ Ministero dell'Industria e del Commercio, Direzione Generale della Produzione Industriale, *Relazione industria cotoniera*, Roma, 26/01/1956, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 56, f. 357.

⁴⁹ Vinod K. Aggarwal, *Liberal protectionism: The international politics of organized textile trade*. (Berkeley and Los Angeles: University of California Press, 1985), pp. 43-76.

Lombardy and Piedmont, where most of the textile firms concentrated on cotton spinning. Facing the threat of dismissals, textile workers went on strike in many cities to call for the help of the state. Despite many requests for the intervention of short time work, the union denounced how ‘the provincial commissions of the CIG put forth very conservative interpretations of the law’, preventing the timely intervention of the scheme. For instance, among the 25,000 workers already suspended in the Milanese cotton industry, more than one fifth did not benefit from any income support.⁵⁰

Initially, the Ministry of Labour tried to tackle the social issue administratively, without any update of the legislation on short time benefits, but rather, encouraging local welfare commissions to act ‘less scrupulously and with the highest degree of automatism’.⁵¹ As the downturn of the textile sector persisted, the shortcomings of standard social policy became evident, as the existing legislation did not foresee full-time coverage for lost hours. In mid-1955 a memo addressed to the Minister of Labour, Ezio Vigorelli underlined how severe work-time reductions were also spreading to central and southern Italy, where 3,000 workers had been suspended and 4,000 had already fired. The situation of the *Manifatture Cotoniere Meridionali*, the largest textile company of the South, with almost 6,000 employees, was particularly worrisome. When the company decided to reduce working shifts and shut down some its facilities, the workers entered into a prolonged strike, followed by the occupation of a factory in the Neapolitan area.⁵²

From the standpoint of the national labour market as a whole, the loss of employment was not too significant. However, the textile workforce was highly concentrated in specific manufacturing provinces, and the persistence of production suspensions risked transforming the social malaise of entire cities into a political problem. In May 1955, the government ratified decree law n. 430, designed to allow workers in the cotton sector access to full-time short time work benefits for the

⁵⁰CGIL, La Segreteria Confederale Cgil all’On.le Presidente del Consiglio, all’On.Le Ministro del Lavoro e della Previdenza Sociale, all’On.le Ministro dell’Industria e del Commercio, Roma, 10/07/1952, ASCGIL, Segreteria Generale, Atti e corrispondenza, Problemi sociali e del lavoro, b. 13, f. 265.

⁵¹ Camera Confederale del Lavoro, Sindacato Tessile Provinciale, Sezione FIOT, alla Segreteria CGIL, Milano, 12/07/1952, in ASCGIL, Segreteria Generale, Atti e corrispondenza, Problemi sociali e del lavoro, 1952, b. 13, f. 265.

⁵²Ministero del Lavoro e della Previdenza Sociale, Direzione Generale dei Rapporti di Lavoro – Div XVII, Appunto per S.E. il Ministro, Roma, 24/03/1955, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 56, f. 357.

duration of at least six months. Initially, the decree was meant to be part of a larger industrial strategy. A specific technical commission was created within the larger Committee for Industrial Reconstruction (CIR) - the coordinating body for national industrial policy - to design a set of policies to relaunch the cotton textile sector. The proposals of the committee included a coordinated reduction of working hours among textile firms, so as to redistribute production quotas evenly.⁵³

The use of the CIG should have guaranteed a minimum income for laid off workers with a view to their future reemployment. The technical commission itself underlined the welfarist nature of the new CIG intervention. According to a draft of the final proposals of the commission, in fact, the first need was to control the 'social explosiveness' caused by employment loss in the textile sector. The role of the CIG was to 'favour the adjustment of the workforce to a lower level of production, relieving companies of the costs of underemployment and strikes [...] while guaranteeing workers a minimum salary in hope of a future reinstatement'.⁵⁴

The head of the technical committee, the Christian Democratic MP Mario Ferrari Aggradi, invited provincial CIG commissions to work without discrimination and without taking into consideration the 'single organisational problems of firms', practically removing the functioning of short time work from the concrete dynamic of production.⁵⁵ The use of the CIG as a surrogate of unemployment insurance, after all, was implicitly recognised by the regulations of law n. 430, which again allowed employers to keep their workforce 'in excess' only so that they could receive the benefit. Even the stringent need to reemploy them became of secondary importance. Just two months after the new law, the INPS recognised in its newsletter the almost perfect interchangeability between the CIG and unemployment insurance, allowing workers on the normal dole the possibility to switch to short time benefits.⁵⁶

The data gathered in August 1955 by the CGIL bore witness to the massive use of the scheme. At a national level, the Special Committee for the *Cassa Integrazione*

⁵³ Legge 25 luglio 1955, n. 618, Conversione in legge, con modificazioni, del decreto-legge 27 maggio 1955, n. 430, concernente disposizioni in favore degli operai dipendenti dalle aziende industriali cotoniere, Gazzetta Ufficiale, Serie Generale n. 179, 05/08/1955.

⁵⁴ Commissione Tecnica Ferrari Aggradi, Situazione industria Cotoniera, Roma, no date, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 56, f. 357.

⁵⁵ Il Segretario generale del CIR, Mario Ferrari Aggradi, a S.E. Ezio Vigorelli, Ministro del Lavoro e della Previdenza Sociale, Roma, 30/04/1955, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 56, f. 357.

⁵⁶ Il Direttore Generale Antonio Palma, Circolare n.544776 GS/80, CIG Aziende Cotoniere applicazione Decreto Legge 27 maggio 1955 n. 430, Roma, 27/07/1955, ASCGIL, Segreteria Generale, Atti e corrispondenza, b. 11, f. 189.

received more than 340 requests for intervention, only one of which was rejected. The number of firms on short time work exceeded 143, with more than 37,000 workers affected in various ways by the provisions.⁵⁷ Employers in the cotton sector had greeted the decree positively. The easing of regulations allowed them to exploit the CIG to carry out industrial restructuring, even when it was not directly related to the recessive effects of the textile crisis. The report of the CGIL representative within the CIG Special Committee noted how ‘many firms, which never requested short time benefits or had not been doing so for a while, exploited the decree to cut the majority of their workforce’.⁵⁸

Such shrewd practices by the employers were not openly resisted by local union structures, which on the contrary, proved to be more than willing to accept layoffs and work stoppages once the covering of the CIG was assured. Towards the end of 1955, the CGIL went so far as to openly criticise its textile sector union, the *Federazione Italiana Operai Tessili* (FIOT). In a draft letter addressed to its branch organisation, the secretariat of the CGIL rebuked ‘the passive acceptance of short time and work suspensions’. The weakness of local union representatives risked creating frictions within the rank and file: ‘the comrades who rightfully started to fight for their jobs see the workers in other areas adopting a different position.’ The CGIL admitted the difficulties ‘in directing the struggle in a sector that has long been in turmoil’, but reminded the FIOT that ‘a trade union organisation cannot accept seeing a law that brings harm to workers applied so automatically’.⁵⁹

Decree n. 430 was set to expire at the end of November 1955. The enduring crisis of the cotton sector and the pressing requests coming from local administrations for an extension, forced the government to prolong the special short time work regime. The CIG was temporarily lengthened to a maximum of nine months, with the monetary benefits progressively decreasing every three months, allowing workers to slide out of employment towards unassisted joblessness.⁶⁰ By mid-1956 the total expenditure of the CIG for cotton workers had reached 3.486 billion lire, a sizable

⁵⁷Federico Rossi, *Relazione sull'applicazione della legge 430 del 27/11/1955 a favore degli operai dipendenti da aziende cotoniere*, Roma, 03/09/1955, ASCGIL, Segreteria Generale, Atti e corrispondenza, Problemi sociali e del lavoro, b. 21, f. 341.

⁵⁸ *Ibidem*.

⁵⁹Segreteria Confederale CGIL alla Federazione Nazionale Tessili, Milano, *Integrazione lavoratori tessili, prot/Bi/gg*, Roma, -/10/1955, ASCGIL, Segreteria Generale, Atti e corrispondenza, Problemi sociali e del lavoro, b. 11, f. 189.

⁶⁰Longo, ‘Meno salario più reddito’, p. 22.

sum, considering the relative employment weight of the sector and the fact that the employers had received a discount on contributions so as not to further aggravate the profit margins of the industry.⁶¹

It was exactly because of the fear of financial overspending that the government opposed further enlargements. After having affected the cotton industry, the crisis rapidly reached other parts of the textile supply chain, such as the linen, jute and hemp industries, which employed roughly 17,000 workers. The social relevance of these sectors, however, was minor and there was the widespread concern among state officials that broadening the intervention of the CIG to other categories of workers would lead the system to spiral out of control. On the one hand, the Ministry of Labour recognised that ‘from the social point of view’, the slowdown affecting these sectors was in no way different from the one that struck the cotton industry. On the other, a further extension ‘would have made it very difficult to resist the requests of other groups of workers’, leading to ‘an untenable growth of social expenditure for the current system’.⁶²

1.4 The 1960s and the creation of the extraordinary fund

After having been adapted to cope with the social situation of the immediate post-war period, the CIG had a secondary role throughout the 1950s, and its intervention was limited to circumscribed sector crises. In the middle of the decade, the downturn of the textile industry provided an important period of institutional testing, in which short time benefits served to manage the employment consequences of industrial reconversion. These experiences would prove to be of fundamental importance when the country faced the industrial slowdown that brought the economic boom of the post-war period to a halt.

In 1963, at the peak of its absorption capacity, the Italian labour market saw the unemployment rate decrease to an all time low of 2.5%.⁶³ In the summer of the same

⁶¹Ministero del Lavoro e della Previdenza Sociale, Appunto per S.E. il Ministro, Provvidenze in favore degli operai cotonieri – Cassa int.G, Roma, 04/09/1956, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 56, f. 357.

⁶²Ministero del Lavoro e della Previdenza Sociale, Direzione Generale Previdenza Assistenza Sociale – Div.XXIII, al Gabinetto del Ministro, Roma, 26/06/1956, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 56, f. 357.

⁶³Giuseppe Bertola and Pietro Garibaldi, ‘The Structure and History of Italian Unemployment’, in *Structural Unemployment in Western Europe: Reasons and Remedies*, ed. Martin Werding (Cambridge

year, however, the Governor of the Bank of Italy, Guido Carli, decided to raise interest rates across the board, in an attempt to cool down the economy, which risked overheating after the sustained growth of the previous years. The move brought about a general recession that affected the industrial system as a whole. The array of existing social policies, as in previous instances, would prove ill-suited to cushion the inevitable loss of employment.⁶⁴

In 1963, the National Council for Economics and Work (CNEL), a public consultancy organisation in economic and social matters, published a document on the reform of the social insurance system, calling for an abandonment of its occupational bias and for an extension of insurance to all citizens. The policy proposal of CNEL did not give much attention to the CIG, as it was not considered an integral part of the Italian welfare state, and concentrated solely on unemployment insurance, denouncing its ‘undeniable shortcomings’.⁶⁵

Construction workers were the first group to bear the brunt of the economic shock. Even before 1963, the construction industry had entered a steep downturn with the bursting of the property bubble that had grown during the economic miracle. The economic slowdown increased the already precarious nature of jobs in the construction industry. Workers were left with no income support, and the real estate business increasingly saw its highly skilled personnel migrate to the more thriving urban industrial sector. In July 1961, the construction industry unions and employers reached an agreement to create an informal system of short time work benefits to subsidise work stoppages. Two years later, law n. 77 formalised it at a legislative level, establishing a separate fund within the existing CIG system to provide a short time scheme in the construction industry.⁶⁶ It was the very President of the National Association for Building Contractors (ANCE) who lobbied for an official recognition of the scheme, despite it being funded by higher than average employers’ contributions. In the autumn of 1962, he was writing to the Cabinet of the Ministry of Labour to ask for a quick approval of the decree, ‘because it was in the interest of the

MA and London: MIT Press, 2006), 293-315, at p. 295.

⁶⁴ Guido Crainz, *Storia del Miracolo Italiano* (Roma: Donzelli, 2005), p. 229.

⁶⁵ Centro Nazionale Economia e Lavoro, *Osservazioni e proposte sulla riforma della previdenza sociale (assemblea 3 ottobre 1963. N. 1135)* (Roma: CNEL, 1963), pp. 335-336.

⁶⁶ Legge 3 febbraio 1963, n. 77, Disposizioni in favore degli operai dipendenti dalle aziende industriali dell'edilizia e affini in materia di integrazione guadagni, *Gazzetta Ufficiale*, Serie Generale n. 51, 22/02/1963.

country to avoid other strikes and revolts, which could have compromised public order'.⁶⁷

Just one year after the special decree for the construction industry, new rules were introduced by law n. 433, approved in June 1964, which relaxed the regulations on short time work for all sectors of national industry and reduced barriers for companies to gain access to the scheme. The new law explicitly followed the blueprint of the intervention of 1955 for the textile industry. The CIG could intervene in every economic sector to cover complete suspensions from work. Even the time limits of the scheme were extended, raising the maximum duration of intervention to nine consecutive months. The real novelty of the reform, however, related to the financial aspect. The new regulations allowed the Ministry of Labour to pool additional money from other insurance funds within the INPS - particularly from the rich fund of family allowances – and divert them to augment the resources of the CIG system.⁶⁸ The functioning of the short time benefits was thus detached from its contributory base. In this way, the scheme was transformed into something different to an insurance-based system against unemployment, more closely resembling all-out state aid.⁶⁹

The relaxation of regulations and the greater financial firepower of the CIG led to an exponential increase in emoluments. The total amount paid in short time grew from only 4,597 billion lire in 1963 to almost 16,862 in 1964, reaching a peak of 54 billion lire in 1965.⁷⁰ A preliminary inquiry carried out by the CGIL after only six months from the beginning of the special regime, painted an accurate picture of the worsening social situation. As was expected, the textile and metalworking industries were hit the hardest by the negative economic juncture. These two sectors accounted for 67% of the total working time subsidised by the CIG, and the metalworkers alone absorbed almost 10 and half million hours of suspensions. The geographical distribution of the interventions was mostly concentrated in the areas of older industrialisation: Lombardy received more than 35% of the total CIG expenditure,

67 ANCE, Ing. Francesco Salvi, Presidente Nazionale ANCE, a Ministro del Lavoro e della Previdenza Sociale, Roma, 12/09/1962, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 43, f. 16/369.

⁶⁸ Legge 23 giugno 1964, n. 433, Norme in materia di assegni familiari e di integrazione guadagni degli operai dell'industria, Gazzetta Ufficiale, Serie Generale n. 158, 30/06/1964.

⁶⁹ Stefanelli, *La cassa integrazione*, p. 4.

⁷⁰ INPS, *Rendiconti dell'Istituto Nazionale della Previdenza Sociale per l'anno 1965* (Roma: Inps, 1962), pp. 702-703.

followed by Piedmont, with 25%. The exploratory report of the union did not only highlight the worrisome magnitude of the industrial restructuring, but also underlined the anomalous use of CIG subsidies to mask permanent layoffs: ‘we cannot exclude that the employers are taking advantage of the new laws of the CIG to curtail their workforce permanently, repeating the sad strategy that was put to the test with the textile workers in 1956’.⁷¹

As happened before, the new rules were only temporary and were supposed to last for only one year. The initial government forecast, however, seriously underestimated the enduring stagnation affecting the Italian economy, whose sluggish productivity growth would last well into 1967. The special law on the CIG was thus renewed in July 1965 and again in May 1966. But even these kinds of contingent policy measures - designed under the pressure of political urgency - were proving unable to cope with the problems of the Italian industrial system, which was going through a structural transformation. The unprecedented scale of CIG interventions put under severe strain a system that was still anchored to its 1940s institutional roots. The sheer number of CIG applications across the country rapidly overwhelmed the bureaucratic capacity of local and central commissions to decide the grant of authorisations. Within the Labour Commission of the Senate, Communist Party MPs denounced the ‘great number of applications piling up in local commissions, without any possibility for a quick completion.’ These delays were hampering the incisiveness of social policy and ‘were particularly deplorable as they had been denounced by workers from the beginning’.⁷²

The growing need, shared by union leaders and state officials alike, was to overcome the current system of occasional *ad hoc* laws and establish a permanent form of intervention, unburdened by the bureaucratic constraints that were slowing down the workings of the CIG. This way, it would have been possible to act in a more flexible and prompt manner to resolve the industrial crisis of the country. The labour movement was particularly vocal in campaigning for a reform of the system, asking the Ministry of Labour to raise the wage replacement rate of the CIG to 80% and to

⁷¹ CGIL, Federico Rossi alla Segreteria Confederale della Cgil, Roma, 05/12/1964, ASCGIL, Segreteria Generale, Atti e corrispondenza, Problemi sociali e del lavoro, b. 8, f. 46.

⁷² Senato della Repubblica, Discussione ed approvazione del disegno di legge d’iniziativa del deputato Zanibelli, ‘Norme integrative alla legge del 23 giugno 1964 n. 433, per quanto concerne la corresponsione delle integrazioni salariali’, Atti Parlamentari, Senato della Repubblica, IV legislatura, X Commissione Lavoro, emigrazione e previdenza sociale (Roma: Tipografia del Senato, 1964), pp. 370-373.

intervene directly in the governing of short time work, bypassing the collegial decision-making process through ministerial decree, if needed.⁷³

The unions, however, were starkly opposed to any kind of welfarist understanding of the CIG. In September 1968, the CISL, the union formerly affiliated with the Christian Democratic party, wrote a letter to the Ministry of Labour with a list of desiderata for the reform of unemployment social policy. In the document, the union asked that the workings of the CIG were tied more closely to the general economic policy of the country, allowing the Inter-ministerial Committee for Economic Planning to participate in the management of social policy. For labour representatives, the key was to connect the use of short time work to an effective industrial policy capable of guaranteeing the reemployment of suspended workers. In this view, the reform of unemployment insurance was seen as complementary to that of short time work. The unions were asking that the daily allowance of standard insurance be raised to 600 lire a day.⁷⁴

The Ministry of Labour had no problems accepting an increase in the costs of the short time work system. Despite the greater financial burden, the CIG system lacked automatism and was thus easier to control from the point of view of policymakers, who could ultimately decide whether or not to grant the benefits. The reform of unemployment insurance was more problematic. The request of organised labour was not only a nominal raise of insurance payments, but also an extension of its time limit, up to a full year. A note prepared for the Minister of Treasury, Emilio Colombo, in September 1968, noted how a comprehensive reform of unemployment insurance would have ended up having a projected cost of 295 billion lire, a burden judged 'too enormous' for the financial stability of the Italian welfare state.⁷⁵

Law n. 1115, approved on the 5th of November 1968, received *in toto* the unions' requests for the reform of the CIG, but left unemployment insurance untouched. The new regulation institutionalised in a permanent way the temporary rules introduced in 1964. It introduced the *cassa integrazione straordinaria* (CIG-S), a new

⁷³ Enrico Rebeggiani, *Disoccupazione industriale e cassa integrazione* (Napoli: Liguori editore, 1988), p. 31.

⁷⁴ CISL, il Segretario Generale aggiunto Sen. Dionigi Coppo, Cisl, a On. Sen. Giacinto Bosco, Ministro del Lavoro e della Previdenza Sociale, Roma, 13/09/1968, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 305, f. 163.

⁷⁵ Ministero del Lavoro e della Previdenza Sociale, Il Capo di Gabinetto Glengo, Appunto per l'On.Ministro, Roma, 24/09/1968, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 305, f. 163.

‘extraordinary’ short time fund flanking the existing one, relabelled as *ordinaria* (CIG-O). The new scheme was longer in duration – up to nine months with discretionary possibility of renewal. Its working was not supervised by central or local commissions, but by an inter-ministerial committee led by the Ministry of Labour, which decided the entity and scope of the interventions.⁷⁶

The extraordinary short time work scheme was devised to cover a whole new array of economic and social risks, shifting the emphasis of public intervention from accidental shocks on production to the internal dynamic of firms and industrial sectors. The CIG could now be requested by employers to finance the temporary reduction of working time due to firm restructuring and the introduction of technological change, reorganisation of production and business cycle downturns in certain regions or industrial clusters. The new regulation did not only alter the scope of the scheme but drastically restructured its financial architecture. The new fund was financed entirely by the state and represented a change in line with the requirements of both employers and the unions, which had asked to pool resources through general taxation, without increasing indirect labour costs, shifting the costs on the whole Italian polity.

1968 marked a watershed in the history of Italian social policies against joblessness: law n.1115 sanctioned the transformation of the CIG into a welfare policy device. Up until that point, the CIG had been conceived as a temporary industrial policy instrument to intervene in an otherwise healthy industrial system. By the end of the Golden Age, the institution had developed into a permanent feature of Italian public intervention to compensate the pathological dysfunctions of the productive system. As the industrial crisis of the country deepened, the CIG became a synonym for joblessness and assisted unemployment. During the 1970s and the 1980s, the use of the CIG - and particularly its extraordinary fund - would increase dramatically, digging a wide hole in state finances and rapidly overtaking expenditure on unemployment insurance. When the oil shock of 1973 brought to a close the

⁷⁶ Legge 5 novembre 1968, n. 1115, Estensione, in favore dei lavoratori, degli interventi della Cassa integrazione guadagni, della gestione dell'assicurazione contro la disoccupazione e della Cassa assegni familiari e provvidenze in favour dei lavoratori anziani licenziati, Gazzetta Ufficiale, Serie Generale n. 282, 05/11/1968.

economic expansion of the post-war period, the divergence of Italian social policy from the models embodied by other European nations became staggeringly apparent.

The abnormal use of short time work schemes, however, was not born when the Italian industrial development model entered a structural decline. The origins of the anomaly of Italian unemployment welfare are deep-rooted, going back all the way to the missed opportunity for reform of the immediate aftermath of World War Two. The institutional foundations of the CIG pre-dated the crisis and were built gradually throughout the post-war period to compensate for the lack of protection afforded by the standard insurance system. This was not a conscious policy choice: Italy's political elite tried to cope with the endemic social problems of the country's labour market through a process of learning and adaptation, progressively shifting the aim of the CIG from labour hoarding to unemployment protection. Tracking the development of Italy's unemployment policies to their origins, helps to reframe the historiographical debate on Italian social policies, offering a more refined periodisation of their development and problematising the short run analysis offered by existing comparative welfare state accounts. The state, employers and the unions acted in a much more dialectical way than the literature recognised, eschewing functionalist interpretations. Organised interest groups interacted with one another and with the government to confront an ever-evolving social situation, adapting their strategies depending on the time and place of industrial crises and social policy interventions. The way the CIG was used reflects their nuanced behaviour: at certain times, short time work benefits offered a way to prevent inter-firm mobility of the labour force; at other times, they were used to quell social strife, providing an income to workers who would have otherwise become unemployed.

Compared to core European countries, Italian post-war political economy was built around the lack of a strong social contract. Public institutions were structurally weak and the state was unable to broker a balanced political exchange between business interests and labour constituencies. The employer class took advantage of its greater cohesiveness to reap the benefits of a growth model based on low wages and welfare protection. Organised labour, on the other hand, suffered from chronic organisational weakness. The union movement was able to push through greater job protection in the immediate aftermath of 1945. However, internal splits and the high

level of unemployment soon thwarted labour's capacity to influence national policymaking, restricting its negotiating power to sector and local levels.

In this context, the progressive preference for short time work devices over unemployment insurance becomes clearer. The CIG provided a leaner and more flexible instrument of social policy. It allowed the state to intervene selectively to stem only the most disruptive crises, without introducing a general unemployment insurance that would have put its tight finances under stress. The *cassa integrazione* could be kept under control at all times by policymakers but its regulation could also be expanded on a discretionary basis to adjust welfare expenditure to the level of social strife. This way the CIG, on the one hand, allowed employers to diffuse tensions in the workplace, without having to cope with the costs of unemployment insurance. On the other, it ensured a strong degree of protection for the industrial workforce, the union core constituency, at the expense of the rest of the labour market.

2. Welfare, labour strife and industrial restructuring, 1968-1973

2.1 Governing the shop floor

The role of social conflict in the development of the welfare state can hardly be overstated. The previous chapter showed how one of the chief characteristics of the Italian system of protection against unemployment during the post-war decades was its discretionary nature. The CIG emerged in response to bottom up worker pressures for job security, but also as a way for the state to stem the most disruptive business crises, which risked engendering uncontrollable social conflict. The history of the early development of the Italian short time work system questioned traditional power resource approaches to the development of the welfare state. Stressing a simple and unidirectional connection between the growth of labour power and welfare development does not capture the process of institutional formation of the CIG, which instead was rooted in the weakness of state structures and the imbalances of the peculiar social contract that regulated post-war Italian industrial relations.

This second chapter brings the argument a step forward: far from being solely a result of workers' demands for job security, the CIG was also used by employers to undermine the very basis of labour power, quelling industrial strikes and favouring the demobilisation of workers inside the factories. At the crossroads of the 1970s, the CIG became a mainstay in the manpower policies of big companies, which often resorted to it not just to cope with business downturns, but to discipline the industrial shop floor.

During the late 1950s, Italian industry witnessed a period of sustained expansion due to low labour costs, which allowed businesses to adopt a market strategy based on low prices. The exhaustion of the availability of cheap manpower, combined with the growing international competition of newly industrialised economies in low value-added sectors, forced policymakers and entrepreneurs to rethink the broad lines of the country's development strategy.¹ As wages began a slow but steady rise in the early 1960s - following a western European trend - the need to reorganise the economy based on a labour intensive growth model became pressing. The rise of unit labour costs and decline of the rate of profit undercut the margins for self-financed companies.² Furthermore, the Italian industrial structure was characterised by the 'dimensional and spacial pulverization' of its units, particularly at the low end of the market. With but a few noteworthy exceptions, manufacturing was geographically dispersed and organised in relatively small plants. The perceived need, by the state and employers alike, was to foster a process of concentration and transformation towards high technology sectors.³

The term *ristrutturazione industriale* – literally, industrial restructuring – began to be widely used in the public sphere, in the industrial relations arena and in government technocratic circles, becoming the object of a hot debate among social partners.⁴ The complex processes involving industrial concentration, the attempt to introduce new labour saving technology, and the reshaping of shop floor industrial organisation and manpower policies exerted pressures on workers. On the one hand, capital-intensive technology threatened existing jobs, impairing the organisational capacity of the rank and file and making them distrustful of company-led innovations. On the other hand, to cope with the excessively hierarchical and rigid system of

¹ After having maintained an average GDP growth of 5.84% a year in the period 1951-1969, the Italian economy decelerated thereafter, averaging 'only' 3.7% during the 1970s. See Angus Maddison, 'A Revised Estimate of Italian Economic Growth 1861-1989', *PLS Quarterly Review* 44 (1991), 225-241, at p. 231; Zamagni, *Dalla Periferia al Centro*, p. 433.

² Luigi Esposito and Pasquale Persico, 'I Mutamenti Strutturali e Dimensionali dell'Industria Manifatturiera Italiana 1961-1971', in *Crisi e Ristrutturazione nell'Economia Italiana*, ed. Augusto Graziani (Torino: Einaudi, 1975), 288-315.

³ Causarano, 'La Fabbrica Fordista', p. 71.

⁴ For a broad overview of the period, see Giuliano Amato, *Il governo dell'industria in Italia: problemi e prospettive* (Bologna: Mulino, 1976); For the analysis of organised labour, instead, see Sergio Garavini, *Crisi economica e ristrutturazione industriale* (Roma: Editori riuniti, 1974).

Fordist mass production, there was rationalisation of shop floor labour organisation and streamlining of the manufacturing process.⁵

The attempts by management to control more tightly and reduce production wastages on the assembly line run counter to the recent advances of organised labour, engendering widespread social conflict over control of the country's industrial restructuring. Labour militancy had been gradually building throughout the 1960s, ultimately exploding in the autumn of 1969, when the country witnessed an unprecedented surge of strikes fuelled by the discontent of migrant workers in the industrial north-west of the country.⁶ Riding on the wave of social strife, organised labour chased the emerging demands of the rank and file. This allowed for greater workplace union democracy, with the introduction of workers' elected factory councils, and the strengthening of the national organisation with the creation of a common federation among the CGIL, CISL and UIL in 1972. At the workplace level, the unions were able to better negotiate working shifts and the pace of production, leading to some important achievements, such as the official reduction of the working week and the passing of tighter job protection regulations in the Workers' Statute of 1970.⁷ Inevitably, the stiffening of shop floor industrial relations put into crisis the tenets of Fordist industrial organisation. Scientific management and mass production strategies required a highly disciplined labour force and a close regulation of work practices that were incompatible with a high level of labour resistance.⁸ The need to subdue labour power to the tempo of the assembly line was difficult to reconcile with the diffused industrial micro-conflict that characterised the shop floor of large factories - particularly during the high phases of the protest cycle identified by Sidney Tarrow between 1968 and the mid-1970s.⁹

⁵ Graziella Fornengo, *Il problema della ristrutturazione industriale: la soluzione italiana* (Milano: FrancoAngeli, 1984), pp. 30-113; Enzo Pontarollo, 'Le politiche di ristrutturazione industriale in Italia dal 1961 al 1977', *L'Industria* 1 (1980), 369-394;

⁶ Diego Giachetti and Marco Scavino, *La FIAT in mano agli operai: l'autunno caldo del 1969* (Pisa: Bfs, 1999); Nicola Pizzolato, 'Gli Operai, Gli Immigrati, La Rivoluzione. Detroit e Torino: Un'ipotesi Comparativa (1967-73)', *Meridiana* 56 (2006), 47-69, pp. 64-65.

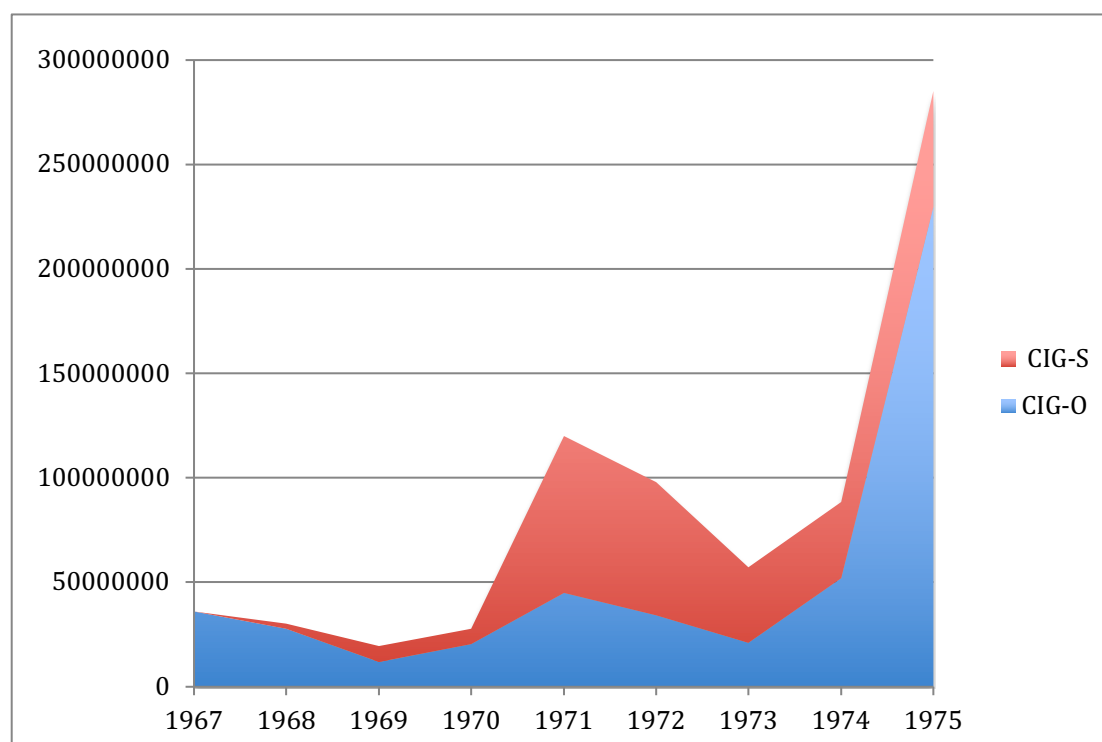
⁷ Corrado Perna, *Breve Storia del Sindacato. Dalle Società di Mutuo soccorso al sindacato dei Consigli* (Bari: De Donato, 1978), p. 293.

⁸ Giuseppe Bonazzi, *Storia del pensiero organizzativo* (Milano: FrancoAngeli, 1998), pp. 54-57; Charles F. Sabel, *Work and Politics: The Division of Labour in Industry* (London and New York: Cambridge University Press, 1982), p. 131; Bruno Settis, *Fordismi. Storia politica della produzione di massa* (Bologna: Il Mulino, 2016), pp. 67-69.

⁹ Donatella Della Porta and Sidney Tarrow, 'Unwanted children: Political violence and the cycle of protest in Italy, 1966-1973', *European Journal of Political Research* 14 (1986), 607-632; Ida Regalia, Marino Regini, and Emilio Reyneri, 'Labour conflicts and industrial relations in Italy', in *The*

In this context, the state did not manage to play a proactive function in steering the economic and social development of the country. Public industrial policies remained fragmented and financing for companies indiscriminate and with little oversight, which only served to sustain increasingly unproductive and inefficient factories.¹⁰ Yet the early 1970s witnessed both a qualitative and a quantitative change in state expenditures, with the passing of important pieces of industrial and social policy legislation. These were not part of a coherent public policy planning. As in the previous period, the state updated the rules hastily and in a confused manner, often to tackle specific or localised industrial crises. In this chaotic regulation framework, the CIG proved a very versatile instrument. Between 1968 and 1975, the use of short time work increased drastically, with the number of working hours subsidised by the CIG increasing from just over 30 million a year in 1968 to a peak of 285 million in 1975.

Fig. 2.1 authorised CIG-O and CIG-S hours (1967-1975)¹¹



Resurgence of Class Conflict in Western Europe since 1968, eds. Colin Crouch and Alessandro Pizzorno (London: Palgrave Macmillan, 1978), 101-158, at p. 131;

¹⁰ Romano Prodi and Daniele De Giovanni, 'Forty-Five Years of Industrial Policy in Italy: Protagonists, Objectives, Instruments', in *Industrial Policy in Italy 1945-1990*, ed. Mario Baldassarri (New York: St. Martin's Press, 1993), 31-55.

¹¹ INPS, *Rendiconti dell'Istituto Nazionale della Previdenza Sociale* (Roma: INPS, 1968-1976).

Between 1968 and 1972, the CIG-S was updated again in a piecemeal manner just few years after its introduction. The rules behind the CIG-O, instead, were not officially changed, but the fund was adapted to cater to the unintended effects of industrial conflict. The highly discretionary nature of the CIG made it an important instrument in the manpower policies of large Italian firms, stuck between industrial restructuring and social strife. The combined intervention of the extraordinary and ordinary CIG served a dual purpose: on the one hand, it cushioned the social effects of restructuring, easing job losses in the absence of a strong unemployment insurance protection system in those industrial sectors that faced the initial brunt of the economic slowdown. On the other hand, it served to discipline the workforce, intervening during work stoppages caused by strikes, absorbing their economic impact on company finances and targeting the mobilisational basis of union power in the factories. This chapter will assess and explain the role played by short time work in the economic and social transformation experienced by Italian industry during the early 1970s. The objective is to demonstrate how the Italian system of unemployment protection, centered on the peculiar use of short time work schemes, interacted with the social crisis of mass production work organisation. This will allow light to be shed onto the peculiar characteristics of Italian Fordism, underscored by the extreme virulence of labour conflict during the 1970s, and show how this, in turn, influenced the development of the Italian welfare state.

2.2 Crisis and transformation the textile and chemical industries

The previous chapter tracked the history of the evolution of the CIG throughout the post-war period, until the approval of law n. 1115 in 1968. The new law led to a significant transformation of the aims and coverage of the Italian short time work system. It introduced the CIG-S, designed to allow the Ministry of Labour to tackle cases of industrial restructuring and technological change, providing an income maintenance system for the redundant workforce for prolonged spans of time. It allowed the state to absorb the social shock of industrial restructuring, guaranteeing the incomes of workers in an effective and timely manner, without emergency legislation or the red tape of parliamentary approval. During the two crises of 1955 and 1964, the CIG was *de facto* widely used as a cushion for permanent redundancy

and a surrogate of unemployment insurance, but the role of the state remained limited to episodic and anti-cyclical interventions.¹² At the beginning of the 1970s, instead short time work became a ‘conscious instrument of economic policy, aimed not only at stemming social conflict in periods of economic recession, but also to facilitate industrial transformation’.¹³

It is not a coincidence that textile industry employers were the first to take advantage of the new CIG-S regulations. The sector had initially been one of the main drivers of exports, but at the end of the first post-war decade, entered into a phase of structural decline and suffered particularly harshly from the slump of 1964, with an unstoppable haemorrhage of employment.¹⁴ Between 1961 and 1971, the national textile industry lost almost 131,000 cotton, wool and silk production workers.¹⁵ Job losses were mirrored by a high rate of business failures and a process of concentration that trimmed down the number of production units. Reporting in the XII Parliamentary Commission on Industry and Trade, in October 1969, the Christian Democratic MP Danilo De’ Cocci remarked how the precarious situation of the textile industry was due to the low productivity of the sector. Despite the growing pace of technological change, the ‘textile industry contributed only 7% to the total added value of Italian manufacturing, while it accounted for 18% of total industrial employment’.¹⁶

In an effort to foster new fixed capital investments while favouring the geographical and organisational rationalisation of the textile apparatus, the Christian Democratic government, led by the Ministry of Industry Mario Tanassi, presented the Parliament with a law decree project to subsidise the restructuring of the textile industry. The plan envisaged a system of public subsidies for industrial restructuring and generous tax breaks for firms willing to switch their production away from textile

¹² Longo, ‘Meno Salario, Più Reddito’, p. 23.

¹³ Biagio Longo, ‘Storia e caratterizzazione giuridica della Cassa integrazione guadagni’, in *I diritti dei lavoratori, Terzo Volume, Licenziamenti, Cassa Integrazione e Lavoro a domicilio*, ed. Pier Antonio Varesi (Milano: Mazzotta, 1976), 54-64, at pp. 61-62.

¹⁴ Richard M. Locke, *Remaking the Italian economy* (Ithaca and London: Cornell University Press, 1995), p. 137.

¹⁵ Fulvio Coltorti, ‘Phases of Italian Industrial Development and the Relationship between Public and Private sectors’, in *Industrial Policy in Italy 1945-1990*, ed. Mario Baldassarri (New York: St. Martin’s Press, 1993), 59-123, at p. 81.

¹⁶ Camera dei Deputati, Relatore de’ Cocci, Disegno di legge approvato dal Senato della Repubblica nella seduta del 16 Ottobre 1969, Ristrutturazione, riorganizzazione e conversione dell’industria e dell’artigianato tessili, Atti parlamentari, Camera dei Deputati, V legislatura, XII commissione permanente, Industria e commercio – artigianato – commercio con l’estero (Roma: Tipografia della Camera dei Deputati, 1969), pp. 6-7.

and towards other productions, so as to guarantee the partial reemployment of the workforce in occupationally depressed areas. At a central level, a committee chaired by the Ministry of Industry, assisted by six experts equally chosen from employers' and trade unions' representatives, was tasked with overseeing individual companies' plans for restructuring.¹⁷ The scheme caused much criticism and counter proposals from both sides of the political spectrum, with the employers lamenting excessive state interventionism and the unions criticising the lack of proper controls on the granting of public funds. The debate dragged on in the Parliament until December 1971, when law n. 1101, soon relabeled *Legge Tessile*, was approved.¹⁸

The CIG played an important part in the framework of the new law and was used by the state to cushion job losses. The number of hours subsidised by the CIG in the textile sector had already quadrupled from 11,481,285 in 1968 to 44,456,254 in 1971, of which the lion's share was represented by the CIG-S. Short time work, often leading to the complete suspension of the workers, became the norm for textile companies. The overloading of requests, however, immediately put the extraordinary fund administration under stress.

In November 1970, the Secretariat of the CGIL wrote to the Ministry of Labour to complain. Suspended workers often had to wait a long time, 'up to four months', for a special decree from the Ministry of Labour granting short time benefits on a case by case basis, a situation that severely impaired the effectiveness of the CIG.¹⁹ The law for the textile sector intervened to streamline authorisation procedures, relaxing the eligibility criteria of the CIG-S: in the case of the textile industry, the authorisation for short time work could be decided directly by the *ad hoc* committee created by the new law, overriding the Ministry of Labour and bringing social partners into the decision making process. The CIG-S was almost explicitly conceived as an alternative to unemployment benefits and served to finance the long-term income maintenance of redundant workers. Law n.1101 discounted the contributions that textile companies needed to pay for the family allowances of workers.

¹⁷ Roberto Marchionnati, 'Protezione e aggiustamento settoriale in Italia. Il caso dell'industria tessile', *Rivista di Politica Economica* 7/8 (1991), 79-126.

¹⁸ Legge 1 dicembre 1971, n. 1101, Ristrutturazione, riorganizzazione e conversione dell'industria e dell'artigianato tessili, Gazzetta Ufficiale, Serie Generale n. 324, 23/12/1971.

¹⁹ Ministero del Lavoro e della Previdenza Sociale, Direzione Generale assistenza e previdenza sociale – DIV XIII, *Appunto per l'On. Le Ministro, integrazione salariale – applicazione della legge 5 novembre 1968, n.1115*, Roma, 25/01/1971, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 129, f. 16/369.

A portion of these would instead be covered with the money from the unemployment insurance fund, burdening its already strained finances for the protection of labour force insiders. The overlapping of short time work and unemployment insurance caused confusion, even among policy-makers: in the run up to the approval of the textile law, a former CISL unionist, Ettore Calvi, stood up in Parliament to ask whether ‘the *cassa integrazione guadagni* and the involuntary unemployment insurance fund are indeed the same thing’.²⁰

As the Italian industrial system entered a phase of profound structural change during the early 1970s, the recently introduced CIG-S witnessed further institutional evolution and enlargements. Change was not the result of coherent public policy planning, but rather respondent to the centrifugal pressure of various industrial sectors. Just a year after the passing of the textile law, it was the chemical industry that required the assistance of the state. In 1972, the public discovered that Montedison, the largest company in the Italian chemical sector, was in a deep financial crisis. The company was born of a merger between the chemical company Montecatini and the electricity giant Edison in 1966.²¹ Almost immediately the group had shown signs of financial weakness, and as early as 1968 the state was forced to buy some of its shares through the state owned petrol company ENI. At the end of 1971, the corporate balance had a deficit of almost 230 billion lire, which prompted the president of the company, Eugenio Cefis, to ask the Ministry of Budget and Economic Planning for the intervention of the state to salvage the chemical sector.²²

At stake for the government was not only its large share of the company, but also the risk of a full-blown social crisis. The chemical industry as a whole represented only 4.9% of total industrial employment. However, after FIAT, Montedison was the second largest private company in the country, with roughly 180,000 employees.²³ The Cefis report explicitly highlighted the need for public help

²⁰ Camera dei Deputati, seguito della discussione del disegno legge n. 1922 etc., Seduta di Giovedì 21 ottobre 1971, Atti Parlamentari, Camera dei Deputati, V Legislatura, XII commissione permanente, Industria e commercio – artigianato – commercio con l'estero (Roma: Tipografia della Camera, 1971), p. 730.

²¹ Paolo Sylos Labini, ‘Montedison. Il Dinosaurio nel MEC’, *l'Astrolabio* 4 (1966), 11-13.

²² Eugenio Cefis, *L'industria chimica italiana e la crisi Montedison, Indagini conoscitive del Parlamento sull'industria chimica* (Roma: Tipografia della Camera, 1972); Alves Marchi and Roberto Marchionnati, *Montedison, 1966-1989. Una grande impresa sul confine tra pubblico e privato* (Milano: FrancoAngeli, 1992).

²³ Enzo Pontarollo, ‘Italy: effects of substituting political objectives for business goals’, in *State Investment Companies in Western Europe*, ed. Brian Hindley (London and Basingstoke: Palgrave Macmillan, 1983), 25-58, at p. 35.

to 'support the reconversion of employees who were made redundant due to the restructuring programs.'²⁴ Many workers were at risk of losing their jobs and at least since the earlier part of 1970, the company resorted to the use of short time work and complete work suspensions to cope with its problems. In many cases, Montedison announced the possibility of shutting down some of its smaller plants around the country, a situation that caused widespread protests by the workers, often culminating in strikes and factory occupations. In July 1972, for instance, the employees of a silicium processing facility near Merano, in Trentin-Suditrol, occupied the factory in protest against the decision of Montedison to shut it down. But problems existed all over the country, from Piedmont, where the company wanted to shut down its facilities in Rho, to southern Italy, where it had recently invested in petrochemicals.²⁵

The problems of the chemical group blended in with the larger crisis of textile sector, as Montedison had made important inroads into the production of artificial fibres and now planned to curtail the labour force in the sector.²⁶ The CIG-S could be used to tackle the social cost of the restructuring of the chemical industry and Montedison immediately applied for it at the Ministry of Labour. Yet, the original provisions of law n. 1115 of 1968 presented an evident limit to the welfarist use of the CIG: a mandatory time limit of nine months. This represented a problem for the use that Montedison wanted to make of the CIG-S. Not only was the restructuring of the group going to take more time; most importantly, it involved the shutting down of many facilities and the geographical reorganisation of the company, which would have left many workers with no immediate re-employment opportunities and no alternative source of income.

Mindful of the experience of the textile sector and with the pressing need to tackle the situation at hand, in August 1972, the government hastily passed law n. 464, leading to important updates to the framework of the CIG-S. First of all, the new piece of legislation allowed the CIG-S to intervene in cases of business reconversion,

²⁴ Senato della Repubblica, Indagine conoscitiva concernente la situazione della Montedison ed il piano di sviluppo dell'industria chimica, Seduta 14 Dicembre 1972, Atti parlamentari, Senato della Repubblica, VI legislatura, Commissione X Industria, Turismo e Commercio (Roma: Tipografia del Senato, 1972), p. 456.

²⁵ Senato della Repubblica, Indagine conoscitiva concernente la situazione della Montedison ed il piano di sviluppo dell'industria chimica, Seduta di Giovedì 18 ottobre 1972, Atti Parlamentari, Senato della Repubblica, VI legislatura, Commissione X Industria, Turismo e Commercio (Roma: Tipografia del Senato, 1972), p. 312.

²⁶ Anna Maria Falchero, "'Quel Serico Filo Impalpabile...". Dalla Soie De Châtillon a Montefibre (1918-1972)', *Studi Storici* 33 (1992), 217-233.

allowing companies to make use of extraordinary short time to switch their line of production from one sector to the other. Secondly, and crucially, it eliminated any time limit to the use of the CIG: the concession of subsidies was still tied to the decision of the Ministry of Labour, at the head of an interministerial committee which also brought together the Ministry of Industry. Yet, every six months after the expiration of the first allotment, the Ministry of Labour had the right to grant further extensions, indefinitely.²⁷ Law n. 464 officially sanctioned the new welfarist nature of the CIG and represented the culmination of a decade long transformation that, throughout the 1960s, fundamentally shifted the CIG out of the domain of industrial policy and towards that of unemployment protection.²⁸ The Minister of Labour, Dionigi Coppo, explicitly vindicated this perspective during the run up to the approval of the law. The Minister stated that, while useful for temporary downturns, the 1968 law that introduced the extraordinary fund had some limits. In particular, it was ill suited to ‘guarantee a consistent and stable intervention [...] in the case of large companies, which required more time to overcome the crisis’.²⁹ Contrary to the 1971 textile law, which had a limited reach, law n. 464 applied to every industrial sector, without an explicit reference to the case of the chemical industry.

Still, Montedison was mentioned often during the discussion and the leftist press polemically labeled the new provision ‘Montedison law’. Coppo was careful to underline that the new law was not devised as a purely welfarist measure to mask permanent unemployment: the new provisions for the CIG-S were supported by a system of tax breaks and easy credit for large companies that decided to re-employ at least two thirds of their workforce. Yet, the words of the Minister betrayed the fact that the new law was tailored to the needs of large factories, so as to avert the social unrest caused by massive redundancies.³⁰ It is not a coincidence that the revision of the CIG-S received a barrage of criticism. In mid-July 1972, for instance, the Ministry of

²⁷ Legge 8 agosto 1972, n. 464, Modifiche ed integrazioni alla legge 1116/1968 in materia di integrazione salariale, Gazzetta Ufficiale, Serie Generale n. 218, 23/08/1972.

²⁸ Ministero del Lavoro e della Previdenza Sociale, Appunto per l'On.Le Ministro, oggetto: disegno di legge riguardante gli interventi straordinari della Cassa Integrazione Guadagni e della Gestione dell'Assicurazione contro la disoccupazione in favore dei lavoratori dell'industria, Roma, 21/07/1972, ACS, Ministero del Lavoro e della Previdenza Sociale. Gabinetto, Ufficio Legislativo, b. 129, f. 16/369; See also Fabrizio Barca and Marco Magnani, *L'industria tra Capitale e Lavoro* (Bologna: Il Mulino, 1989), p. 45.

²⁹ Camera dei Deputati, Seduta di Mercoledì 2 agosto 1972, Atti parlamentari, Camera dei Deputati, VI legislatura, Commissione XIII, Lavoro – Assistenza e previdenza sociale – Cooperazione (Roma: Tipografia della Camera, 1972), pp. 3-4.

³⁰ Stefanelli, *La Cassa Integrazione*, p. 4.

Treasury voiced a complaint, stating that ‘a simple extension of the time limits of the CIG does not solve the basic issues affecting the companies, [...] in particular the possibility of adjusting manpower to real production needs’.³¹ This position was shared by the Ministry of Public Participation in Industry, which expressed the concern that without a mandatory time limit, it would have been impossible ‘to calculate exactly the state’s financial burden’.³²

The labour movement and left parties expressed an opposing view to that of the technocratic circles of the state, though they were no less dissatisfied with the final outcome of the law. On the one hand, organised labour welcomed the stronger income protection afforded by the 1972 law, protecting workers from sudden industrial shutdowns. On the other, it lamented that the law was weak on the employment creation policy side, with scant guarantees for the re-employment of the workforce and weak public control over companies’ restructuring plans. The Socialist Party MP Libero Della Briotta during the parliamentary discussion on the law, for instance, argued that ‘this piece of legislation fits positively into the Italian welfare state edifice, and it is the first step towards the assertion of workers’ rights to re-employment’. However, he also warned that the lax financial framework of the law scheme risked making ‘the collectivity pay for the entrepreneurial mistakes of companies, [...] resulting in the solution of economic problems through state paternalism’.³³

These worries were echoed by the unions, which feared that the lure of public financing would invite private companies to declare a state of crisis and lay off manpower even when business circumstances might not require it. While the law favoured the use of short time work instead of dismissals to address industrial redundancy, it also relieved the company of any responsibility for their employees, transforming short time work into a gateway towards unemployment. These concerns

³¹ Ministero del Lavoro e della Previdenza Sociale, Il Ministero del Tesoro a La Presidenza del Consiglio dei Ministri – Gabinetto, Schema di disegno legge recante modifiche ed integrazioni alla legge 5 novembre 1968, n. 1115, in materia di integrazione salariale e trattamento speciale di disoccupazione, Roma, 18/7/1972, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 129, f. 16/369.

³² Ministero del Lavoro e della Previdenza Sociale, il Ministro delle Partecipazioni Statali, Ferrari Aggradi, alla Presidenza del Consiglio dei Ministri, uff.leg, e al Ministero del Lavoro e della Previdenza Sociale, Roma, 21/07/1972, ACS; Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 129, f. 16/369.

³³ Camera dei Deputati, Seduta di Mercoledì 2 agosto 1972, Atti Parlamentari, Camera dei Deputati, VI legislatura, Commissione XIII, Lavoro – Assistenza e previdenza sociale – Cooperazione (Roma: Tipografia della Camera, 1972), pp. 5-6.

were aptly captured by a CGIL internal memo from September 1972, underlining how law n. 464 pointed ‘towards a strengthening of welfare and income of workers, but did not safeguard jobs and employment development with the aim of fostering full employment’. The CGIL clearly recognised the risk of creating a rift between core job market insiders and the rest of the marginal labour force and the unemployed. The memo, in fact, warned: ‘the need to avoid the creation of a category of employees that, while not working, are receiving almost the full wage or masses of unemployed that are paid at different rates’.³⁴

2.3 Industrial conflict and the delays of Italian Fordism

Despite much criticism, the update on the workings of the extraordinary CIG fund was passed amid the perceived social emergency. If the 1971 law applied only to the textile sector, the 1972 law instead extended the more beneficial short time work regime to the whole industry, with an eye on the rescue of large companies. The immediate increase in the use of the CIG-S underscored the widespread need for manufacturing employers to restructure their production with the introduction of new technologies and the spatial reorganisation of facilities. Yet, this should not lead us to overstate the importance of the CIG-S during the early stages of the crisis of Italian industry. The introduction of a new kind of short time work and the *de facto* abolishment of any kind of limit to its usage would prove essential during the latter part the 1970s, as the manpower overcapacity of the Italian industrial system became a structural problem.³⁵ However, during the early stages of the decade, the CIG-S did not overshadow the continued use of other income maintenance schemes and the new laws did not alter the trend in the utilisation of the CIG-O. Institutional evolution takes time to seep down to the ground level of everyday business practices and social partners might take a while to understand how to effectively make use of a new social policy device. This is principally because the CIG-S did not replace the existing

³⁴ CGIL, Il Ministro del Lavoro Coppo a Uffici Regionali Lavoro, Ispettorati Regionali Lavoro, Loro Sedi, Roma, 29/08/1972, ASCGIL, Segreteria Generale, Atti e corrispondenza, Istituti contrattuali – previdenza e assistenza, b. 29, f. 180; Eugenio Guidi per l'Ufficio Sindacale e Piero Boni per la Segreteria, CGIL, Circolare 3019, oggetto: Cassa Integrazione Salariale alle Camere Conf. Del Lavoro, alle Federazioni Naz.Li di Cat., ai Comitati Regionali CGIL, Roma, 15/09/1972, ASCGIL, Segreteria Generale, Atti e corrispondenza, Istituti contrattuali – previdenza e assistenza, b. 29, f. 180.

³⁵ Marino Regini, ‘La Varietà Italiana di Capitalismo. Istituzioni Sociali e Struttura Produttiva negli Anni Ottanta’, *Stato e Mercato* 43 (1995), 3-26, at p. 9.

regulations. It left the ordinary CIG-O intact and represented just another layer in the growingly complex system of Italian short time work schemes.

It was mostly large-sized companies that took advantage of CIG-S provisions. Occupationally relevant enterprises were better situated to appeal to the central government and raise the interest of ministerial authorities for a speedy approval of benefits. The highly discretionary nature of the workings of short time left smaller companies at disadvantage.³⁶ They often had to go through the trouble of repeatedly pressuring the employers' association and national union representatives to put forward their case at the central level, with inevitable delays. Thus, medium and small sized companies continued to resort to the ordinary CIG fund - even in cases of restructuring or long-term business crises that fell under the extraordinary domain - sorting authorisation procedures through the opaque patronage of provincial commissions.³⁷

In certain industrial sectors, the CIG-O remained the preferred form of labour market intervention to cope with production stoppages, at least until 1975, during the height of the economic crisis. Among the most representative industrial sectors, the CIG-S was mostly used in the chemical and textile industries. Companies in the metalworking sector, instead, made a relatively larger use of the CIG-O to cope with their own production problems. These accounted for almost 40% of total industrial employment in 1970 and had been more resilient in the face of the economic slowdown, at least until 1973.³⁸

Such different sectoral trends are explained, in part, by the different nature of the risks the CIG-S and CIG-O were supposed to cover. The extraordinary fund was set up to subsidise redundancy during long term restructuring processes, and was utilised in the industries, such as textile and chemical, that underwent structural change early on. The CIG-O, instead, continued to be used to cover for workers' income during momentary production stops. It is quite likely that many companies -

³⁶ Alberto Martinelli, 'Organised business and Italian politics: Confindustria and the Christian democrats in the post-war Period', *West European Politics* 2 (1979), 67-87, at p. 71.

³⁷ See Eugenio Guidi per l'Uff. Sind e Piero Boni per la Segreteria, CGIL, Circolare 3019, oggetto: Cassa Integrazione Salariale alle Camere Conf. Del Lavoro, alle Federazioni Naz.Li di Cat., ai Comitati Regionali CGIL, Roma, 15/09/1972, ASCGIL, Atti e corrispondenza, Istituti contrattuali - previdenza e assistenza, b. 29, f. 180; Luciano Pariano p. La Segreteria al Compagno Guidi, Ufficio Sindacale CGIL, Crotone, 20/1/1973, ASCGIL, Segreteria Generale, Atti e Corrispondenza, Problemi sociali e del lavoro, b. 32, f -.

³⁸ Alberto Carreras, 'Un ritratto quantitativo dell'industria Italiana', in *Storia D'Italia. Annali 15. l'Industria*, eds. Franco Amatori, Duccio Bigazzi, Renato Giannetti and Luciano Segreto (Torino: Einaudi, 1999), 180-272, at pp. 254-255.

particularly among the small and medium sized ones - perceived their business problems to be only transient, resorting to short time on a stop and go basis to cope with momentary market downturns, without undergoing structural transformation.³⁹ The availability of data does not allow disaggregating CIG hours by individual companies or by their size category, and it is thus not possible to ground the above speculations on a firm quantitative basis. However, erroneous economic forecasting and the slowness of centralized decision-making at the government level can explain the continued use of the CIG-O up to a certain point. A simple business cycle interpretation cannot satisfactorily account for why it was often preferred over the CIG-S during early years of the 1970s.⁴⁰

The sudden explosion of industrial conflict, at the beginning of the decade, provides an important explanatory variable. If the growth of the CIG-S was the result of bottom-up workers' demands for social protection against job loss, the CIG-O progressively emerged as an instrument to control and prevent social strife, targeting the bases of unions' mobilisation and political power in the everyday life of the shop floor. The evolution of the CIG-S and parallel growth of the CIG-O after 1968 came not only as a result of the endemic economic slowdown of the country, but also as a consequence of the rise in industrial conflict that accompanied the crisis. The growth of working class organisation increased bottom up pressures for job security, but it also presented employers with the problem of how to stem the mounting tide of industrial strife, particularly in the most riotous large factories. The CIG-O, designed to finance momentary and relatively short production stops, was equipped to intervene during strikes, suspending workers upstream and downstream in the production cycle and targeting strikers directly, increasing the organisational costs of industrial conflict for the unions while lessening its impact on the company's finances.⁴¹

In the last months of 1969, in what is known as the 'Hot Autumn', a sudden wave of strikes engulfed the country from its epicenter in the northwestern auto industry. In that year, after the summer break, workers in the metalworking industries started staging strikes and wide protests for the renewal of the sector's national contract, often ending up in shutdowns and factory occupations. The number of hours

³⁹ ISTAT, *5° censimento generale dell'Industria e del commercio, 28 ottobre 1971, Vol.VIII, Dati Generali Riassuntivi, Tomo II – Unità Locali* (Roma: Tipografia Failli, 1976), pp. 860-890.

⁴⁰ Vittorio Daniele, Paolo Malanima and Nicola Ostuni, 'Geography, Market Potential and Industrialization in Italy 1871-2001', *Papers in Regional Science* 97 (2016), 639-662, at pp. 645-647.

⁴¹ Graziosi, *La Ristrutturazione nelle Grandi Fabbriche*, pp. 58-69.

lost to strike actions in 1969 totalled more than 300 million, far more than any other comparable western country.⁴² The Hot Autumn opened what Sidney Tarrow labeled ‘a protest cycle’, in which heightened conflict became endemic across the social system and growing incentives for collective action at the factory level led to a spiraling increase of strikes.⁴³ Figure 2.2 reports the number of hours lost due to strikes and the number of workers involved, in Italy for the whole post-war period.

Fig. 2.2 Industrial conflict in Italy (1950-1990) (in thousand)⁴⁴



After peaking in 1969, the number of hours lost to strikes remained substantially high and the number of workers involved continued to increase throughout the whole decade. The dramatic increase in the tempo of industrial conflict led to significant institutional innovation by both the state and the labour movement. Bottom-up worker pressure for a greater democratisation of plant level representative structures crystallised into the introduction of *Consigli di Fabbrica* - factory councils - directly

⁴² Diego Giachetti, *l'Autunno Caldo*.

⁴³ Sidney Tarrow, *Democracy and Disorder: Protest and Politics in Italy, 1965–1975* (London: Oxford University Press, 1989), p. 302.

⁴⁴ Data are taken from the monthly surveys of labour disputes carried out by the National Institute of Statistics (ISTAT). See ISTAT, *Rilevazioni sulle forze di lavoro* (Roma: ISTAT, 1951-1991). Retrieved from http://seriestoriche.istat.it/fileadmin/documenti/Tavola_10.22.xls, 03/09/2018 at 20.06 GMT.

elected by the workers and tasked with the supervision of plant-level negotiations.⁴⁵ This process was paralleled by the organisational strengthening of official unions. They almost doubled their membership and mended their strained internal relationships during the first half of the 1970s.⁴⁶ For the first time since the division of the unitary CGIL in the immediate post-war years, in July 1972, the three national unions signed an agreement for a federation that brought together the CGIL, the CISL and the UIL. At the sectoral level, the process of unification went even further, with the creation of a *Federazione Unitaria Lavoratori Chimici* (FULC) for chemical workers and, most importantly, a very militant metalworkers federation. The *Federazione Lavoratori Metalmeccanici* (FLM), the year after.⁴⁷

Almost immediately, the growing strength of working-class constituencies translated into the introduction of new legislative provisions: in May 1970, the Parliament, with the input of the Italian Socialist Party, approved the *Statuto dei Lavoratori*, the Workers' Statute, a new law to protect employees' rights to political and organisational expression. It prevented employers from conducting investigations, arbitrary firings etc., drastically reducing the panoply of disciplinary measures available to factory managers.⁴⁸

Immediately, both scholars and activists sought to make sense of the sudden burst of conflict, which took organised labour and employers alike by surprise. Traditional interpretations, mostly following the analysis of trade unionists themselves, presented social strife as the inevitable outcome of the rapid economic growth of the country. Industrialisation progressively eroded the availability of cheap manpower, levelling off supply side imbalances in the Italian labour market and increasing workers' bargaining power vis-à-vis the employers. The cramming of the industrial workforce into the urban peripheries of northern Italian cities and the experience of assembly line work unified everyday practices and commonalities

⁴⁵ For a broad overview of factory councils and Italian workplace democracy during the 1970s, see Luciano Albanese, Fernando Liuzzi and Alessandro Perrella, *I consigli di fabbrica* (Roma: Editori riuniti, 1973); Fabrizio D'Agostini, *La condizione operaia e i consigli di fabbrica* (Roma: Editori riuniti, 1974); Bruno Trentin, *Il sindacato dei consigli. Intervista di Bruno Ugolini* (Roma: Editori riuniti, 1980).

⁴⁶ Vittorio Valli, 'Industrial Conflict and Trade Unions in the 1970s: The Italian Case', in *The Management of Industrial Conflict in the Recession of the 1970s*, eds. Ezio Tarantelli and Gerhard Willke (Florence: European University Institute, 1981), 183-204, at p. 184.

⁴⁷ Fabrizio Loreto, *L' "Anima Bella" del Sindacato, Storia della Sinistra Sindacale (1960-1980)* (Roma: Ediesse, 2005), p. 101.

⁴⁸ Lorenzo Bordogna and Giancarlo Provasi, 'La Conflittualità', in *Relazioni Industriali, Manuale per l'analisi dell'esperienza Italiana*, eds. Gian Primo Cella and Tiziano Treu (Bologna, Il Mulino, 1989), 215-245.

among blue-collar workers. A new social figure seemed to emerge out of the factories: the ‘mass worker’ - as the theorists of the extra-parliamentary workerist left, dubbed it – readier to articulate its grievances in political terms and prone to direct industrial action.⁴⁹

In their classic 1973 work, *Gli anni duri alla Fiat*, Emilio Pugno and Sergio Garavini traced the roots of the 1969 movement back to the early years of the decade and to the changing strategy of the labour movement in confronting employers’ intransigence. With the diffusion and consolidation of industrial labour organisation, trade unions began to devote a greater deal of attention to the negotiations of working conditions at the shop floor level.⁵⁰ In 1960, the unions successfully organised a general strike in the electromechanics sector in Milan. In July 1962, in Turin, thousands of workers clashed with the police, protesting against the carmaker FIAT and the decision of one of the unions to sign a separate agreement with the company. Even in 1966, despite the modest outcome of the negotiations, the unions managed to mobilise a substantial number of workers for the renewal of the metalworking sector’s contract. Pugno and Garavini stressed the continuity of union action throughout the 1960s as a basis for the mobilisation of the 1970s.⁵¹

This interpretation, however, did not go uncontested and was criticised for not recognising the pathbreaking nature of the Hot Autumn. Scholars such as Berta, Scavino and, most recently, Pizzolato, focused on the immediate run up to the events of 1969 and on the recruitment policies of large industrial enterprises, rather than on the actions of the unions.⁵² In their view, the outburst of conflict is to be traced to the sudden admission of southern migrants into the large car factories in the north. This workforce often came from rural areas and was not socialised into the routine of industrial work. Most importantly, it was marginalised in the urban peripheries and frequently discriminated against cultural and regional lines, even by other workers. Both management and organised labour progressively lost touch with this substantial

⁴⁹ See Gisela Block, Paolo Carpignano and Bruno Ramirez, *La Formazione dell’Operaio Massa negli Usa, 1898-1922* (Milano: Feltrinelli, 1976); Mario Tronti, *Operai e Capitale* (Roma: DeriveApprodi, 2013), p. 7; Steve Wright, *Storming Heaven*, pp. 152-176.

⁵⁰ Stefano Musso, *Le Regole e l’Elusione: il Governo del Mercato del lavoro dall’Unità ad Oggi* (Torino: Rosenberg and Sellier, 2004), pp. 245-270.

⁵¹ Emilio Pugno and Sergio Garavini, *Gli anni duri alla Fiat* (Torino: Einaudi, 1973).

⁵² Giuseppe Berta, *Conflitto industriale e struttura d’impresa alla FIAT* (Bologna: Il Mulino, 1998), p. 153; Giachetti and Scavino, *La Fiat in mano agli operai*, p. 131; Nicola Pizzolato, ‘Workers and Revolutionaries at the Twilight of Fordism: the breakdown of industrial relations in the Automobile plants of Detroit and Turin, 1967-1973’, *Labor History* 45 (2004), 419-443, at p. 427.

fragment of their base, allowing into the ‘factory system individuals who eventually dissented to its form of regimentation of the workforce’.⁵³

Whether the emphasis was on the long-term social effects of industrialisation or on the cultural marginalisation of migrants, the end result was a rise in labour conflict that had an immediate and deleterious effect on the productivity of the industrial system. Between 1970 and 1974, after having stagnated for almost all of the post-war period, unit labor costs increased 59.5 %, closely followed by inflation, which jumped to 21.2 % in the same years. Squeezed between higher wages and more stringent labour regulation, company profits dropped sharply.⁵⁴

The changes in the dynamic of contention did not only affect the ‘quantity’ of industrial conflict, in terms of workers’ participation and hours lost, but also its quality. Up until that point, strikes had been highly regulated, announced days in advance as an almost ceremonial show of class strength and often called off during actual company negotiations. With the Hot Autumn and its aftermath, instead, labour strife took on an unregulated nature, including drawn out strikes and wildcat actions. These were often supported by radical far left groups, such as *Lotta Continua* (LC), a revolutionary movement rooted in the student worker groups of 1969. LC published an omonymous newspaper that became one of the most authoritative voices of the extra-parliamentary left, together with *il Manifesto*.⁵⁵

The official unions did not always support the actions of the rank and file, but had to chase some of the most radical demands that emerged during the strikes, ‘riding the tiger’ of industrial conflict so as not to risk losing legitimacy.⁵⁶ During these years, the campaigns promoted by the unions encompassed a wide range of issues: the unification of job classification schemes and the abolition of territorial differences in wage levels, improvements in health and safety conditions, and reductions in the speed and duration of work. A new array of tactics emerged to deal the most damage to production at the shop floor level, with chessboard and hiccup strikes and work-to-rule becoming daily occurrences in large industrial plants, where workers often organised by department or even by team.⁵⁷

⁵³ Pizzolato, ‘Workers and Revolutionaries’, p. 421.

⁵⁴ Barca and Magnani, *L’industria tra Capitale e Lavoro*, pp. 27-38.

⁵⁵ Roberto Franzosi, *The puzzle of strikes: class and state strategies in post-war Italy* (New York: Cambridge University Press, 2006), p. 287.

⁵⁶ Claudia Magnanini, *Autunno Caldo e “Anni di Piombo”, il sindacato Milanese dinanzi alla crisi economia e istituzionale* (Milano: Franco Angeli, 2006), p. 66.

⁵⁷ The rationale behind all these new forms of strikes was that of producing the maximum amount of

The spread of micro-conflict on the factory shop floor put the management strategies of many companies, particularly the bigger ones, who modeled their labour organisations on Fordist mass production models, in jeopardy. Fordism, as an industrial paradigm, was characterised by a high integration of the production process, with semi-finished and interchangeable parts moving sequentially from one workstation to the other along the assembly line. An extremely low skilled workforce was tasked with a standard set of rules, which dictated the tempo of production and work practices to follow in an extremely detailed fashion. Mass production was firstly pioneered early in the century in the United States by Henry Ford, who blended the technocratic principles of Tayloristic scientific management with a new model of large factory, structured around the conveyor belt and vertically integrated across all phases of production. The American entrepreneur himself used the word 'Fordism' to describe the new technical organisation of production, and the term has since then been widely used.⁵⁸

In Italy the introduction of Fordism was somewhat delayed. As argued by Pietro Causarano, two of the distinctive characteristics of Fordist manufacturing, large-scale dimension and technocratic management, were never dominant in the Italian industrial apparatus, which remained anchored for a long time to a structure of small companies and family capitalism.⁵⁹ It was only at the end of the 1950s that Italian employers began to modernise their factories more consistently, with the introduction of new machinery and the spatial reorganisation of the industrial shop floor.⁶⁰ The change in

disruption and damage to production with the least possible sacrifices for the rank and file. During chessboard strikes, employees suspended work consecutively in different departments at different times. A hiccup strike was enacted by suspending work on a stop and go basis. Work-to-rule is the practice of arbitrarily slowing down production complying with the minimum set by company rules. See Sidney Tarrow, 'Cycles of Collective Action: Between Moments of Madness and the Repertoire of Contention', *Social Science History* 17 (2002), 281-307, at p. 102.

⁵⁸ For a general theoretical review of the debate on the nature and development of international Fordism, see Aglietta, *A theory of capitalist regulation*, pp. 111-147; Ash Amin, 'Postfordism', pp. 1-40; Christopher Freeman and Carlota Perez, 'Structural crises of adjustment: Business cycles and investment behaviour', in *Technical Change and Economic Theory*, ed. Giovanni Dosi (London: Pinter Publishers, 1988), pp. 38-61; Bob Jessop, 'Fordism and post-Fordism: a critical reformulation', in *Pathways to Regionalism and Industrial Development*, eds. A.J. Scott and M.J. Storper (Routledge, London, 1992), pp. 43-65; Piore and Sabel, *The Second Industrial Divide*. For a detailed analysis of the spread of Fordism in Post-war Europe, instead, see Charles S. Maier, *In Search of Stability*, pp. 19-53 and Victoria De Grazia, *Irresistible Empire: America's Advance Through Twentieth-century Europe* (Cambridge MA: Harvard University Press, 2005).

⁵⁹ Causarano, 'La Fabbrica Fordista', pp. 71-73

⁶⁰ The average number of workers per plant in manufacturing grew from 5.6 in 1951 to 8.7 in 1971. This, however, masked a more substantial increase in sectors such as automotive, which grew from 115 to 176 in the same span. See Franco Amatori, Matteo Bugamelli and Andrea Colli, 'Italian Firms in History: Size, Technology and Entrepreneurship', *Quaderni di Storia Economica* 13 (2011), 5-49, at

managerial strategies and the introduction of mass production took advantage of the forced quiescence of organised labour. In 1955, the CGIL affiliate *Federazione Impiegati Operai Metallurgici* (FIOM) lost the majority of seats in the internal commission of Mirafiori, the largest turinese factory of the carmaker FIAT. It was a traumatic display of the internal division fracturing the labour movement, and it led to a wider retreat of workers' organisations nationwide, followed by the marginalization of the most conflictual employees at FIAT and elsewhere. Industrial reorganisation in Italy occurred in a condition of structural weakness of the union movement.⁶¹

This is not coincidental. The management of conflict is key to the paradigm of industrial Fordism, which involved not only a new technical organisation of production, but also a new mode of social organisation of the workforce. The monotonous and tiring nature of the work on the assembly line required a complacent and malleable workforce. Furthermore, the high integration of the production cycle under mass production made the Fordist factory extremely brittle when faced with industrial conflict - even if localised - as small numbers of workers could hit its vital points and bring production of a whole factory to a complete shutdown.⁶² In the post-war period, the management of conflict provided the bedrock on which Fordist mass production could spread in Western Europe.⁶³ Many scholars underlined how industrial growth was made possible by the implicit social contract brokered by the state between employers and organised labour, with rising welfare gains for the workers and a consensual system of industrial relations. This ensured what Ralph Dahrendorf aptly termed the 'institutional isolation of social conflict', necessary to import the new industrial model.⁶⁴

pp. 35-37.

⁶¹ Claudio Natoli, 'Una "Storia Corale" Degli Operai Metallurgici Torinesi', *Studi Storici* 31 (1990), 285-291, at p. 290.

⁶² During the interwar period, Henry Ford had already devised a combination of largesse and repression to keep strife at bay, offering high wages to his employees but also refusing to recognise unions until 1941. See John Brueggeman, 'The power and collapse of paternalism: The Ford Motor Company and black workers, 1937-1941', *Social problems* 47 (2000), 220-240; William Serrin, *The company and the union: the "civilized relationship" of the General Motors Corporation and the United Automobile Workers* (New York: Random House, 1973);

⁶³ Werner Abelhauser, 'Two Kinds of Fordism: On the Differing Roles of the Automobile Industry in the Development of the Two German States', in *Fordism Transformed: The Development of Production Methods in the Automobile Industry*, eds. Haruito Shiomi and Kazuo Wada (New York: Oxford University Press, 1995), 269-296, at p. 293.

⁶⁴ Ralph Dahrendorf, *Class and Class Conflict in Industrial Society* (Palo Alto: Stanford University Press, 1974), pp. 267-279.

As the previous chapter underlined, in the context of the adversarial system of Italian industrial relations, the window of opportunity for the introduction of Fordist mass production was provided to employers by the weakness of the labour movement; imposed on, rather than negotiated by the unions and the skilled working class. The unilateral nature of the industrial transformation and its speed contributed to the sudden explosion of social strife. The increase in the rate of strikes started to cripple the productivity of Fordist industrial organisation just as many companies had implemented it, committing to high fixed investments. In parallel, the growing strength of union shop floor organisation and the passing of pro-labour legislation reduced the array of traditional repressive instruments available to management, forcing employers to find new tools to harness industrial conflict. The unorthodox use of the CIG-O to stem strikes emerged at the beginning of the 1970s as a way to cope with this dual pressure exercised on the industrial system, bending welfare policy to solve the failure of Fordist social regulation.

2.4 Defining the strikers: the legal debate on strikes and short time work

Even before the CIG had found its first institutional codification in 1947, the problem of how to reconcile the intervention of short time work benefits and industrial strikes gave rise to a heated debate among state bureaucrats and social partners, continuing throughout the whole post-war period. Briefly tracking the evolution of the discussion within state bureaucracy can help highlight the disciplinary feature of short time work and see how it interacted with industrial conflict, before moving on to analyse the role of the CIG in the post-1969 cycle of conflict.

The CIG was a short time work device designed to intervene, in specific circumstances, to provide a replacement wage for all the hours an employee does not work short of his weekly contractual time. Up until the late 1960s, barring emergencies, the scheme was not intended to finance labour costs during complete suspensions of production and intervened only to cover up to a certain number of hours per week.⁶⁵ By halting production, industrial strikes involved a proportionate deduction from employees' wages, altering the weekly contractual working time and

⁶⁵ Lafranconi, 'La cassa integrazione guadagni', p. 40; Mazzi and Severino, 'Finalità e funzioni della cassa integrazione', p. 1831.

thus forcing a recalculation of the benefits provided by the CIG. According to the bureaucrats of the INPS, the possibility of a strike in a factory on short time created a jurisprudence conundrum: given that a strike cannot be considered as paid working time, and thus cannot be taken into account in the total working week, short time benefits should be reduced. In particular, every strike hour in a working week period should also lead to an equal subtraction from the short time allowance of the same week.⁶⁶

The INPS was keeping an eye on the strained finances of *cassa*, offering a very restrictive interpretation. But such a framing of the problem exponentially increased the monetary cost of strikes for workers. If employees on CIG went on strike, they would not only lose their normal hourly wage, but also the corresponding benefit provided by the *cassa*. The problem had already arisen in the post-war years, as many workers found themselves on short time and reduced income, protesting the wave of industrial closures and downsizings, the decision of the INPS significantly raised the organisational resources necessary to go on strike.

The position of the institute's bureaucrats did not go uncontested, especially by organised labour. Already in the late 1940s, workers' representative within local CIG commissions objected to the repressive nature of INPS's proposal, underlining that, if accepted, 'workers who abstained from only one working day would lose a double wage, one for the actual strike, another for the *cassa integrazione* at 66% of the salary'.⁶⁷ Even *Confindustria* seemed to support the protest of the unions. The employers' did not want to stir further unrest and hoped to smooth out social strife by meeting organised labour demands for a change in the excessively draconian rules set by INPS.⁶⁸

In 1948, a compromise was reached: every day lost to strike in a given week would lead to a deduction of one-sixth from the total amount of hours subsidised by the CIG, 'irrespective of whether or not the strike fell on a normal working day'. This

⁶⁶ Given the complex nature of the issue, the INPS provided some examples. For instance, if 4 hours of strike happened in a week in which 16 hours were paid for by the CIG, only 12 hours would be subsidised. See Istituto Nazionale della Previdenza Sociale, Sede centrale di Roma, Circolare 54864 G.S./215, Cassa Integrazione Guadagni, Criteri di Massima, ai direttori di sede, Roma, 02/09/1946, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 316, f. 1305.

⁶⁷ Confindustria, Associazione degli Industriali della Provincia di Novara, il Segretario Pio Orbandò a Confederazione Generale dell'Industria Italiana, delegazione dell'alta Italia, Novara, 3/08/1948, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 316, f. 1305.

⁶⁸ Confindustria, Alberto Zanchi, Appunto per l'Avv. Toscani, Roma, 08/09/1948, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 316, f. 1305.

would lessen the abnormal burden of strikes on the unions, but it was also ‘satisfactory for the employers, because in such a way the employee would in any case also suffer the damage of the strike in the *cassa integrazione*’.⁶⁹ Such an arrangement lessened the most unjust aspects of the INPS directives, but maintained a disciplinary aspect in institutional edifice of the CIG to put pressure and contain worker mobilisation.⁷⁰

From the early 1950s onward, the jurisprudence on the *cassa integrazione* and the debate between policymakers and social partners almost completely focused on another issue, one that touched more directly upon the relationship between short time work and labour strife: namely, whether or not it was possible to use short time work for employees who were forced idle because of a strike by their colleagues. In theory, a company that resorted to CIG to suspend workers in the production cycle because another department was on strike could reap a dual benefit. On the one hand, it could reduce the impact of a strike, saving on the payment of salaries for workers that would have been idle anyway. On the other, it raised the cost of a strike for plant-level union organisation. The CIG paid only 66% of the wage and thus represented a net monetary loss for employees who did not partake in industrial action. If the company could blame this on the unions’ ‘reckless behaviour’, it could damage their organisational resources inside the factory.

As mentioned in the previous chapter, the CIG had been designed to intervene only in cases of accidents and production stoppages formally independent of the employers’ and the employees’ wills. With regards to the concession of short time benefits, it was not clear how a strike should be considered, however minor or localized, since it represented an intentional suspension of production. In 1951, the INPS bureaucrats within the CIG Special Committee intervened on the issue, offering their own interpretation of industrial conflict and class politics. According to the INPS:

⁶⁹ Ibidem.

⁷⁰ In November 1949, while writing to the local industrial association of Vicenza, the President of Confindustria Angelo Costa noted: ‘it is logical that an employee does not earn a salary when he strikes, but it is not fair to detract from the weekly CIG a number of hours corresponding to the length of the strike; in this way, we would punish the same sin twice’. Confindustria, Il Presidente di Confindustria, Angelo Costa all’Associazione degli Industriali della Provincia di Vicenza, integrazione salariale operai in sciopero, Roma, 29/11/1949, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 316, f. 1305.

‘The strike, even when it is carried out by a fraction of the company’s workforce, constitutes an expression of will of the workers as a collectivity – thus also comprising the dissenters. In this sense [...] it is undoubtedly imputable to the workers and the inactivity cannot be covered by the *cassa integrazione*’⁷¹

The statement of the Special Committee was not pacific and, in its conciseness, left many grey areas, but was immediately backed by the employers, with *Confindustria* siding against the intervention of short time in cases of strikes. It was very convenient for an individual company to use the CIG to absorb and quell a strike. But from the perspective of the employer class as whole – that of *Confindustria* - it was quite the opposite. The ordinary fund of the *cassa integrazione*, in fact, was financed entirely by employer contributions. This created a contradiction. A director of the employer association argued that allowing the intervention of the CIG during a strike ‘would have encouraged the unions to limit the number of strikers to those working only in the vital knots of a company or economic sector, disguising other workers as dissenters, with the result of allowing the *cassa* to finance the strike’. The risk underlined by the employers was that ‘in order to offer disproportionate protection for a few innocents, we support the malicious games of those who are not’.⁷² A different interpretation would have created a collective action problem, allowing individual firms a free ride on the whole employer class while decreasing the costs of labour strife for the unions.

The position was reiterated by the President of *Confindustria*, Angelo Costa, who in July 1951 wrote to one of its local offices, speculating on the reasons behind the decision of the Special Committee. According to the President:

‘the committee did not so much consider the legal aspect of workers as a collectivity – that is the unions [...] but the substantial aspect of it, namely the existence of a homogenous [...] social category. Within this category, everything that affects a group of workers has repercussions on the whole collectivity. This unity has to be taken into account by those who want to strike’.⁷³

⁷¹ Confindustria, Unione industriali del Verbanco, Cusio e Ossola, alla Confederazione Generale dell’Industria Italiana, Verbania, 04/07/1951, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 316, f. 1305.

⁷² Confindustria, Roberto Toscani a S.E. Leopoldo Rubinacci, Sottosegretario del Lavoro e della Previdenza Sociale, Ministero del Lavoro, Roma, 24/04/1951, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 316, f. 1305.

⁷³ Confindustria, Il Presidente di Confindustria Angelo Costa al’Unione Industriali del Verbanco, Cusio e Ossola, Verbania, 13/07/1951, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 316, f. 1305.

An emerging consensus was solidifying around the INPS and Confindustria to prevent short time work from being used during strikes. Yet, single firms continued to take advantage of possible loopholes, particularly at the local level. The close connection between the employers' representatives in the provincial CIG committee and the local business community made it easy to take advantage of the system.

Furthermore, and most worryingly, the Ministry of Labour was not convinced by the interpretation provided by the employers and the INPS, and its representatives often tried to back the unions in favour of more permissive rules.⁷⁴ At the beginning of February 1952, Costa was openly complaining to the Ministry of Labour because it had accepted the appeal of a company that had used the CIG during an external strike. The Ministry of Labour stated that a strike inside the same factory prohibited the use of short time work. However, it also recognised that in the case of outside labour unrest 'it was not possible to hold workers accountable for something in which they did not partake, directly or indirectly'. Costa was extremely dissatisfied, and invited the Ministry to consider how this dangerous interpretation played into the hands of organised labour:

'on the territory, the unions are organised in horizontal institutions that coordinate the actions of all their members [...] across different sectors. As such, it is never possible to rule out entirely the possibility that workers from one company indirectly participated in the strike in another'.⁷⁵

The dispute between *Confindustria* and the Ministry of Labour continued into the latter part of the 1960s. The employers' association received the support of INPS representatives and that of the Ministry of Treasury, both interested in keeping expenditure down. Yet, the Ministry of Labour kept interfering within central decision-making bodies, particularly when the cases under consideration had high political significance.⁷⁶

The existence of competing interpretations of the rules of the CIG made it difficult for both local employers and unions to organise their strategies, affecting the

⁷⁴ Confindustria, Appunto per il Presidente di Confindustria Angelo Costa, Roma, 15/10/1952, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 316, f. 1305.

⁷⁵ Confindustria, Il Presidente di Confindustria Angelo Costa al Ministero del Lavoro e della Previdenza Sociale - Direzione Generale Previdenza ed assistenza - Divisione XIII, Roma, 12/05/1952, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 316, f. 1305.

⁷⁶ Confindustria, Associazione degli Industriali della Provincia di Genova Espresso a Confederazione Generale dell'Industria Italiana, Genova, 01/12/1958, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 316, f. 1305.

dynamic of contention at the factory level. At times, companies filed requests for short time to local commissions with the expectation that they would not to be accepted. In other times, it was the unions that tried to prolong minor strikes in the expectation that workers would receive the support of short time work. In the first three years of the 1960s, the CIG Special Committee took into consideration twelve cases in which companies from all over the country, especially in the textile sector, made use of the CIG due to strikes. In each case, the Committee decided against the granting of benefits.⁷⁷ But the cases brought up at the central level represented only a minor fraction of the total and the evidence seems to suggest that there was widespread complacency at the local level within provincial CIG commissions. As the overall rate of labour strife in the Italian labour market grew during the mid-1960s, single companies increasingly resorted to short time benefits to absorb the costs of strikes, partly under the pressure of the very workers.⁷⁸

The solution to the problem of how to treat strikes in relation to CIG benefits arrived only in the mid-1960s, as the Ministry of Labour asked for an official decision by the *Consiglio di Stato*, the State Council, the supreme legal consulting body of the Presidency of the Republic. During a meeting in January 1966, the State Council opposed the ‘right to strike’ to the ‘right to work’, recognising that workers - even within the same factory - cannot legally be considered as collectively liable: ‘for those workers that are not striking or are in a department that is forced idle because of a strike [...] there is a cause of *force majeure*, of objective impossibility to continue working’. The response of the State Council concluded: ‘as a social event, the strike is a collective act. However, the decision whether or not to participate in it – by single workers – is a clear manifestation of will’.⁷⁹ The new interpretation provided by the State Council solved the legal conflict, favouring a broad interpretation of the functions of short time work. The CIG was now allowed to intervene in case in which workers had been forced idle because of industrial strife. Furthermore strikes would

⁷⁷ Confindustria, Elenco delle decisioni del Comitato Speciale della Cassa Integrazione riguardanti richieste di intervento per sospensioni o riduzione di orario determinate da scioperi attuati nella stessa azienda richiedente, Lar/Pol, Roma, 04/02/1964, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 316, f. 1305.

⁷⁸ Confindustria, F. Cicogna, per Confindustria, to On.Le Umberto dell Fave, Ministro per il Lavoro e la Previdenza Sociale, Roma, 12/04/1965, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 316, f. 1305.

⁷⁹ Confindustria, Appunto per il ‘Notiziario del Lavoro’, integrazioni salariali- sospensioni e riduzioni del lavoro collegate a scioperi, Roma, 08/11/1966, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 316, f. 1305.

not longer entail a subtraction from the total amount paid by short time. In no small part, these legal changes were due to the transformations in the Italian political context. The 1960s were marked by a general shift towards center-left politics with the 1963 government, led by Christian Democrat Aldo Moro, that opened the alliance with the PSI. The reformist and pro-labour stance of the new governments of the time might explain the more accommodating rules, seemingly meeting the demands of the Ministry of Labour and the unions.⁸⁰

The general disposition of the State Council was *sui generis* and it was up to the CIG Special Committee to be more specific, implementing a concrete policy line. In late 1968, the Committee decided to proceed by rule of thumb, assessing the relative position of strikers in the context of the productive system of the single company that applied for short time. The CIG could be used only in cases in which the strike engulfed only a sector of the factory ‘for motives concerning only that very sector’. If a general strike erupted in the factory, even if some workers decided not to partake in it, the intervention of the CIG was not allowed. If, on the contrary, workers staged a strike with demands pertaining only to their work team or department, other workers would be allowed the benefit of the CIG.⁸¹ In order to favour the implementation of the new directives and harmonise the workings of the provincial commissions, the Special Committee decided to centralise temporarily the decisions regarding strikes, asking local INPS representatives to forward details regarding number of strikers and issues. Shortly afterwards, in mid-January 1971, the INPS returned the authority to decide over strikes to the provincial commissions. With the momentous changes that intervened after the Hot Autumn, the spread of industrial strife and factory micro-conflict rapidly overloaded bureaucratic capacity at a central level, forcing bureaucrats to decentralise again the decision-making process.⁸²

⁸⁰ Paul Ginsborg, *Storia dell’Italia dal dopoguerra ad oggi* (Torino: Einaudi, 1989), pp. 349-362.

⁸¹ Camera del Lavoro – Segreteria Sindacale ai Sindacati Provinciali, Torino 05/05/1969, Oggetto: Cassa Integrazione – Festività Infrasettimanali – Scioperi and Camera del Lavoro – Segreteria Sindacale ai Sindacati Provinciali, Oggetto: Cassa Integrazione sciopero: operai estranei allo ____ ; legge 1115: intervento Cassa prima dell’emanazione del decreto ministeriale, Torino, 03/02/1969, Istituto Piemontese Antonio Gramsci (thereafter IPAG), Archivio CGIL, FIOM di Torino, b. 609, f. 4.

⁸² Confindustria, Appunto per la direzione centrale dei Rapporti Sindacali, Roma, 29/07/1971, ASC, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 13, f. 67.

2.5 The disciplinary use of the *Cassa Integrazione* in the car industry

The advice of the State Council was not binding and a lot of discretionary freedom remained with local and central committees. Yet, the pronouncement of such an authoritative institution conditioned the stance of many key players, especially among the government and bureaucrats, altering the official position of the CIG Special Committee. The content and timing of this new decision proved crucial, as the cycle of industrial conflict entered a new, drastically different, phase. The choice to allow the intervention of the CIG-O in case of localised strikes opened new pathways for the management of industrial micro-conflict in the Fordist factory system.

The car industry is the pivotal point to gauge the impact that the changes in the jurisprudence of short time had on the dynamic of industrial relations on the factory shop floor. There also were several instances of the CIG-O being used to target strikers in the capital-intensive chemical sector and in the textile industry, where the smaller average company size and the relative weakness of the unions - due to a long tradition of employer paternalism – made the use and abuse of the CIG-O very frequent.⁸³ The automotive sector, however, remained the epitome of Fordist manufacturing. The principles of mass production work organisation and vertical integration had firstly been developed for the car industry and this is where industrial concentration reached its peak level. The growth of the car industry not only altered the landscape with its large factories, but also, in the most radical instances, restructured the whole urban setting. In Turin, aptly labelled the ‘automobile capital’ of Italy, car companies reorganised the entire social life of the city around their industry⁸⁴. When the wave of strikes of the Hot Autumn engulfed the country’s industrial system, the car industry is where it hit first and most fiercely.⁸⁵

By virtue of their large size and the high degree of industrial organisation integration, car factories were the most exposed to the disruptions caused by wildcat

⁸³ Marinella Sclavi, *Lotta di classe e organizzazione operaia: Pirelli Bicocca Milano ('68-'69) OM-FIAT Brescia ('54-'72)* (Milano: Mazzotta, 1974), p. 173. See also the tribunal sentence against the textile producer Filatura Alpes, ‘Decreto 24 febbraio 1975, Giud. Caccin; UILTA-UIL provinciale di Vicenza c. Soc. Filatura Alpes’, *Il Foro Italiano* 98 (1975), 1864-1867.

⁸⁴ Paride Rugafiori, *La capitale dell'automobile: imprenditori, cultura e società a Torino* (Padova: Marsilio, 1999).

⁸⁵ Silvia Belforte, Adriana Garizio and Emanuele Levi Montalcini, *L'Occupazione nella Crisi: materiali di ricerca di ristrutturazione produttiva, mercato del lavoro e assetti territoriali in un'area industriale* (Torino: Tommaso Musolini Editore, 1978), pp. 59-81; Berta, *Conflitto Industriale e Struttura d'impresa*, pp. 139-209; Marco Revelli, *Lavorare in Fiat. Da Valletta ad Agnelli a Romiti* (Milano: Garzanti, 1989), pp. 42-43

strikes and the damage of unregulated industrial conflict. Furthermore, the socio-economic significance of the car industry meant it had greater political weight, with developments in its industrial relations system often providing a model for the rest of the national polity. In many other countries, big car companies often led innovation in collective bargaining practices.⁸⁶ This was even more the case for Italy, where the smaller average size of industrial units rendered automotive companies the towering giants of its industrial economy. During the Hot Autumn and its aftermath, the car industry provided a laboratory for both union politics - with the first development of bottom up workers' democracy and ameliorative plant level agreements - and managerial manpower policies. In April 1974 the centrality of the car industry was confirmed by the election of Giovanni Agnelli, owner of FIAT, to the Presidency of *Confindustria*.⁸⁷ Both because of its weight and vulnerabilities to micro-conflict, the car industry offers a valuable case study to assess the way in which short time interacted with industrial conflict, shedding light on wider trends across Italy.

The manpower policies of FIAT, *Fabbrica Italiana Automobili Torino*, the largest private automobile company in the country, provide a good starting point. As early as the interwar period, FIAT tried to selectively implement the main tenets of Fordist manufacturing in its factory of Mirafiori, opened in 1939, and immediately began full throttle production to fuel the war effort. The partial implementation of scientific management, however, continued to coexist with forms of organised craftsmanship. It is only since the mid-1950s that the application of mass production practices started to take up the pace. In 1956, FIAT Mirafiori was expanded to accommodate increased production, creating the Mirafiori-Sud extension unit. The assembly line was restructured with the introduction of automated equipment and the company launched a new vehicle, the 600.⁸⁸ During the post-war period, the number of employees grew at a fast rate: between 1948 and 1965 the workforce in Mirafiori grew by 164%. By 1969 the factory had more than 46,000 employees, making it the largest in Italy. In 1967, FIAT had already inaugurated another car factory in the Turinese area, Rivalta,

⁸⁶ David Landes, 'L'automobile e lo sviluppo industriale', in *Grande Impresa e Sviluppo Italiano. Studi per i cento anni della Fiat. Volume I*, eds. Cesare Annibaldi and Giuseppe Berta (Bologna: il Mulino, 1999), 19-66; Silver, *Forces of Labor*, p. 37.

⁸⁷ Oreste Bazzichi, *Cent'anni di Confindustria, 1910-2010: un secolo di sviluppo italiano* (Padova: Libreriauniversitaria, 2009), p. 85.

⁸⁸ Bigazzi, *La Grande Fabbrica*, pp. 178-179.

which host more than 11,000 workers.⁸⁹ Both Rivalta and Mirafiori were organised around the principle of vertical integration, with long and parallel moving assembly lines that covered the whole vehicle production cycle, from metal pressing to road trials.⁹⁰

The extremely streamlined process of production and the high concentration of workers made the Turinese auto industry a bedrock of workers' militancy, particularly in Mirafiori. With the unions often unable to keep up with the most radical demands that emerged after 1969, many blue-collar factory employees drifted towards radical far left groups, which were more prone to direct industrial action. During the summer of 1969, the company granted some concessions, introducing assembly line worker delegates and new working time regulations, with longer breaks and fixed daily production targets. Instead of mitigating conflict, however, the agreement with the unions opened a spiralling wave of strikes. As the metalworking unions seized on the mobilising potential of the factory, the first embryos of worker democracy were fully developed towards the creation of a factory council. The council was officially recognised by the company in 1971 and included more than 500 representatives, including union members, making it the largest in the country.⁹¹ The number of cars that FIAT lost due to strikes remained high throughout the first half of the 1970s, with relevant spikes in 1969 and 1973 in connection with the periodic renewals of the metalworking national contract.

Tab. 2.1 industrial conflict at FIAT (1969-1975)⁹²

⁸⁹ Giuseppe Berta, 'Conflitto Industriale e Sistema D'impresa. L'esperienza Della Fiat', *Meridiana* 16 (1993), 159–178, at p. 168.

⁹⁰ Cesare Annibaldi, 'Le relazioni industriali alla Fiat: un poscritto', in *Grande impresa e sviluppo italiano: studi per i cento anni della Fiat*. Vol. 2, eds. Cesare Annibaldi and Giuseppe Berta (Bologna: Il Mulino, 1999), 233-242, at p. 237. and Giuseppe Berta, *L'Italia delle fabbriche. La parabola dell'industrialismo nel novecento* (Bologna: Il Mulino, 2001), p. 143.

⁹¹ Simone Vecchi, *Claudio Sabbatini alla FIAT nel 1977, intervista a Luciano Pregolato*, 5° Lega FLM, Torino, 17 Aprile 2004, retrived from <http://www.lab-lps.org/post/?p=790>, 05/03/2017 at 14.52 GMT.

⁹² Giuseppe Volpato, *FIAT Auto: crisi e riorganizzazioni strategiche di un impresa simbolo* (Torino: ISEDI, 2004), pp. 111-112

Year	Cars lost to strike (thousands)	Total hours by contract/effective hours (yearly)
1969	273	2022 / 1800
1970	88,3	1991 / 1839
1971	87,3	1976 / 1746
1972	70	1886 / 1649
1973	146,3	1856 / 1584
1974	92,9	1879 / 1516
1975	52	1854 / 1430

The need to diffuse labour conflict and absorb its costs led FIAT to widespread use of the CIG-O from the very beginning of the autumn of 1969. Indeed, the intervention of the CIG-O operated as a powerful accelerator for the strikes wave, tying in with the very origins of the cycle of labour conflict. In the beginning of September, FIAT management decided to suspend 20,000 Mirafiori workers for more than a week because of strikes that had erupted in the factory. At the end of the holiday break, after mid-August, many teams and groups of workers inside the factory were in agitation, clamoring against the delays in the improvement of their job qualification schemes. By early September, the tide of protests had grown to the point that a whole mechanics department and workers from the assembly line of the 500 went on strike. Against the disruption that risked spilling over, FIAT decided to put both the assembly and bodywork production departments on CIG-O, bringing the assembly line to a complete standstill. By suspending a large number of workers downstream in the production cycle, the company hoped to raise the organisational costs of micro-conflict, imposing a monetary loss via short time on workers who were not actively striking. The metalworking union FIOM, through the pages of *l'Unità*, likened the use of the CIG-O to a lockout: 'a clear attempt to create a climate of distrust between the unions [...] and division among the workers in order to disavow the agreements and suffocate the struggles inside the factory'.⁹³

Notwithstanding the official endorsement of *Confindustria*, which supported FIAT, the decision of the company backfired. In the context of the upcoming autumn negotiation for the renewal of the metalworking sector's national contract, the unions wanted to show their strength and keep up with their increasingly radical base. They called for a general strike of the auto industry, which enjoyed substantial success and

⁹³ Redazione, 'Colpo di mano della direzione Fiat: con tre comunicati 15 mila sospesi', *l'Unità*, 03/09/1969, 2.

reached FIAT plants across the country, in Milan and Florence. This prompted the company to impose another round of work-time reduction in its two factories of Lingotto and Rivalta, in Turin, bringing them to a complete standstill. On the 5th of September a reporter from *l'Unità* recounted accounts of factories wrapped in a suspenseful silence: 'today the gates of Mirafiori were deserted. Not a single car is coming out the auto empire anymore. The suspended workers now amount to thirty thousand [...] it is an inexorable war of attrition'.⁹⁴

According to the unions, FIAT's decision was not fortuitous and had been planned well in advance as a warning bell for the upcoming autumn. Allegedly, a close aide to FIAT's owner Giovanni Agnelli had stated: 'it is clear, the factory was at war and FIAT went to war', implicitly likening the use of the CIG-O to a weapon against the strikers.⁹⁵ The official motivation that the company gave for the suspensions appeared preposterous to the unions, with three entire factories brought to a halt due to an initial strike of less than a thousand employees.

Grassroots union pressures for the government to intervene led the Christian Democrat Minister of Labour Carlo Donat Cattin to take a stance on the issue. On the 11th of September, reporting to the XIII Permanent Parliamentary Commission on Labour and Social issues, Donat Cattin recognised that the motives of FIAT were 'arguable'.⁹⁶ The massive suspensions of workers due to technical reasons, namely the absence of semi-finisheds, had little justification. The Minister tasked the labour inspectorates of Genoa and Milan to help the Turin office to carry out an independent investigation on FIAT, fearing the excessive proximity between local public institutions and the heads of the company. Yet, Donat Cattin warned against exaggerations. According to him, FIAT's stance could not be considered explicitly anti-union, but rather proved the understandable reluctance of the company to allow strikes and engage in negotiations with undefined counterparts. The Minister's critique pointed at the incapacity of official labour movement to rein in autonomous worker action and at the increasing pressure of the rank and file on official union structures.⁹⁷

Only towards the end of September did Donat Cattin officially condemn FIAT's behaviour, recognising that the company's application for the CIG-O was not

⁹⁴ Bruno Ugolini, 'Non esce più un'auto dai cancelli di Mirafiori', *l'Unità*, 05/09/1969, 2.

⁹⁵ *Ibidem*, p. 2.

⁹⁶ Redazione, 'Donat Cattin: contrattazione aziendale è conquista storica', *l'Unità*, 12/09/1969, 4.

⁹⁷ *Ibidem*, p. 4.

motivated by a ‘state of necessity’. The initial report of the investigation committee appointed by the Ministry of Labour stated: ‘at the time of the adoption of the suspension there were not enough stockpiles to continue production’. Yet, the Minister noted, the reactivation of all the factories was very sudden after the end of the strike; too sudden not to cast doubt over the righteousness of FIAT’s request for short time work, with the likely probability that the company had consciously stashed away semi-finished. The unions cheered at the official confirmation ‘that the half lockout of Mirafiori was nothing but a premeditated political act by Agnelli and his general staff, independent of any technical necessity’.⁹⁸ In the Chamber, the communist MP Pietro Ingrao denounced that ‘one of the most recent and dangerous abuse of the bosses [...] was financed through the *Cassa integrazione*, hence, with state funds’⁹⁹.

It was not the first time that the turinese auto industry resorted to work-time suspensions in such a carefree way. It had already done so during the slowdown that ensued at the end of the economic miracle, in the midst of the 1963 campaign for the election of the unions’ internal commission of Mirafiori.¹⁰⁰ Yet, unlike past examples, the scale of the intervention in September 1969 was perceived as a blatant provocation by organised labour, which now had the organisational power to resist it. The condemnation issued by the Ministry of Labour had an immediate impact on FIAT’s attitude. There is no evidence of large-scale use of the CIG-O in the Turinese auto industry during the high tide of the conflict in autumn, 1969.

It was only after the signing of the new metalworking national contract in January 1970 that FIAT started to resort again to massive work-time stoppages to cope with industrial conflict. On the 3rd of July, the company used short time benefits to bring the Rivalta factory in Turin to a halt, justifying the choice with the strikes that had erupted in the engine test department in Mirafiori. Almost 12,000 workers were affected, with an additional 4,750 in the factory of Lingotto and 3,000 in the

⁹⁸ Redazione, ‘La rappresaglia della FIAT fu un atto politico calcolato’, *l’Unità*, 24/09/1969, 1.

⁹⁹ Camera dei Deputati, Seduta di Martedì 23 Settembre 1969, Atti Parlamentari, Camera dei Deputati, V legislatura, Discussioni (Roma: Tipografia della Camera, 1969), p. 10010.

¹⁰⁰ FIOM, La Sezione Sindacale Aziendale FIOM FIAT AUTO e FONDERIE, CDL/To, Torino, 16/10/196, IPAG, Archivio CGIL, FIOM di Torino, b. 507, f. 1; FIOM, Le Richieste della FIOM esposte al ministero dell’industria, Roma, 02/04/1964, IPAG, Archivio CGIL, FIOM di Torino. b. 507. f. 1.

Autobianchi factory of Desio, a subsidiary of FIAT in the outskirts of Milan.¹⁰¹ The metalworking unions not only denounced the arbitrariness of short time, but blamed the company's bad management planning and the increasing rigidity of Fordist manufacturing. By resorting to the CIG-O, the unions accused, 'the company explicitly admitted that its production organisation has severe defects, so much so that a single glitch in a department can lead to the halt of four large plants with tens of thousands of workers'.¹⁰²

The growing use of short time led the labour movement to develop a new jargon: the word *messa in libertà* - literally the act of 'setting the workers free' - began to be used to indicate when a company suspended the workers with little or no forewarning due to strikes and technical stoppages of the production cycle. The sudden and arbitrary use of short time created extreme confusion on the factory shop floor, and it was often difficult for the unions to precisely estimate what proportion of wages had been lost due to the intervention of the CIG: in February 1971, for instance, almost 30,000 thousands workers in Turin saw their weekly hours reduced as a consequence of a strike in the plastic industry. The suspensions affected various factories to different degrees and the unions could provide only a rough estimate of the monetary loss, 'on average between 14,000 and 16,000 lire per employee'.¹⁰³

The impact of the CIG on the workers' income was problematic not only because of its net replacement rate of wages being lower than their actual value, but also because it often took time for local commissions to process short time work applications. The sluggishness of bureaucratic procedures severely delayed the payments of the CIG-O, sometimes for months after actual suspensions.¹⁰⁴ Employers were supposed to anticipate the payment of CIG-O on monthly payslips, to be reimbursed by the INPS later, but could only do so with official authorisation. At the end of November 1970, the CGIL representative in the provincial CIG commission of Turin, Remo Savio, reported that it had been necessary to call a special meeting to

¹⁰¹ Germano Maifreda, *La disciplina del lavoro: Operai, macchine e fabbriche nella storia italiana* (Milano: Mondadori, 2007), p. 295.

¹⁰² Michele Costa, 'La FIAT aggrava la provocazione portando a 20 mila le sospensioni', *l'Unità*, 06/07/1970, 4.

¹⁰³ Redazione, 'Dalla prima pagina: FIAT', *l'Unità*, 13/02/1971, 12. See also FIM-FIOM-UILM, Facciamo chiarezza sull'azione dei capi officine o capi squadra, Cicl. in via Cercenasco, 13, Torino, 26/05/1972, IPAG, Archivio CGIL, FIOM di Torino, b. 768, f. 1.

¹⁰⁴ Luciano Tosato, 'Cassa Integrazione guadagni e anticipo del relativo trattamento economico da parte dell'impresa', *Informatore privato*, Gennaio 1981, pp. 24-27, ASC, Materia sindacale previdenziale e sociale, ammortizzatori sociali, b. 13, f. 63; Giovanni Scotti, 'Cassa Integrazione Guadagni: anticipazioni e criteri di scelta del personale', *Lavoro: Sicurezza Sociale* 17 (1983), 1850-1853.

consider all the requests for short time work related to strikes that had been piling up.¹⁰⁵

The effects of the CIG-O on the dynamic of factory shop-floor relations created rifts not only between workers in different departments, but most importantly between the official union movement and radical worker groups. Autonomous worker groups were particularly vocal in denouncing the strikebreaking use of the CIG-O and offered the most consistent analysis of it. In the mid-1970s, a LC research committee published a comprehensive report of the various managerial strategies put forward by FIAT. The company resorted many times to the outright sacking of radical factory vanguards. Yet, it was the *mandata a casa* – ‘sending the workers home’ – that represented the most powerful weapon. The CIG-O was used by FIAT ‘plain and simply, as a lockout’.¹⁰⁶ LC identified at least four levels at which the use of short time work had an effect on industrial conflict:

‘In the first place, work suspensions [...] incite resentments between fellow workers. On a second level, the company avoids paying unproductive workers. Thirdly, the extension of the struggle is reduced, fourthly, the union is forced to take a stance regarding the rightness of a strike’.¹⁰⁷

The report identified not only the direct impact of the CIG-O on single strikers but also the way in which it altered contention strategies, pushing the unions, albeit reluctantly, to take a strong stance towards wildcat actions. In the spring of 1975, this perspective was also echoed in the radical review of *Primo Maggio*, where Biagio Longo argued on the disciplinary use of the CIG and used the case of FIAT to show how short time work was used in coincidence of ‘chessboard and articulated strikes [...] as a surrogate of an employer’s lockout’. According to Longo, ‘momentary production difficulties are exaggerated on purpose and exploited as anti-strike blackmail’¹⁰⁸.

LC recognised that the use of the CIG-O ‘led to changes in the way squad strikes are born and develop’, but it was often not in the direction FIAT intended. According to Enrico Deaglio – a militant from the group and later on director of the

¹⁰⁵ Camera Confederale del Lavoro di Torino, Segr. Sindacale ai Sindacati Provinciali, Torino, 20/11/1970, Oggetto: Cassa Integrazione scioperi, IPAG, Archivio CGIL, FIOM di Torino, b. 609, f. 4.

¹⁰⁶ Enrico Deaglio (Ed.), *La Fiat com'è. La ristrutturazione davanti all'autonomia operaia* (Milano: Feltrinelli, 1975), p. 55.

¹⁰⁷ *Ibidem*, p. 55.

¹⁰⁸ Longo, ‘Meno Salario, Più Reddito’, p. 27.

newspaper between 1977 and 1982 - the company never successfully managed to foster division: 'the workers reaction to this mini-lockouts helped to build the understanding that this is an anti-worker instrument. Even the union was forced to oppose it officially and declare new strikes as a form of protest'.¹⁰⁹ Instead of quelling strikes, short time could prove to be a double edged sword for management. It could be transformed into an instrument for autonomous groups to spiral industrial conflict. A strike would cause the intervention of the CIG, which, in turn, would engender protest of the suspended workers, triggering a vicious circle in which strikes and work-time reductions chased after one another. LC was stating:

'the teams that are sent home remain and create a procession with the other strikers to go and halt the assembly lines that are still working. Often there are strikes the following day, requesting salary payment [...] and by now the union cannot oppose them anymore. What used to be an instrument to divide the workers, is now a weapon to generalise the struggle'.¹¹⁰

Instances in which the use of the CIG-O, instead of stopping strikes, triggered new ones, were not amiss: on the 7th of September, 1971 FIAT used the CIG-O in two bodywork production shops of Mirafiori as a retaliation against the strike of forty workers in the painting department. The day after, the relieved employees, together with workers from the painting department, protested the suspensions, demanding the full payment of wages, to which the company replied by imposing a further round of suspensions in the assembly lines of FIAT 124 and 125 models.¹¹¹

Union stewards shared the broad lines of LC's interpretation of the CIG-O, but they inferred a drastically different lesson in service of their own strategy. Autonomous worker groups had a magmatic understanding of industrial conflict, believing that strikes would spill over on the strength of their own momentum. For the unions, instead, the use of short time work posed the problem of how to plan and organise strikes in a way that would thwart the managerial use of the CIG-O. According to the historian Andrea Graziosi - one of the few to take into consideration shop floor politics of the early 1970s - short time was a preventive deterrent for the

¹⁰⁹ Deaglio (Ed.), *La Fiat com'è*, p. 56.

¹¹⁰ *Ibidem*, p. 56.

¹¹¹ The *verniciatura* was one of the most riotous department of the factory in the early 1970s: poor hygienical standards and use of heavy lead-based varnish made working conditions in the department very harsh. See Michele Costa, 'Gravi provocazione Fiat per "svuotare" l'accordo', *l'Unità*, 08/09/1971, 4; FIOM FIM UILM, I complici della Fiat, C.d.L, Torino, 13/10/1970, IPAG, Archivio CGIL, FIOM di Torino, b. 768, f. 1.

official labour movement: 'they forced every industrial action, even if localised, to drag in and mobilise all the workers of the factory'.¹¹² Autonomous wildcat actions, uncoordinated and limited to single departments, risked engendering broad retaliations. As early as in 1969 the unions criticised radical groups, warning of the dangers of excessive individualism: 'small groups of workers who want to impose new strikes, different from those that we have decided together, are only playing into the hands of the bosses'.¹¹³

The CIG-O had a deleterious effect on strike mobilisation, but the threat of its intervention could be successfully used also by the unions to discipline the most radical workers, accused of pursuing their individual interest. In March 1971, the factory council of Mirafiori outlined its strategy: recurrent autonomous strikes had to be refused, because they forced many workers to 'remain home, dispersed'. Protest actions had to be articulated coherently, through the unitary direction of the Council, so as not to give the company any 'justification for suspensions'. Hours of strike should be distributed evenly 'in every sector, but most importantly in every plant, according to a common plan and with perfect timing among the various teams [...] and assembly lines'. Leaving strikers isolated meant, 'getting beaten by the boss [...] allowing him to crack down on single groups of workers'.¹¹⁴

When the unions decided to back a strike, their official support was accompanied by a massive campaign of information and propaganda throughout the various departments of Mirafiori and in the other factories, so as to ensure all workers understood the motives and objectives of individual strikes. They did so, for instance, in the first part of 1972, when the workers tasked with bulk handling inside Mirafiori opened up a struggle with the company for the improvement of their job classification scheme. Against their strikes, the company resorted to the CIG-O. It did so on the 7th of March, when it suspended 3,000 workers in the bodywork department of the factory and again a month after, on the 7th of April, when it sent home 3,000 workers from the assembly department¹¹⁵. The unions tried to resist these decisions, but most

¹¹² Graziosi, *La Ristrutturazione nelle Grandi Fabbriche*, p. 83.

¹¹³ FIM CISL, FIOM CGIL, SIDA FISMIC and UILM UIL, Lo sciopero di ieri e la situazione alla carrozzeria, Torino, 30/10/1969, IPAG, Archivio CGIL, FIOM di Torino, b. 768, f. 1.

¹¹⁴ FIM FIOM UILM, Documento dei consigli di settore della Fiat Mirafiori, 5° lega – Fiom, Torino, 25/03/1971, IPAG, Archivio CGIL, FIOM di Torino, b. 767, f. 1.

¹¹⁵ See FIM FIOM UILM, Lavoratori della Fiat, Ciel, Fiom 5° lega, Torino, 10/03/1972, IPAG, Archivio CGIL, FIOM di Torino, b. 768, f.1; FIM FIOM UIL, Oggi sciopero contro le sospensioni di massa,

importantly, tried to communicate the motives behind the strikes. A flier distributed in another factory - that of Rivalta - read: 'the bulk handlers are under attack and marginalised. FIAT sends home all the other workers connected to the supply of materials. [...] In order to beat the isolation it is necessary to extend the struggle [...] in Rivalta'.¹¹⁶ Another union flier invited workers to 'discuss forms and durations of strikes also with the others who are not directly involved [...]. In case of new suspensions, in all assembly lines, it is necessary to remain in our places'.¹¹⁷

The strategy of the unions to generalise and expand the scope of strikes to avoid the intervention of the CIG-O was not without drawbacks. The need to mobilise many departments of the factory at once forced the strikers to move from concrete, squad specific problems, towards large but vague political objectives, which risked remaining unclear. In a November 1972 note, the metalworkers unions underlined how 'FIAT uses downstream-upstream suspensions to exasperate the workers and deviate the struggle towards improvised and generic goals, with the sole aim of regulating the right to strike'.¹¹⁸

In this context, autonomous worker groups criticised organised labour for quelling the demands of the rank and file. The opposing strategies of the unions and the radical left, jostling for consensus on the factory shop floor, left the door open to the continued use of short time work to stem strikes. Still in April 1973, on the eve of the oil crisis, the press office of the newly created unitary metalworkers federation, the FLM, presented a report with an entire chapter dedicated to all the episodes of anti-union behaviour at FIAT between 1972 and the first trimester of 1973. The introduction to the report read:

'employers used lockouts, mass suspensions, refusals to allow employees to work (with the consequent nonpayment of contractual working hours) during wildcat strikes. This attitude was clearly in line with the attempt to negate the strikes and the most fundamental worker rights'.¹¹⁹

Cicl. Fiom 5° lega, Torino, 10/04/1972, IPAG, Archivio CGIL, FIOM di Torino, b. 768, f. 1; Redazione, '3000 operai sospesi alla Mirafiori', *l'Unità*, 08/04/1972, 4.

¹¹⁶ FIM FIOM UILM, da diversi giorni a Mirafiori i carrelisti sono in lotta per ottenere precisi obiettivi che si sono dati, Torino, -/04/1972, IPAG, Archivio CGIL, FIOM di Torino, b. 779, f. 4.

¹¹⁷ FIM FIOM UILM, Uniti contro le provocazioni, cicl.Fim, Torino, 14/06/1972, IPAG, Archivio CGIL, FIOM di Torino, b. 768, f. 1.

¹¹⁸ FIM FIOM UILM, Precisazione sugli scioperi e le sospensioni della scorsa settimana alla 124, indicazioni per continuare l'azione, Cicl. 5° lega FIOM, Torino, 10/09/1972, IPAG, Archivio CGIL, FIOM di Torino, b. 768, f. 1.

¹¹⁹ Ufficio Stampa FLM, la repressione nelle aziende private durante la vertenza contrattuale 1972-1973, Torino, 17/04/1973, IPAG, Archivio CGIL, FIOM di Torino, b. 456, f. 1.

The use of the CIG-O proved crucial at FIAT to stem strikes and cushion the impact of micro-conflict on the highly integrated production cycle of Fordist manufacturing. The CIG-O helped to contain the costs of strikes and isolate protesters, driving a wedge inside the unity of the rank and file. Most importantly, it forced both the unions and radical groups to alter their contention tactics, becoming a source of discord and competition between the two. Organised labour had always regarded FIAT as a particularly harsh employer, with the memory of its authoritarian tactics during the 1950s still well ingrained in union stewards.¹²⁰ Yet, its managerial manpower policies proved to be the norm, rather than the exception, even if we look at the publicly owned industrial sector.

The case of Alfa Romeo, the second largest Italian automobile group and flagship of the state shareholding system, shows that even public management resorted to the CIG-O as a disciplinary device to regulate industrial conflict. The company was not part of *Confindustria*, but was organised in the *Intersind*, the public employers association, which often proved to be more open to negotiation with the unions.¹²¹

The advent of mass production at Alfa Romeo was even more delayed than at FIAT. The company was established at the beginning of the twentieth century, with craft like production techniques, a highly skilled workforce and a very narrow target market. Initially, production was concentrated in the factory of Portello, inside the city of Milan. In the early 1920s, the economic crisis following the end of World War I led the company to the brink of failure and forced the intervention of the state, with the transformation of Alfa into a state owned company.¹²² It was only at the beginning of the 1960s that the management at Alfa Romeo decided to shift to the implementation of Fordist labour organisation. In 1963 the new factory in Arese was inaugurated to supplant the one at Portello. The plant was built on almost two million

¹²⁰ Sergio Turone, *Storia del Sindacato in Italia* (Bari: Laterza, 1975), pp. 256-257.

¹²¹ Diego Cattaneo, 'La delegazioni Intersind per la Lombardia', in *L'Intersind dall'Interno. Le relazioni sull'attività della Delegazione per la Lombardia*, ed. Mario Napoli (Milano: Vita e Pensiero, 2001), 3-24, at p. 8. For an overview of the history of the Intersind, see Giulio Sapelli (ed.), *Impresa e sindacato: storia dell'Intersind* (Bologna: Il Mulino, 1996).

¹²² Duccio Bigazzi, *Il Portello. Operai, tecnici e imprenditori all'Alfa Romeo (1906-1926)* (Milano: FrancoAngeli, 1988), pp. 415-430.

square meters on the outskirts of Milan and had a workforce of 16,000 workers, making it the third largest in the country.¹²³

Just as the new factory was about to reach full capacity in 1968, Alfa Romeo planned a new investment, with the opening of a new factory in the town of Pomigliano d'Arco, in the area near Naples. The plant, called AlfaSud, was inaugurated in 1973, on the verge of the oil crisis. Compared to previous cases, Pomigliano implemented the principles of scientific management to an even higher degree. The workforce, lacking in skills and completely outside the range of official labour unions, was pulled from non-industrialised areas of the South.¹²⁴ Internally, the factory revolved around a single continuous assembly line built across different departments, organised both vertically and horizontally; a highly integrated system that soon came to be nicknamed by the workers as the 'big snake', to mock its extreme rigidity.¹²⁵

When the wave of strikes of the Hot Autumn engulfed the country, the size and high concentration of workers in the two factories made them a hotbed of industrial conflict. In Milan, Arese soon became the ideological epicentre of metalworker unions and radical groups alike, which could tap on the mobilisational potential of a large and already politicised workforce. The factory came to be known in the area as the 'metalworkers' cathedral' and the first factory council that emerged out of the strikes of the early 1970s could count on close to 400 members, second only to the membership of Mirafiori.¹²⁶ Even at the highest peak of output, in 1973 when the factory churned out 123,309 cars, endemic industrial conflict kept production far below its intended maximum capacity.¹²⁷ Pomigliano d'Arco represented an even more extreme case: the almost total absence of industrial union structures in the South and the fact that the workforce had never before been socialized to the routine of Fordist factory work thwarted any attempt to control strikes. In the context of a newly industrialised area, unions competed against one another and with radical groups to attract the most members and were prone to second the radical demands to boost their

¹²³ Alfa Romeo, DICOP – TRAI, Stabilimento di Arese, Planimetria Generale, Sistemazione Futura, Arese, 24/01/1975, Archivio del Lavoro (thereafter ADL), Alfa Romeo, CDF Portello, f. 103.

¹²⁴ Rosaria De Fazio, 'Pomigliano D'Arco. Origine e struttura di una città fabbrica', *Sociologia urbana e rurale* 80 (2006), 29-46.

¹²⁵ Rinaldo Gianola, *l'Uomo che Invento' la Giulietta* (Milano: Baldini & Castoldi, 2000), p. 175.

¹²⁶ Antonio Pizzinato, 'Sindacato e Classe Operaia all'Alfa Romeo di Arese', *Quaderni di Rassegna Sindacale* 16 (1978), 163-175, at p. 165.

¹²⁷ *Ibidem*.

support. Pomigliano represented a politically and socially fertile territory, where the various organisations could try and test the validity of their ideologies and strategies. *Lotta Continua* even sent a delegation from the North to set up its organisation in Naples. As early as the first two years, 1974 and 1975, after its inauguration, Pomigliano averaged more than one hundred micro-conflict actions per month, making it almost ungovernable¹²⁸

Similar to FIAT, evidence of consistent use of the CIG-O at Alfa Romeo started to emerge after the signing of the metalworking national contract in January 1970 and the receding of the autumn wave of strikes. In February 1970, in retaliation for a strike in the pressing department of Arese, the company resorted to a massive round of suspensions in the assembly department, blaming the strikers for ‘acting selfishly without consideration for the other employees.’¹²⁹ Not only did management resort to the same repertoire of accusation as in FIAT to try and pit employees in various departments against one another, but also the response within the unions was broadly similar, with factory council stewards accusing the company of staging ‘a political act’.¹³⁰ In June 1971, when the workers responsible for bulk handling in the assembly and pressing departments of Arese entered into strike over the refusal of management to grant a pay increase, the company immediately resorted to a complete suspension of work via the CIG-O for more than 3,000 workers; a move that the factory council denounced as part of a ‘repressive policy line’, urging the workers to ‘avoid any form of disintegration, division and to be always united’.¹³¹ In public and private companies alike, the intervention of short time served to achieve the same end result, quelling conflict by increasing its organisational costs and its negative impact on workers’ incomes.

The usage of the CIG-O in combination with strikes was not the result of particularly devious manpower policies, but a necessity dictated by the fragility of Fordist manufacturing in the face of micro-conflict. The extreme integration of production in automobile factories made them vulnerable to disruption. Indeed, often short time was concentrated in those departments that were particularly crucial to the

¹²⁸ Dario Salerni, *Sindacato e Forza Lavoro all’Alfasud, un caso anomalo di conflittualità industriale* (Torino: Einaudi, 1980), p. 73

¹²⁹ Redazione, ‘Alfa: padroni e operai di fronte’, *Lotta Continua*, 31/01/1970, 6.

¹³⁰ Redazione, ‘Alfa Romeo di Arese. Con la lotta l’organizzazione’, *Lotta Continua*, 07/02/1970, 3.

¹³¹ FIM FIOM UILM, Volantino del Consiglio di Fabbrica, Arese, 03/06/1971, ADL, Alfa Romeo, CDF Portello, f. 35; FIOM FIM UILM, Volantino ai lavoratori dell’Alfa Romeo, Arese, -/06/1971, ADL, Alfa Romeo, CDF Portello, f. 130.

overall organisation of the factory or were characterised by production flow bottlenecks. The foundry department of Arese was exemplary. The department was the most important of the whole complex, supplying metal sheets and rough material to not only the factory, but the entire company, including its other two units in Portello and Pomigliano d'Arco.¹³² Working conditions in the foundry were harsh, with employees constantly exposed to noxious fumes and high temperatures, forced to work at appalling rates and with few brakes. Partly due to the importance of the department, the management had shown a rather uncompromising stance towards any attempt at reform. Only at the beginning of 1973 did the struggle for betterment of working conditions emerge strongly in Arese. The factory council started to campaign for a drastic change in organisation of production in the foundry, demanding to work at a slower pace, with the introduction of additional breaks, and to restructure the working environment so as to have more space and oxygenations areas.¹³³

The preferred form of strikes in the foundry department was work-to-rule, with workers slowing down production arbitrarily, but always in compliance with the base minimum set in plant-level agreements. The stated aim was to bring a disruption to production while also bringing into light the severe flaws existing in the rules governing the factory, which was congested because of the excessive productive burden. The factory council and the FLM had always underlined how the supply problems in the foundry were due to the fact that production was organised on the basis of an unrealistic target.¹³⁴ Against rank and file mobilisation in the department, Alfa Romeo used the CIG-O. In March 1973, for instance, Alfa suspended 6,000 workers for an entire day because of a strike in the foundry.¹³⁵ In September of the same year, several workers in the engine and assembling department were put on short time because of the lack of upstream supply of metal sheets.¹³⁶ A memo from the company in November 1974 clearly underlined the problem at hand with strikes in the foundry and the need to resort to the CIG-O:

¹³² Intersind, Trattative Alfa Romeo, Roma, 28-29/1/1974, ADL, Alfa Romeo, CDF Portello, f. 38.1.

¹³³ Gruppo di ideazione e produzione "Cronaca", Consiglio di fabbrica Alfa Romeo (Arese-Portello), *Appunti sul Lavoro di Fabbrica* (Milano: FrancoAngeli, 1981), pp. 30-31.

¹³⁴ Esecutivo del Consiglio di Fabbrica, FLM, Alfa Romeo Portello-Arese, Comunicato, Arese, 5/09/1973, ADL, Alfa Romeo, CDF Portello, f. 38.1.

¹³⁵ Esecutivo del Consiglio di Fabbrica, FLM, 3 Lavoratori della Fonderia Arrestati 6000 Sospesi, Arese, 05/03/1973, ADL, Alfa Romeo, CDF Portello, f. 38.1.

¹³⁶ Esecutivo del Consiglio di Fabbrica, FLM, Volantino del Consiglio di Fabbrica e della F.L.M – Zona Sempione, Milan 27/09/1973, ADL, Alfa Romeo, CDF Portello, f. 35.

‘the rigidity of the plant and the high level of production cycle integration led to a situation in which few people who abstain from work, even for a short period of time, [...] but who are located in a crucial position, can amplify enormously the damage done to factory efficiency’.¹³⁷

Alfa Romeo used the CIG-O in Arese to streamline the manufacturing process and avoid strikes causing bottlenecks among the sectors of the factory. As in FIAT Mirafiori, Fordist industrial organisation in Milan proved ill suited to absorb the increased rate of industrial conflict, forcing the management to use work-time suspensions to square manpower imbalances and discipline the workforce. The same problems were magnified in Pomigliano d’Arco. Left wing parties and unions put a lot of hope into the Alfasud factory becoming a kernel for the development of employment in the South.¹³⁸ Yet, they also understood the severe organisational problems of the factory. In a mid-1975 flier, the FLM reported:

‘the AlfaSud had been planned before 1968 and was completely unprepared to tackle the unions' demands regarding [...] labour organisation and work environment, which emerged from the hot autumn. Beyond the external facade, today the factory is the oldest and most rigid Italian automobile factory in terms of productive organisation’.¹³⁹

Almost immediately, the competition between unions and radical groups, with the need to constantly mobilise the workforce, produced a very adversarial stance in Pomigliano. This, in turn, resulted in management's retaliation, with arbitrary suspensions and disciplinary measures hitting the strikers, even before the factory was actually inaugurated. In December 1972, the company suspended 3,000 workers from its body shop for two days because of a general strike called by the FLM in all public industries, and it did so again a month after, when 3,500 workers were left home.¹⁴⁰ The departments that were targeted by the CIG-O were those in which working conditions and the restlessness of workers made the potential for conflict higher, such

¹³⁷ Alfa Romeo, Lo stato delle relazioni industriali all’Alfa Sud, Ciclostilato, Pomigliano d’Arco, 10/1974, quoted in Andrea Graziosi, *La ristrutturazione nelle grandi fabbriche*, p. 82.

¹³⁸ FIOM, La Commissione Fabbriche, Carlo Fermariello, Il partito Comunista Italiano, Federazione Napoletana, ai Comitati direttivi delle Sezioni del PCI, Napoli, 24/01/1968, Archivio Storico CGIL Campania (thereafter ASCGILC), FIOM di Pomigliano d’Arco, b. 425.

¹³⁹ FLM, Il Consiglio di Fabbrica Alfa Sud, volantino lavoratori AlfaSud, Napoli, 01/7/1975, ASCGILC, FIOM di Pomigliano d’Arco, b. 425.

¹⁴⁰ FLM, Il Consiglio di Fabbrica, Lavoratori dell’Alfa Sud, Napoli, 18/12/1972, ASCGILC, FIOM di Pomigliano d’Arco, b. 430; FLM, la repressione nelle aziende a partecipazione statale, Napoli, -/03/1973, ASCGILC, FIOM di Pomigliano d’Arco, b. 431.

as the painting shop. Since November 1971, the unions had set up a commission to oversee the construction of the AlfaSud factory and intervene where working conditions were more dangerous. However, they never managed to make substantial inroads into the painting department, which became a bastion of radical workers' groups. In May 1973, the factory council was explicitly criticised by LC for not endorsing a strike because of the fear of suspensions, which punctually came, in downstream departments. At Pomigliano, the threat of the CIG-O immediately became an issue of contention between unions and autonomous worker groups, with the former accusing radicals of fomenting an individualist behaviour and the latter condemning organised labour for helping management to pacify the shop floor.¹⁴¹ In early July 1973, the workers in the painting cabins disrupted production, asking for a betterment of hygienic conditions and were countered with the downstream suspensions of the body shop department. In almost all cases, autonomous groups asked workers to remain at their places, ignoring the directives of the the factory council, which 'does not do anything to organise the struggles and shamelessly opposes workers' demands [...], mechanically defending the bureaucrats'.¹⁴²

The brief overview of manpower policies in the Italian car industry during the high tide of industrial strife in the early 1970s shows that the ordinary short time work scheme played a key part in the politics of the factory shop floor. In the face of rising industrial conflict and increasingly ungovernable factories, the enduring use of the CIG-O emerged as a regulative response to the failures of Fordist industrial organisation. Whether we consider private or public companies, the use of short time work provided a key instrument to introduce manpower flexibility, coping with the abnormal antagonism of organised labour and the rank and file. Far from being a simple instrument of income maintenance - as traditional power resource theory would have had it - the CIG-O played a direct part in quelling labour strife, targeting the mobilisational capacity of the strikers. It did not only make the factory system more resilient to endogenous social disruptions. The repeated threat of suspensions to counter strikes exposed the structural differences between the competing strategies of official unions and autonomous worker groups, adding to the internal divisions of the

¹⁴¹ Lotta Continua, Supplemento Lotta Continua Quotidiano, Napoli, 16/05/1973, ASCGILC, FIOM di Pomigliano d'Arco, b. 420.

¹⁴² Lotta Continua, Sezione Pomigliano, Lotta Continua, Pomigliano, 03/07/1973, ASCGILC, FIOM di Pomigliano d'Arco, b. 424.

Italian industrial working class.

The delay with which Fordist mass production was introduced in the Italian industrial system is key to understand these developments. The country's managerial class invested many political and economic resources into the introduction of Fordist manufacturing precisely at the moment in which system started to show its limitations. This not only explains the sudden and unregulated burst of labour strife in 1969, but also why Italian capitalism chose to stall bottom-up workers demands through the misuse of the welfare system. Instead of introducing early technological change and a negotiated industrial restructuring that would have jeopardized their recent investment, large Italian companies sought to confront industrial restructuring and social conflict through what they had at hand, short time work schemes.

The parallel expansion of the CIG-S, during these years, can be analysed in a similar light. The chemical and textile industries felt the brunt of the upcoming economic crisis of the 1970s earlier and more strongly. Growing international competition undercut their profits while exposing their structural problems of industrial overcapacity. The situation was aggravated by the incapacity of state industrial policy to put forward a coherent set of proactive measures to foster industrial growth, with the government effectively paralysed by the failure of its centre-left policy formulas, torn between the need to foster technological change and that of guaranteeing an income to redundant workers. Ahead of the rise of labour unrest, the use of the discretionary CIG-S emerged as a way for employers' to sidestep organised labour's demands for control over the process of industrial restructuring, dampening on the state the social cost of manpower redundancies while helping to demobilise workers on the shop floor.

3. Economic crisis, class politics and the ‘guaranteed wage’, 1973-1975

3.1 unemployment and intra-left competition.

In the early 1970s, the CIG became a highly flexible social policy device that allowed the state to intervene into the everyday life of Italian factories. The use of short time work emerged as the organisational response of Italian capitalism to the dual pressure exercised by a slowing rate of growth and the rise of social conflict. The introduction and further expansion of the CIG-S allowed the state and business to absorb the social costs of industrial restructuring, resorting to prolonged redundancies without provoking worker unrest. In parallel, the persistent use of the CIG-O served to diffuse the impact of industrial conflict on the factory shop floor, regulating the pace of strikes and targeting the organisational resources of worker councils and local union structures.

Fordist work organisation - particularly in the automobile industry – was the most exposed to the damages of industrial contention. By the early 1970s, the feasibility of mass production strategies started to be questioned by increasing market volatility. The inevitable risk of job losses, which organised labour tried to resist, often resulted in factory occupations. The rise of industrial strikes proved particularly efficacious in disrupting the high product cycle integration on which Fordist work was based, severely hampering productivity.¹ The use of the CIG rose to absorb and diffuse these strains.

¹ Paul Hirst and Jonathan Zeitlin, ‘Flexible specialization versus Post-Fordism: theory, evidence and policy implications’, *Economy and society* 20 (1991), 1-56, at p. 9.

The previous chapter showed how the use of short time work influenced industrial labour and the pattern of worker mobilisation. Concentrating on the organisational effects of the CIG, however, the analysis has presented trade unions and factory councils in a somewhat passive manner. Worker organisations have proven to be the object of pressure for social regulation exercised by short time, but never as an active subject of the transformation of social policy. This chapter takes into consideration how trade unions and factory councils perceived and sought to transform industrial redundancy policies. The use of the CIG for the suppression of industrial conflict altered the tactics of the labour movement, but, in a process of negative institutional feedback, also created a new set of bottom up pressures to change the system in a way that would prevent its arbitrary use by the employers.²

Throughout the first half of the 1970s, street slogans increasingly called for a ‘guaranteed wage’ and the trade unions progressively took up the idea of obtaining complete protection of worker incomes, requesting employers and state officials to strengthen the monetary benefits of the CIG and allow union control over the management of short time. The radicalisation of union demands was partly due to the political competition exercised on their left by autonomous worker groups, which often denounced what they perceived as a submissive attitude of organised labour towards redundancies and work-time reductions.³ The strong employment protection demanded by the unions and the centrality of industrial wage earning within their social policy proposals were influenced by a radical left ideology, which posed wages as a ‘fixed’ variable of the economic system and favoured an extremely rigid labour market management, opposed in principle to any kind of layoff.⁴

The unions had begun to expand proposals for a comprehensive reform of the CIG since the late 1960s, when the use of short time work started to pick up. Yet, it was only after the autumn of 1973 that the issue of the guaranteed wage was brought

² The term ‘institutional feedback’ is used here in a slightly different sense than the literature on historical institutionalism. The exploitation of short time benefits to alter the industrial relations power balance on the factory shop floor created a set of bottom up pressures for its reform. Instead of reinforcing it, the feedback operated negatively, fostering institutional change and not continuity. See Paul Pierson, ‘When effect becomes cause: policy feedback and political change’, *World Politics* 45 (1993), 595-628; Theda Skocpol, *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States* (Cambridge MA: Belknap, 1992), p. 58.

³ Nanni Balestrini and Primo Moroni, *L’orda d’oro, 1968-1977, La grande ondata rivoluzionaria e creativa, politica ed esistenziale* (Milano: Feltrinelli, 2011), pp. 422-426; Della Porta and Tarrow, ‘Unwanted Children’, p. 611.

⁴ Fabrizio Loreto, ‘La sinistra socialista operaista e la questione sindacale’, in *Socialisti e il Sindacato, 1943-1984*, eds. Enzo Bartocci and Claudio Torneo (Roma: Viella, 2017), 149-184.

more forcefully to the fore. The explosion of the oil crisis severely deepened the industrial crisis of the country, forcing many businesses to shut down or curtail production. As the threat of unemployment emerged, the labour movement began a nationwide campaign for the strengthening of the CIG and the introduction of stricter public control over the administration of short time, so as to prevent it from being used to disguise permanent layoffs.⁵

The employers initially met union demands with a cold shoulder, believing the clauses of the guaranteed wage to be an excessive impingement on entrepreneurial autonomy. Only a yearlong mobilisation of the labour movement led *Confindustria* to accept a tighter regulation of short time work. In January 1975, organised labour and employers signed the so-called *Lama-Agnelli* inter-confederal agreement - from the name of the General Secretary of the employers' association, Giovanni Agnelli and the leader of the CGIL, Luciano Lama. The agreement increased the benefits of the CIG-O, introduced higher contributory requirements for companies that made use of short time and forced them to consult organised labour over their restructuring plans. These provisions were later implemented, under the auspices of the Ministry of Labour, as an official law in May 1975.⁶

Italian labour historiography has always underlined the importance of the 1975 agreement as key moment for the country's social history. In the context of a poorly regulated and adversarial system of industrial relations, the Lama-Agnelli agreement seemed to bring much needed order to a strained economy, signalling the will of employers and organised labour to cooperate in solving the economic predicament of the country, sowing the seeds of an Italian way to corporatist bargain.⁷ The social contract that never materialised during the post-war economic expansion, as in other European states, appeared to emerge now under the threat of the economic crisis. Even the press at the time significantly labelled the agreement a 'producers' pact'.⁸

The new CIG provisions, however, represented only a part of the agreement. Together with the reform of short time, the January 1975 pact substantially

⁵ Andrea Rapini, *Lo Stato Sociale* (Bologna: Archetipolibri, 2010), p. 183.

⁶ Donato Antoniello and Luciano Vasapollo, *Eppure il Vento Soffia Ancora* (Milano: Jaca Book, 2006), p. 152.

⁷ Lorenzo Bordogna, 'Le relazioni industriali in Italia dall'Accordo Lama-Agnelli alla riforma della scala mobile', in *L'Italia Repubblicana nella Crisi degli anni Settanta, Partiti e Organizzazioni di Massa*, eds. Francesco Malgeri and Leonardo Paggi (Roma: Rubettino, 2003), 189-211, pp. 202-208.

⁸ Giovanni Agnelli and Arrigo Levi, *Intervista sul Capitalismo Moderno* (Bari: Laterza, 1983), p. 103; Bedani, *Politics and Ideology*, pp. 202-204.

strengthened the Italian wage indexation system, the instrument that ensured the automatic adjustment of workers' income to inflation, called the *scala mobile*, 'sliding wage scale'. The protection of workers' purchasing power had been one of the key demands of the labour movement to stave off the social consequences of a rising inflation rate. The 1975 agreement introduced equal pay rises across all industrial sectors. However, the automatic nature of the wage indexation afforded by the *scala mobile* led to harsh criticism: liberal economists pointed out that the system increased inflationary pressures on the national economy, leading the price index and wages to chase one another, spiralling out of control.⁹ At the same time, industrial relations scholars underlined the pernicious effects of wage indexation on the very labour movement that championed its establishment. By making pay rises automatic, the indexation system deprived local union structures of their capacity to negotiate on the monetary aspect of industrial wages, curtailing their mobilisation capacity on the shop floor.

The undeniable importance of wage indexation led both contemporary observers and historians to push the reform of the CIG to the sidelines, undervaluing the long-term effects of the clauses of the guaranteed wage approved in 1975. However, the two aspects of the agreement cannot be separated. Thinking back to his experience as General Director of *Confindustria*, in the early 1980s, Franco Mattei recognised that wage indexation was not at the centre of the institutional arrangements of the 1975 agreement, with employers rather interested in obtaining 'greater labour mobility' through the reform of short time.¹⁰

Following a more comprehensive approach, the chapter will re-evaluate the role of the 1975 *Lama-Agnelli* agreement, placing the CIG at the centre stage of the analysis. It will track the history of negotiations, showing how the demands of organised labour emerged progressively on the back of the economic crisis. The dual pressure exercised by the threat of job losses and the intra-left competition of autonomous worker groups led the unions to articulate their demands by targeting

⁹ For a comprehensive review of the debate at the time, see Andrea Brandolini, Piero Casadio, Piero Cipollone, Marco Magnani, Alfonso Rosolia and Roberto Torrini, 'Employment Growth in Italy during the 1990s: institutional arrangements and market forces', in *Social Pacts, Employment and Growth: a reappraisal of Ezio Tarantelli's Thought*, eds. Nicola Acocella and Riccardo Leoni (Heidelberg: Physica-Verlag, 2007), 31-68, at p. 33. Of particular relevance are: Franco Modigliani and Ezio Tarantelli, 'Forze di mercato, azione sindacale e la curva di Phillips in Italia', *Moneta e Credito* 29 (1976), 165-198; Luigi Spaventa, 'Salario protetto dal meccanismo di scala mobile a "punto pieno"', *Moneta e Credito* 29 (1976), 387-402.

¹⁰ Giuseppe Berta, *L'Italia delle Fabbriche*, p. 231.

labour market insiders, requesting guarantees on workers' wages and control over industrial restructuring, postponing a wider reform of the Italian unemployment welfare system. Despite formal limitation of private control over the CIG, the employers accepted union demands, hoping to make organised labour a more cooperative and reliable partner, co-opting it in a subordinate position within the management of industrial restructuring.¹¹

Industrial relations in the automobile industry represented one of the main kernels of development, providing a laboratory for institutional innovation and setting the stage for negotiations at the national level. Whilst being considered by many contemporary observers as a decadent industry, with few growth prospects and an already saturated market, the political weight of the automobile industry actually grew during the mid-1970s. The head of FIAT, Giovanni Agnelli, assumed the presidency of the *Confindustria* in April 1974, pushing the interest of large enterprises into a strong position within the employers' association.¹² In the autumn of the same year, FIAT's decision, closely followed by other automobile companies, to adopt massive work-time suspensions, provided a powerful spark for the campaign of the unions on the reform of the CIG. Even before being implemented at the national level, the main clauses of the guaranteed wage agreement had been introduced through company level negotiations between the FLM, FIAT and Alfa Romeo.¹³

3.2 The 1973 oil crisis and the Italian economy.

The economic crisis of the early 1970s, bringing to a close the era of unabated economic growth that had characterised the first post-war decades, led to a complete overhaul of established political economy paradigms. The sudden international spike in energy prices caused by the first oil crisis of 1973 triggered a process of spiralling inflation that chipped away at the Keynesian welfare state, impairing state capacity to resort to counter-cyclical fiscal measures and expansive employment policies.¹⁴

¹¹ According to Luciano Barca and Marco Magnani, the 1975 agreement is to be interpreted as an attempt by organised labour and *Confindustria* to centralise wage bargaining. See Barca and Magnani, *L'industria tra Capitale e Lavoro*, pp. 45-47.

¹² Bazzichi, *Cent'anni di Confindustria*, p. 85.

¹³ Lucio Libertini and Bruno Trentin (eds.), *L'industria italiana alla svolta: sindacato, partiti e grande capitale di fronte alla crisi* (Bari: De Donato, 1975), pp. 98-106.

¹⁴ Andre Gunder Frank, 'Crisis of Ideology and Ideology of Crisis', in *Dynamics of Global Crisis*, eds. Immanuel Wallerstein, Samir Amin, Giovanni Arrighi and Andre Gunder Frank (New York and

Policymakers found their toolbox to be inadequate in the face of stagflation, the unprecedented coupling of growing inflation and unemployment, which had hitherto been considered a chimera by prevalent economic theories.¹⁵ Increasing domestic strains were amplified by the rising competition of newly industrialised countries, ushering in a period of growing international market volatility. This was in stark contrast with the global macroeconomic stability ensured by the Bretton Woods monetary system, which came to a formal end in 1973.¹⁶

The *annus horribilis* of 1973 was not a sudden disruption, but represented only the ‘peak of a series of destabilising developments’, as Peter Starke and others have argued.¹⁷ International energy prices had been on the rise for quite sometime, even before OPEC intervention. Most importantly, since the late 1960s inflation rates had grown across the board in many European countries, trailing the surge of social conflict. This was one of the so-called ‘political consequences of full employment’ already identified by the economist Michael Kalecki in 1942. The growth of employment in many European economies curtailed the capacity of businesses to discipline their workforces through arbitrary firings, increasing the bargaining power of the unions. In turn, the pressure exercised by rising wage rates on profits was absorbed by price increases.¹⁸

Following this interpretation, in the mid-1970s Crozier, Huntingdon and Watanuki identified inflation as the signal of a broader crisis of democracy: the ‘breakdown of traditional means of social control’, inherent to the very logic of full employment, pushed increasing demands on the state, overloading its finances and exacerbating inflationary pressures.¹⁹ Charles Maier put forward a very similar interpretation: the rising expectations fuelled by decades of post-war growth and the growing politicisation of the working class led organised labour to make increasing demands on the employers and the state. Inflation was a way for public authorities to

London: Monthly Review Press, 1982), 109-166, at p. 132; Charles Issawi, ‘The 1973 oil crisis and after’, *Journal of Post Keynesian Economics* 1 (1978): 3-26; Mancur Olson, ‘The productivity slowdown, the oil shocks, and the real cycle’, *Journal of Economic Perspectives* 2 (1988), 43-69.

¹⁵ Alan S. Blinder, *Economic policy and the great stagflation* (New York: Academic Press, 1979), p. xi.

¹⁶ David Hammes and Douglas Wills, ‘Black gold: The end of Bretton Woods and the oil-price shocks of the 1970s’, *The Independent Review* 9 (2005), 501-511.

¹⁷ Peter Starke, Alexandra Kaasch and Franca van Hooren, *The Welfare State as a Crisis Manager. Explaining the Diversity of Policy Responses to Economic Crisis* (New York: Palgrave Macmillan, 2013), p. 54.

¹⁸ Michael Kalecki, ‘Political Aspects of Full Employment’, *The Political Quarterly* 14 (1943), 322-31.

¹⁹ Michel Crozier, Samuel P. Huntingdon and Joji Watanuki, *The Crisis of Democracy: on the Governability of Democracy. Trilateral Commission Report* (New York: University Press, 1975), p. 8.

broker antagonist interests, cushioning the disruptive potential of organised interest groups.²⁰ Inflation offered the possibility of safeguarding profits while allowing for moderate redistribution towards the core of the workforce; it ‘let the struggle proceed and [...] non-politically scaled down all its outcomes’.²¹

Italy offers a paradigmatic example of the strains suffered by advanced capitalist economies in the early 1970s. The country had traditionally been resource scarce and was particularly affected by the international surge in raw material prices which characterised the decade. Rising import costs were further exacerbated by international monetary instability, leading to a worsening of the terms of trade and to severe capital losses.²² In the first half of 1973, after a further devaluation of the US dollar, the government led by Giulio Andreotti was forced to leave the European monetary ‘snake in the tunnel’, letting the lira fall by as much as 15%. Domestic inflation aggravated the problem, averaging at 5% a year between 1970 and 1972, before growing to 10.8% in 1973.²³

The increase of union bargaining power led to a surge of unit labour costs that exerted an upward pressure on prices. The growing importance of factory level negotiations and the extremely varied responses of employers fragmented the panorama of Italian industrial relations, causing an uncontrolled wage spiral. The problem was not absolute wage growth per se, which was not far off from the European average, but the fact that industrial productivity was slacking. Inflation cushioned the effects of wage growth and allowed enterprises in labour intensive sectors to stall on new technological investments.²⁴

The conscious use of an inflationary strategy, combined with a weakening of the lira, proved effective in masking the structural weakness of the Italian economy, postponing a solution to the economic and social imbalances that were the source of social conflict. Such policy would continue to dominate the political economy of the 1970s in what the economist Franco Modigliani defined as a ‘hellish cycle’, with

²⁰ Maier, *In Search of Stability*, p. 193.

²¹ James Tobin, ‘Inflation and Unemployment’, *American Economic Review* 62 (1972), 11-19, at p. 13.

²² Donald Sassoon, *Contemporary Italy: Politics, Economy and Society Since 1945* (London: Routledge, 1997), p. 62.

²³ Vera Zamagni, ‘I mutamenti dell’economia internazionale e l’Italia’, in *Italia Repubblicana nella crisi degli anni settanta, Tra guerra fredda e distensione*, eds. Agostino Giovagnoli and Silvio Pons (Roma: Rubettino, 2003), 233-240, at p. 234.

²⁴ Leon Lindberg and Luciano Aleotti, ‘L’inflazione Degli Anni Settanta: Una Prospettiva Politico-Istituzionale’, *Stato e Mercato* 5 (1982), 259-294; Michele Salvati, *Economia e politica in Italia dal dopoguerra a oggi* (Milano: Garzanti, 1984), pp. 172-185.

inflation and devaluation constantly chasing one another in the attempt to secure both social peace and external competitiveness.²⁵ In the short term, however, the first oil shock forced an inevitable economic adjustment. In late November 1973, the new government led by the Christian democrat, Mariano Rumor introduced a first round of austerity measures, implementing severe energy consumption restrictions. The following year these were followed by an outright deflationary policy.²⁶

Up until that point, Italian firms had suffered from increasing international competition and rising labour costs. But industrial employment had expanded at least until 1971 and price increases ensured a substantial margin of profit for private enterprises. Even in 1973, the country's GDP growth reached 7.1%. The inflation rate, reaching a staggering 18.5% in 1974, determined a phenomenon that economists dubbed 'drugged recovery', a cyclical upswing of the economy in connection with price index growth.²⁷ The continuing crisis of low value added labour intensive sectors, such as textiles, and the onset of industrial restructuring processes in the electro-mechanic sector, involving delocalization of new investments and outsourcing, pointed at some enduring structural weaknesses. The recessionary impact of 1974 deflationary measures proved to be a wake-up call. By the end of 1975, GDP growth was negative, at minus 2.7%, for the first time since post-war reconstruction.²⁸

Energy intensive industries in the steel, chemical and, most importantly automobile sectors, suffered severe disruptions. In 1973, FIAT sold 1,486,000 cars, almost 130,000 fewer than the previous year, roughly an 8% drop in sales. The Turinese carmaker was severely affected by the rise in energy prices and the crowding out of the automobile market, but also by a sudden increase in labour costs. Wages increased from a total of 730 billion the previous year to 909 billion in 1973. Faced with rising manpower costs and in the impossibility to proceed to permanent employment reduction due to union opposition, the company planned a ban on new hiring for 1974, hoping to reduce its wage bills through natural turnover.²⁹

²⁵ Pier Francesco Asso, 'Franco Modigliani e l'Italia', in *L'impegno civile di un economista: scritti editi e inediti sull'economia e la società italiana*, eds. Franco Modigliani and Pier Francesco Asso (Siena: Protagon Editori, 2007), 3-52, at p. 31.

²⁶ Augusto Graziani, *Lo sviluppo dell'economia Italiana. Dalla ricostruzione alla moneta europea* (Roma: Bollati Boringhieri, 2000), p. 126.

²⁷ Giovanni Balcet, *L'Economia Italiana. Evoluzione, problemi e paradossi* (Milano: Feltrinelli, 1997), p. 64.

²⁸ Antonio Bassanetti, Martina Cecioni and Giordano Zevi, 'The Main Recessions in Italy: A Retrospective Comparison', *Bank of Italy Occasional Paper* 46 (2009), 5-36, at p. 32.

²⁹ Carlo Catena, 'L'industria dell'Automobile ed il gruppo Fiat', *Politica e Economia* 4 (1974), 35-42.

Publicly owned companies were in no better position and were already plagued by widespread overcapacity once the crisis came. New investments in the public enterprise system reached a peak of 6,375 billion lire in 1972 but stagnated thereafter. The Industrial Reconstruction Institute (IRI) - the public holding that comprised heavy industries in the steel, naval and automobile industries - had been operating at a loss since the beginning of the decade.³⁰ The situation of the Alfa Romeo group was particularly dire. Between 1973 and 1974, total car production plummeted from 123,000 to 93,400, and by the end of the year inventory stockpiles had risen to a dangerous level of 44,000 cars, almost double of what was considered to be the maximum threshold.³¹

Large enterprises were not in a position to curtail their workforce, given the presence of strong and militant factory councils. Firings and work-time reductions initially affected the most marginal rim of the industrial labour market, among small and medium size companies with less stringent employment protection legislation. The impact of the crisis did not translate immediately into an increase in the official unemployment rate, which reached its lowest point of the decade in 1974, at 2.88%.³² Despite severe business strains and the deflationary monetary policy implemented by the Rumor government, the state implemented an array of industrial and social policy interventions to stem the threat to employment. In 1971, the Italian government had established the *Gestione e Partecipazione Industriale* (GEPI), a publicly funded joint stock company with the aim of buying out shares and providing credit to bankrupt firms, with the goal of restoring them to profitability.³³

In practice, the GEPI often served to stem employment crises and prevent factory shutdowns, with both the unions and local party establishments pressuring the company to intervene in rescue operations.³⁴ By the mid-1970s, the scope of GEPI interventions encompassed firms employing a total of 40,000 workers and the

³⁰ Locke, *Remaking the Italian Economy*, p. 55.

³¹ Alfa Romeo, Direzione Alfa Romeo alle R.S.A Alfa Romeo Portello and Arese, Arese, 02/07/1975, ADL, Alfa Romeo, CDF Portello, f. 33.

³² In July 1973 the Agnelli Foundation, a research centre affiliated with Fiat, organised a conference in Turin titled 'the crisis in small and medium size enterprises and capital structure'. See AA.VV, *Crisi della piccola e media industria e strutture finanziarie, Atti del Convegno di Torino del 12 luglio 1973* (Torino: Fondazione Agnelli, 1974). See also FLM, *le Decisioni del Consiglio Generale dei Metalmeccanici, Mezzogiorno - Salari - Organizzazione del Lavoro*, Torino, -/11/1973, IPAG, Archivio CGIL, FIOM di Torino, b. 621, f. 2.

³³ Fulvio Coltorti and Giuliano Mussati, *Gepi e Tescon. Due interventi delle partecipazioni statali*, (Milano: FrancoAngeli, 1976); Pontarollo, 'Italy: effects of substituting political objectives', pp. 50-54.

³⁴ Guido Crainz, *Autobiografia di una Repubblica* (Milano: Donzelli, 2009), p. 122.

company acquired losses for 86 billion lire, far outstripping its initial capital.³⁵ GEPI was not the only such instrument to favour discretionary government intervention in industrial policy. The *Ente Gestione Attività Minerarie* (EGAM) was a public holding - founded in 1958 to intervene into the mining sector, that began its operation only in 1971 - when it started acquiring control of many mining companies, which were increasingly unproductive. Even the *Cassa per il Mezzogiorno* - an institution created in 1950 to aid economic growth in the south of the country through public works and infrastructure investment - stepped up its role in industrial acquisitions and development.³⁶

The crisis of 1973 coincided with a strengthening of state intervention in the industrial sector, reinforcing a trend that had already emerged since the late 1960s. Discretionary public intervention had been key in fostering economic growth during the early decades of the post-war period, targeting heavy industries such as energy and steel, and compensating for the lack of private investment in key economic sectors.³⁷ During the early 1970s, by contrast, Italian industrial policy assumed an increasingly indiscriminate nature, investing and providing easy credit to industrial firms with an eye towards the guarantee of employment, and thus social stability, rather than following sound economic planning.³⁸

The increase in the use of the CIG was part of a broader trend in which industrial and social policy gradually overlapped. In some cases, short time benefits intervened to tackle severe episodes of business crises and prolonged industrial reorganisation. They allowed large enterprises to temporarily float their manpower, partially absorbing the short term shocks of the combined rise in energy prices and austerity policies. The number of total working hours subsidized by the CIG rose from 55,063 million in 1973 to 88,441 in 1974, skyrocketing to 285,186 million in 1975. Most of the increase was absorbed by the CIG-O, which grew more than tenfold in just two years. Compared to previous years, when the crisis of the textile sector and

³⁵ Martin J. Bull and James L. Newell, *Italian politics, Adjustment under Duress* (Cambridge: Polity Press, 2005), p. 175.

³⁶ Paul Ginsborg, *A History of Contemporary Italy. Society and Politics 1943-1980* (London: Penguin, 1990), p. 229 and p. 331.

³⁷ Marcello De Cecco, 'Splendore e crisi del sistema Beneduce: note sulla struttura finanziaria e industriale dagli anni venti agli anni sessanta', in *Storia del Capitalismo Italiano dal Dopoguerra ad Oggi*, ed. Fabrizio Barca (Roma: Donzelli, 1997), 389-404.

³⁸ Giampaolo Vitali and Secondo Rolfo (Eds.), *Ripensare la politica industriale oggi. Innovazione e modernizzazione del paese. Atti della XI Tavola rotonda in ricordo di Franco Momigliano, Torino 28 Febbraio* (Torino: CERIS-CNR, 2000), p. 9.

the difficulties suffered by the state chemical industry drove short time expansion, it was the metalworking sector which suffered the most from the crisis and made the most extensive use of the CIG, accounting for almost 35% of its total hours in 1975. In many instances, standard unemployment benefits were also used to cushion layoffs. While the unemployment rate did not soar in the short term - with some workers slipping out of the active population - the total expenditure of unemployment insurance rose between 1973 and 1975, more than doubling from 225 to 487 billion.³⁹

3.3 Italian unions and the battle for social reforms

The crisis shook the economic basis of the country. The threat to employment levels superseded the perceived deterioration of the standard of living, eroded by inflation. The employers consciously manipulated the prospect of massive redundancies, albeit tempered by short time benefits, to pressure factory councils into more a subservient attitude. This context forced the CGIL-CISL-UIL union federation to take a strong stance on the defence of employment and reconsider the scope of its action for an encompassing reform of economic and social policy.

The period before the autumn of 1973 saw widespread advances for organised labour inside the factories. Strong wage growth was accompanied by a substantial betterment of working conditions and a sharp rise in union membership rates. However, this was not complemented by wider social and economic improvements outside of the industrial shop floor. The unions often denounced how urban centres in the north of the country were overcrowded and plagued by run down infrastructures and inefficient public transportation systems. Social policy was unbalanced and particularly lacking for the weakest social groups, such as the unemployed and those with larger families. An unjust taxation system aggravated the situation of the most needy, while the South of the country lagged, having been left behind by sudden industrialisation of the miracle years. To face the situation, the unions had to become an autonomous 'political subject', able to negotiate policymaking directly with the state institutions, beyond the industrial relations arena and the political monopoly of parties. This was supported by the most radical stewards and the left of organised

³⁹ INPS, *Rendiconti dell'Istituto Nazionale della Previdenza Sociale* (Roma: Inps, 1974-1976).

labour, a diverse political group across the three main unions, which included Pierre Carniti, Vittorio Foa, Bruno Trentin and others.⁴⁰

Social conflict loosened the chain of transmission that traditionally linked unions and parliamentary parties. The process of rapprochement between the CGIL, the CISL and the UIL - culminating in the creation of the unitary federation in 1972 - weakened their ties with their respective political counterparts and increased the autonomy of organised labour to formulate independent policy proposals on issues such as health, welfare and taxes.⁴¹ Bolstered by their renewed strength inside the factories, the unions sought to engage the government directly. The attempt to enter the political arena was based on the belief that the political establishment lacked within itself the power to reform. During the 1960s, the centre-left coalition formula, bringing together the Socialist and Christian Democrat parties, had raised great expectations for political and economic progress. The hope for a structural reform of Italian capitalism, however, came largely short of initial ambitions. By 1973, when Rumor again exhumed the alliance with the socialist party, it was clear that the '*Centro Sinistra* had exhausted its political vitality and outlived its time'.⁴²

The reform strategy put forward by the labour movement ranged from a reform of fiscal policy and the lowering of consumption taxes to an expansion of welfare provisions. Most importantly, the unions demanded a greater say in the control of industrial investments, so as to channel resources towards the development of the South and employment creation policies. 'It was necessary', according to a communiqué of the CGIL-CISL-UIL, 'to define policies to orient public and private investments, through sectoral and regional plans, and intervene in the infrastructural system and public services'.⁴³ The unions asked for more control in the private sector, where factory councils pressed employers to obtain information rights over restructuring plans and new investments. Most importantly, publicly-owned industry was at the centre of the labour strategy: state owned companies, by their very

⁴⁰ See Pierre Carniti, *L'Autonomia alla prova: il sindacato italiano negli anni della crisi* (Roma: Coines, 1977); Ubaldo Fadini, 'Per una diversa politica. Trentin e l'Autonomia del Politico', in *Il Lavoro dopo il Novecento. Da produttori ad attori sociali: la Città del Lavoro di Bruno Trentin*, eds. Alessio Gramolati and Giovanni Mari (Firenze: Firenze University Press, 2016), 251-260; Vittorio Foa, *la Gerusalemme Rimandata: domande di oggi agli inglesi del primo Novecento* (Torino: Einaudi, 2016).

⁴¹ Lorenzo Bertuccelli, Adolfo Pepe and Maria Luisa Righi, *il Sindacato nella Società Industriale* (Roma: Ediesse, 2008), pp. 137-179.

⁴² Bedani, *Politics and Ideology*, p. 176.

⁴³ Sante Cruciani, 'Il sindacato e lo sviluppo economico tra mercato nazionale e orizzonte europeo (1955-1970)', in *Luciano Lama. Sindacato "Italia del lavoro" e democrazia repubblicana nel secondo dopoguerra*, ed. Maurizio Ridolfi (Roma: Ediesse, 2006), 175-257, at p. 245.

definition, were considered more democratically accountable and could be steered towards the fulfilment of social objectives, such as employment creation, beyond the strict logic of profit.⁴⁴

The strategy for a broad based reform of Italian society was not conceived in opposition to factory based struggles. Negotiations with the state should not come at the expense of continuation of social conflict within workplaces. On the contrary, the transformation of state institutions was seen as a way to prolong and secure the advantages obtained in the factories. This perspective was put forward in 1969 by the militant minority of the CISL, in its national congress held in Rome.⁴⁵ The Catholic labour movement had always been attentive to the reform of social policy and already in 1957 had promoted a conference on the issue, advocating for an abandonment of the insurance-based welfare system and the adoption of more universalistic coverage for all citizens.⁴⁶ By the end of the 1960s, however, the importance of industrial labour within the policy outlook of the CISL had grown. Under the influence of its metalworking federation, *Federazione Italiana Metalmeccanici* (FIM), which captured grassroots demands for industrial democracy, the CISL championed a class-based approach, in which the strength and unity of the blue-collar working class had to be used to force political change.⁴⁷

The political role of the trade unions was justified as it served the purpose of securing the social fabric of working people's lives, entrenching contractual gains through a comprehensive reform of state institutions. The ideological centrality of industrial wage labour and the focus on labour market insiders were also shared by other union categories in the chemical and metalworking industry, both in the CGIL and UIL, a galaxy of political groups, federations and shop stewards, cutting across catholic and Marxist influences and coalesced around the FLM and the unitary chemical workers federation, FULC.⁴⁸

The importance attached to the industrial working class of large enterprises conditioned the policy demands of the labour movement. At the same time, it also

⁴⁴ Regini, *I Dilemmi del Sindacato*, pp. 111-114.

⁴⁵ Giuseppe Martini, *La Cisl e l'unità sindacale, 1969-1973* (Roma: Edizioni Lavoro, 1986).

⁴⁶ Stefano Agnoletto, 'Sindacato e Patronato alle origini del modello Italiano di welfare universale: l'esperienza dell'INAS (Istituto Nazionale di Assistenza Sociale) nel secondo Dopoguerra', in *Il lavoro come fattore produttivo e come risorsa nella storia economica Italiana*, eds. Sergio Zaninelli and Mario Taccolini (Milano: Vita e Pensiero, 2002), 697-710, at p.706.

⁴⁷ Gian Primo Cella, Bruno Manghi and Paola Piva (eds.), *Un sindacato italiano negli anni '60. La Fim-Cisl dall'associazionismo alla classe* (Bari: De Donato, 1972).

⁴⁸ Bedani, *Politics and Ideology*, p. 178; Loreto, *L' "anima bella" del sindacato*, p. 130.

influenced the tactics and the ways in which it sought to negotiate with the government. The everyday experience of social struggle on the factory shop floor led parts of the CGIL-CISL-UIL to believe they could use public protests and strikes as a way to pressure state institutions, transforming their participation in policy formation into a dispute. The experience of bargaining with employers in the industrial sector was simply transferred to the policymaking arena without any change. Emerging forms of corporatist governance of the labour market in other continental European nations were based on the capacity of the unions to negotiate an agreement with capital and the state. In Italy, by contrast, the early 1970s were characterised by the anomalous continuation of unruly and disruptive union strategies. Economic strikes were increasingly accompanied by rallies, street demonstration and political strikes.⁴⁹

Nonetheless, this belief in the vanguard role of the industrial working class of large companies and the strategic importance attached to social conflict as a method of negotiation was not shared by everybody within the labour movement. The CGIL had always been the most attentive to the problem of employment and to the need for the union to engage in policymaking, particularly when compared to the often narrow contractual approach of its catholic equivalent. Yet, many in the CGIL were critical of the grassroots demands for excessive political autonomy and believed the role of the union had to be coordinated with that of established left wing parties, such as the PCI and the PSI. While recognising the importance of broad-based social reforms, the secretary of the CGIL, Agostino Novella contested the ‘pan-unionism’ of the 1969 struggles and warned against the risk of isolation.⁵⁰

Luciano Lama, who succeeded Novella at the head of the CGIL in 1970, further developed this argument. Lama was aware of the limits of a ‘political and institutional context that remained deaf to demands for change’ and recognised the need for the union to engage the government, bringing in ‘the active participation of a mass movement’.⁵¹ Yet, he was also wary of a class-based approach that concentrated too much on labour market insiders. In opposition to the left of the labour movement, Lama’s feared that focusing solely on the factories would encourage ‘workerism and

⁴⁹ See Claudia Magnanini, *Autunno caldo e “anni di piombo”*, p. 89; Andrea Morrone and Corrado Caruso, ‘La commissione sullo sciopero come organo di garanzia politico-costituzionale’, *Rivista della Associazione Italiana dei Costituzionalisti* 1 (2015), 1-31, at p.9; Domenico Pizzuti, ‘I Sindacati per il mezzogiorno’, *Aggiornamenti Sociali* 1 (1973), 165-180.

⁵⁰ Bedani, *Politics and Ideology*, p. 180.

⁵¹ Luciano Lama and Pasquale Cascella, *Cari compagni: con una scelta delle lettere pervenute al Segretario generale della Cgil dal 1970 al 1986* (Roma: Ediesse, 1986), pp. 54-55.

[...] class radicalism' that risked damaging the wider role of unions within Italian society.⁵² On the contrary, Lama urged against class individualism and the inherent tendency of the strongest segments of the labour movement to reap benefits for themselves. At the VIII national congress of the CGIL, held in Bari in the summer of 1973, Lama put forward his proposal for the labour movement: it was 'not sufficient to change the balance of forces within the factory, nor to extend this power from the factory to society'. The union had to engage the 'state, regions and local institutions' and in order to do so it had to build wide social alliances, between the employed and the unemployed and the north and the south of the country.⁵³ In the words of Adolfo Pepe - one of the foremost historians of the Italian labour movement - Lama's strategy represented the attempt 'to administer the long waves of the workers struggles of 1968-1971 and channel them towards the axis of negotiations and a global agreement with the political system and the employers'.⁵⁴

Two souls coexisted within the political strategy of the labour movement. One was rooted within the working class of large Fordist factories and the 'rank-and-filism' of the 1969 protests. The other was anchored to the disciplined tradition of the post-war CGIL, which cut across the various segments of the labour force, attentive to the problem of employment and the wider political system. The balance between the two proved unsteady, particularly as the economic crisis deepened.

During the summer of 1973, the CGIL-CISL-UIL proposed a reform of the old age pension scheme, the system of family allowances and, most importantly, the unemployment insurance mechanism. Standard unemployment insurance, set in nominal terms at 400 lire a day, was absolutely insufficient, representing less than 10% of the average blue-collar salary. The unions asked the government to raise it to 1,000 lire and, at the same time, extend its coverage to seasonal and precarious workers. The CGIL Office for Social Security noted that the reform would cost state coffers between 182 and 196 billion lire.⁵⁵ While it was a sizable sum, the

⁵² Lorenzo Bertucelli, *Piazza e Palazzi. Il sindacato tra fabbrica e istituzioni. La CGIL (1969-1985)* (Milano: Unicopoli, 2003), p. 47.

⁵³ Lorenzo Bertucelli, 'Luciano Lama. Sindacato, Società e crisi economica (1969-1986)', in *Luciano Lama. Sindacato "Italia del lavoro" e democrazia repubblicana nel secondo dopoguerra*, ed. Maurizio Ridolfi (Roma: Ediesse, 2006), 259-329, at p. 281.

⁵⁴ Adolfo Pepe, *Il sindacato nell'Italia del '900*, (Soveria Mannelli: Rubettino, 1996), p. 220.

⁵⁵ CGIL, Ufficio Sicurezza Sociale, S. Verzelli alle Camere Confederali del Lavoro, ai Comitati Regionali CGIL, alle Federazioni Nazionali di Categoria, oggetto: vertenza con il governo su pensioni, assegni familiari, indennità di disoccupazione, Roma, 07/09/1973, ASCGIL, Segreteria Generale, Atti e corrispondenza, Problemi sociali e del lavoro, b. 32.

unemployment insurance fund showed a positive balance of 183 billion lire at the beginning of 1973 and the unions believed there was financial room for the reform.⁵⁶

In July 1973, the government agreed to set up a commission bringing together experts from the INPS, the Ministry of Labour and union officials to examine the proposal for a reform of unemployment benefits. However, progress was slow due to the deflationary measures introduced in the autumn of 1973 and the opposition to any further increase in spending. In December 1973, a joint meeting of the CGIL-CISL-UIL denounced the ‘deflationary and restrictive policies’, and launched a mobilisation for the beginning of 1974.⁵⁷ In February, the unions organised a general strike in the industrial heartlands of Turin and Milan, followed by another national action twenty days later, with the explicit aim of pressuring the government on the reform of social policy.⁵⁸ At the beginning of the year, the mobilisation of the national unions was aided by the fact that many industry level union federations were campaigning for company-level supplementary contracts in large enterprises. In January 1974, the FLM reopened negotiations with FIAT, Alfa Romeo, the public steelmaker Italsider, and other companies in the electro-mechanic sector, such as Olivetti, Zanussi and Indesit. Common to all the disputes was the demand for an adjustment of wages to compensate for inflation, a guarantee that industrial restructuring would not curtail employment levels and, most importantly, the demand to divert new investments towards the South.⁵⁹

In March 1974, under the combined pressure of national and sector mobilisations, the government introduced a law on the reform of social policy, raising the minimum threshold for many benefits. Unemployment insurance was raised to 800 daily lire, still short of the demands of the labour movement. Presenting the law to the Parliament Bertoldi, the Minister of Labour, recognised that:

⁵⁶CGIL, Ufficio Sicurezza Sociale, p. la Segreteria V. Verzelli alle Camere Confederali del Lavoro, ai Comitati Regionali CGIL, alle Federazioni Nazionali di Categoria, Circolare 3092, oggetto: pensioni, assegni familiari, indennità di disoccupazione, Roma, 02/10/1973, ASCGIL, Segreteria Generale, Atti e corrispondenza, Problemi sociali e del lavoro, b. 32; see also CGIL-CISL-UIL, Nota per precisare le principali richieste della vertenza formalmente aperta con il governo su pensioni, assegni familiari, indennità di disoccupazione, Torino, 02/09/1973, Archivio Storico di Torino (thereafter AST), FLM di Torino, b. 715, f. 1.

⁵⁷ Redazione, ‘Sindacati e Governo, una sfiducia crescente’, *Consigli 2* (1974), 3-4.

⁵⁸ Gabriele De Rosa, ‘A che punto è l’unità sindacale? Il paese dello sciopero facile’, *La Civiltà Cattolica* 125 (1974), 280-292, at pp. 288-289.

⁵⁹ Loreto, *L’ “anima bella” del sindacato*, p. 137; FLM, Relazione introduttiva e Convegno Nazionale Delegati Fiat su organizzazione del lavoro e inquadramento unico, Torino, 18-19/02/1974, AST, FLM di Torino, b. 618, f. 1.

‘such an increase [...] does not guarantee the unemployed an adequate maintenance. At the current moment, however, it represents a significant commitment and serves to absorb the existing surplus in the unemployment insurance fund [...] the current law decree does not jeopardize the plan for a further reform of subsidies to redundant workers’.⁶⁰

3.4 The metalworkers federation and the right to a guaranteed wage

By the time the new law on unemployment benefits was introduced, the priorities of organised labour were shifting. The economic crisis started to bite into union constituencies inside the factories, exposing the inherent contradiction between the needs of labour market insiders and the political strategy of the unions. Between 1972 and the end of 1973, the efforts of the CGIL-CISL-UIL for a broad reform of state institutions and social policy had inevitably come at the expense of issues of factory labour organisation. As inflation continued to rise and industrial restructuring threatened more and more factories, the defence of existing jobs and wages became paramount. Neglecting blue-collar workers, particularly in large factories where radical group competition was fierce, could prove a severe blow to the unions’ support. As early as November 1973, the first issue of *Consigli*, the monthly magazine of the FLM, reported the disgruntled opinions of some shop stewards from the factory council of Mirafiori, warning that

‘a rift is opening between the workers and the factory council, and between the council and the bureaucratic upper echelon [of the union]. We are talking about things that are completely outside the heads of the workers. They just want more money. Not because of corporatist battles, but because for the past six months there has been an aggressive robbery on wages by the bosses. They attacked the wages because that is where they could bend us’.⁶¹

The wage issue was exactly where autonomous worker groups and the extra-parliamentary left attacked the unions. LC, for instance, was extremely critical of the reform strategy of the unions. The attempt to control industrial investment, at the

⁶⁰ Camera dei Deputati, Disegno di legge presentato dal Ministro del Lavoro e della Previdenza Sociale, (Bertoldi), di concerto col Ministro dell’Interno (Taviani), col Ministro del Bilancio e della Programmazione Economica (Giolitti), e col Ministro del Tesoro (La Malfa Ugo), Conversione in legge del decreto-legge 4 marzo 1974 n. 30, concernente norme per il miglioramento di alcuni trattamenti previdenziali ed assistenziali, presentato alla Presidenza il 4 marzo 1974, Atti Parlamentari, Camera dei deputati, VI Legislatura, Documenti – Disegni di legge e relazioni (Roma: Tipografia della Camera, 1974), p. 3.

⁶¹ Redazione, ‘FIAT. I delegati discutono il contesto politico della piattaforma’, *Consigli* 0 (1973), 27 - 32, at p. 28.

centre of the union strategy in the metalworking sector, was denounced as a fig leaf to cover up the indifference of organised labour towards real wages and working conditions inside the factories. Concentrating on broad social reforms was a 'dangerous and suicidal illusion', because it did not alter the workings of the capitalist system and proved inefficacious in terms of employment creation.⁶² To LC's militants, 'workers' struggles were the real reform'.⁶³

The national executives of the CGIL wanted to subordinate wages to the issue of worker control over industrial restructuring. Lama, for instance, opposed the narrow workerist view:

'the wage is part of the main issue, [...] but it does not have to be the determining factor. The determining factor is the power of the union to intervene in such situations, [...] where there are problems of short time work, where work has to be reduced. The union has to participate, direct and have a say in governing these situations'.⁶⁴

By early 1974, however, many within the unions started to champion a staunch salary defence. Already in November 1973, on the pages of the magazine *l'Espresso*, one of the secretaries of the FULC, Danilo Beretta, criticised the strategy of reform, 'which inevitably required a long time'. For him, instead, the unions should have been pursuing immediate wage increases. 'The factory movement cannot wait any longer. [...] the salary is the only thing that is certain'.⁶⁵ Most importantly, the metalworkers were showing signs of unrest. In January 1974, Pierre Carniti, the charismatic leader of the FIM, intervened on *Consigli*:

'the purchasing power of workers is the lynchpin of a permanent politics of support for internal demand. [...] Against inflation, the compression of consumption and threat of the *cassa integrazione*, it is necessary to put forward a policy of wage guarantees and increases'.⁶⁶

Initially, wage increases were confined to company level agreements. Only during the summer of 1974 did the unions decide to put forward a coherent national negotiating proposal. On the one hand, organised labour asked for an enhancement of the wage indexation system in place since the early post-war period, introducing

⁶² Loreto, *L' "anima bella" del sindacato*, p. 138

⁶³ Lotta Continua quoted in Luciano Villani, 'Neanche le otto lire. Lotte territoriali a Roma (1972-1975)', *Zapruder* 32 (2013), 23-39, at p. 34.

⁶⁴ Bertucelli, 'Luciano Lama', p. 288.

⁶⁵ Giuseppe Turrani, 'il salario si difende così', *l'Espresso*, 11/11/1973, 4.

⁶⁶ Pierre Carniti, 'Vertenze di Fabbrica e Strategia Generale', *Consigli* 2 (1974), 19-20, at p. 19.

automatic pay raises, a demand pushed through by factory councils against a certain discomfort of the CGIL, which had remained anchored to the tradition of skilled labour. Most importantly, the unions asked for a full ‘guarantee of the wage’, a strengthening of the CIG to safeguard both workers’ purchasing power and jobs.

These demands highlighted an understanding of wages as fixed variables of the economic system and a refusal to accept the predominant employers’ perspective, which urged the unions to respect the fluctuations of the capitalist market system, tying wages to productivity increases. Asking for a guarantee on the wage was key for the unions to ensure they would be able to control the process of industrial restructuring, safeguarding employment levels while ensuring workers’ wages. In Mirafiori, the factory council was asking the union to maintain an absolute ‘rigidity of the workforce’, in terms of shifts and tasks, making sure that workers ‘would not lose a single lira’ in cases of work time suspension.⁶⁷ The project for a reform of short time work was part of the larger attempt to protect workers’ incomes from both individual life cycle risks and the vicissitudes of markets, combining welfare provisions with business agreements. Since the late 1960s, the metalworkers unions had championed the idea of a *mensilizzazione* of the wage, literally ‘monthisation’, a guarantee that no matter the working time of employees, the hours spent on sickness leave or out of production, they would receive the standard wage at the end of each month, even if companies had to anticipate out of their own pockets welfare payment for sickness, disability and short time.⁶⁸

The FLM proposal for a comprehensive reform of short time work focused on two aspects. The first was the monetary one. The CIG-O still subsidised only 66% of employees’ hourly wages during work-time reduction, short of the 80% of the CIG-S. Companies had often abused the ordinary CIG during the first half of the 1970s, covering up permanent employment losses or using it as weapon to stem strikes and curtail worker mobilisation inside the factories. The unions asked that the two CIG funds be combined into a single short time work instrument, or at least equalise the benefit between the two. Furthermore, companies making use of the CIG should have paid an additional quota, introducing a partial system of pay-as-you go contributions

⁶⁷ FLM, Proposte di discussione e proposte operative del consiglio dei delegati di lastroferratura e verniciatura, Torino 02/09/1974, AST, FLM di Torino, b. 614, f. 1.

⁶⁸ See FLM, Federazione Lavoratori Metalmeccanici – Torino, Le Decisioni del Consiglio Generale dei Metalmeccanici, Mezzogiorno – Salari Organizzazione del Lavoro, Torino, -/11/1973, IPAG, Archivio CGIL, FIOM di Torino, b. 621, f. 2.

into the financing of the CIG. This served a double purpose: *de facto*, it guaranteed the complete substitution of the real wage for suspended employees. At the same time, it served to discourage the abuse of short time work, making it more expensive for employers to gain access to it. Lastly, the unions demanded companies to pay short time benefits upfront, or at least in part, without waiting for the official authorisation of the Ministry of Labour or provincial commission. The delays between the application for the CIG and the actual authorisation amounted to some months. On top of the loss of salary, thus, workers had also to wait before receiving compensation for their suspensions, and provincial commissions had to work retroactively. This often led labour representatives to endorse authorisation even in cases of strikes or other abuses, fearing that workers would lose both their normal salary and the CIG.⁶⁹

Strengthening the income protection afforded by the CIG was only a part of the reform proposed by the metalworkers federation. The unions had often criticised the welfarist aspect of short time work and the fact that it had been used to curtail employment levels, diffusing the social consequences of layoffs without preventing them. On the pages of *Consigli*, the labour law academic Tiziano Treu criticised the ‘protectionist logics of the *Cassa* and [...] the absence of any programming strategy behind its intervention’. On its own, the rigid defense of wages was not sufficient and sustainable in the long term, if it was not paired with a certain degree of control over industrial restructuring. The labour movement, instead, had to accompany the protection of jobs with a proactive stance in directing and targeting the use of the CIG to control the labour market, negotiating redundancies wherever possible.⁷⁰ The unions asked for short time work applications to be supplemented by ‘an investment blueprint, detailing the aim of restructuring and reconversion, and the guarantee of employment, under the scrutiny of public authority and the unions’.⁷¹

The paperwork forwarded to CIG provincial commissions around the country shows that far too often companies justified the intervention of short time work with generic and aleatory expression, such as ‘lack of work, lack of orders, crisis, etc.’ The FLM wanted to obtain periodic information rights and the possibility of negotiating with employers the modalities of short time, in terms of hours lost, worker mobility and training, before the intervention of work-time suspension.

⁶⁹ Bruno Fernex, ‘Cassa Integrazione. Le richieste sindacali’, *Consigli* 9 (1974), 29.

⁷⁰ Tiziano Treu, ‘Cassa Integrazione e Garanzia del salario’, *Consigli* 9 (1974), 25-26, at p. 25.

⁷¹ Fernex, ‘Cassa Integrazione’, p. 29.

The staunch defence of wages and jobs within the framework of greater union control over redundancies highlighted the way in which the metalworkers understood the economic problems at hand. For them, the industrial crisis of the country was not the result of the impersonal forces of the market, nor could it be simply ascribed to external shocks. Rather, it pointed towards the ‘absence of social and democratic controls over the process of production’ and to the poor policy choices made by elite economic groups.⁷² If the crisis was no accident, in the original philosophy of short time subsidies, it should not be the workers who would end up paying its social costs. The reform of the CIG, pairing income protection with workers’ supervision over redundancies, paid lip service to the need of labour market insiders, but showed also the persisting influence of the reform strategy of the unions, seeking to transform the CIG into an active industrial policy instrument to steer industrial restructuring.

The guaranteed wage plan was not supported by all in the labour movement. The most moderate union executives had often judged the demand as too radical for modern industrial manpower policies, which required a certain degree of flexibility. From the beginning, instead, the influence of workerist ideology and autonomous radical left groups figured prominently. The fliers of LC and *Potere Operaio*, another faction of the extra-parliamentary left, made many references to the guaranteed wage, often in explicit contrast to the unions. LC had been particularly critical of the early proposals for the *mensilizzazione* of salary put forward by the metalworkers unions. As it stood, the unions’ plan for an insurance of monthly salaries was just an ‘accounting facility for company’s bookkeeping’. Instead, the radical group asked for a stronger guarantee that ‘the bosses would pay, with or without the help of the CIG, the full wage in cases of suspension and work-time reduction’.⁷³

Workerist militants theorised the guaranteed wage as a revolutionary instrument that would push forward the crisis and help overcome the capitalist system. Their approach to factory work conceived the wage as a ‘political issue, not a business one’. In their view, the mass worker of the Fordist assembly line was not interested in changing the organisation of production or better his position within the factory system, but to abolish it altogether.⁷⁴ Theorizing the wage as politically fixed and autonomous from the interplay of market, disregarding the business predicament of

⁷² Stefanelli, *La Cassa Integrazione*, p. 12.

⁷³ Redazione, ‘A che punto è la piattaforma dei metalmeccanici’, *Lotta Continua*, 12/05/1972, 4.

⁷⁴ Potere Operaio, Fuori dalla Linee, foglio quotidiano di agitazione degli operai Fiat in lotta, n.2, Mercoledì 27 Febbraio 1974, IPAG, Archivio CGIL, FIOM di Torino, b. 718, f. 1.

single companies served to destabilise the overall system. Worker control over labour organisation and industrial investments, instead, served only to play down conflict. According to Asor Rosa, director of the radical journal *Contropiano*, a struggle based on wages was the only way to prevent ‘the system from reaching a static condition; worker struggles begin again the day after a new contract is signed. We have to dissolve all the conditions for capitalist accumulation’.⁷⁵ In the case of the guaranteed wage, the fact that the CIG was partly financed by the state was not a problem. According to the most radical *operaisti*, the state itself was the arena in which to push class struggle and revolution. The factory was only a stepping-stone.⁷⁶

Pizzolato argued that by the beginning of the 1970s, the radical left was already losing its influence, after having played a pivotal role in favouring the meeting between students and blue-collar workers in the 1968-1969 upheavals. Autonomous groups were outflanked by the development of factory councils and by the democratisation of official union structures. The Workers’ Statute opened up new channels of institutional negotiation with company managers, leaving radical groups out. However, the presence of LC and radical groups remained strong within the factories, at least until the middle of the decade. In March 1973, radical groups could still muster the strength to stage an important occupation of the Mirafiori factory, helping to seal the negotiations for the renewal of the metalworking national contract.⁷⁷ The official labour movement was now more resilient, but could not underestimate the organisational threat on its left.

As the impact of the CIG increased, the dynamic of intra-left competition led the unions to embrace the demand for a guaranteed wage. It is not by chance, after all, that it was the FLM that spearheaded the platform on the reform of the CIG. The metalworkers federation was one of the most rooted within the factories and the most open to the influences of the rank and file. Furthermore, radical worker groups often accused local unions and factory councils of complacency towards the employers’ use of the CIG and accepting far too easily its intervention in cases of strikes. Organised labour had always called for a careful planning of strikes and coordination of

⁷⁵ Alberto Asor Rosa, *Intellettuali e classe operaia. Saggi sulle forme di uno storico conflitto e di una possibile alleanza* (Venezia: La Nuova Italia, 1973), p. 407.

⁷⁶ Bruno Trentin, *La Città del Lavoro: Sinistra e Crisi del Fordismo* (Firenze: Firenze University Press, 2014), p. XVIII.

⁷⁷ Nicola Pizzolato, ‘The IWW in Turin: “Militant History”, Workers’ Struggle, and the Crisis of Fordism in 1970s Italy’, *International Labor and Working-Class History* 91 (2017), 109-126, at pp. 111-112.

mobilisation to avoid the anti-union use of the CIG. Often it urged worker squads or departments not to strike on their own. For LC and *Potere Operaio*, this represented an unacceptable watering down of class conflict. The way out of the conundrum posed by the CIG was represented by the relentless, almost vitalistic, expansion of industrial conflict, which reverberated through factory departments, making it impossible for employers to suspend the whole workforce. If workers were prevented from entering the factory walls, they simply had to push through the blockade, with violence if needed.

Left-wing criticism of organised labour was even stronger where severe business crises threatened jobs, leading to prolonged use of short time benefits. In such cases, workerist groups lamented that the unions did not even try to resist redundancy, passively accepting the CIG without resorting to factory occupations. At the end of the summer of 1974, for instance, a radical group at Alfa Romeo Pomigliano, the *Formazioni Marxiste-Leniniste*, was criticising the unions for their complacency:

‘in order to secure our jobs and obtain a full wage guarantee [...] we have to choose: either we do like in the Fiore factory of Caserta, where workers won because they dared to occupy the train station [...] or we do like at Indesit in Turin, where, despite the *cassa integrazione*, not a single hour of strike was called, all thanks to the decision of the unions’.⁷⁸

In certain instances, the radical left demand for a guaranteed wage went beyond labour market insiders towards a unified system of income maintenance that would both protect the employed and the unemployed. This was particularly the case for cities like Rome and Naples, where industry was poorly developed and the urban workforce were employed in the service sector or in precarious jobs. In this context, the strengthening of the CIG was to be accompanied by that of unemployment insurance, leading to the creation of a universal social salary.

The experience of the unemployed workers’ committee of Naples is particularly telling. The plague of joblessness had always affected the city and at the beginning of the 1970s there were more than 100,000 unemployed. Towards the end of 1974, The *Disoccupati Organizzati* emerged out of neighbourhood councils, affordable housing movements and local militants of the new left, championing the cause of casual

⁷⁸ Organizzazione Comunista (marxista leninista), *Prepariamoci a lottare contro la cassa integrazione ed i licenziamenti*, Cicl.in.proprio, Acerra, 01/09/1974, ASCGILC, FIOM di Pomigliano d’Arco, b. 425.

labourers and the unemployed.⁷⁹ They asked for a strengthening standard unemployment insurance, to be brought to a level close to that of the average blue-collar worker salary. These demands were often accompanied by explicit criticism against the unions. Organised labour was accused for its excessive focus on labour market insiders and the clientelistic way in which they tried to control new hiring.⁸⁰

Outside the factories, the slogan of the guaranteed wage resembled the demand for a minimum income system for all citizens, overlapping the needs of waged and unwaged workers. In March 1973, factory committees broadly identifying with the radical autonomy camp held their first national conference in Bologna. The introductory remarks highlighted the guaranteed wage as a way ‘to break the binomial relation between bread and work’, refusing the division between the employed, the underemployed and the unemployed. A minimum income for everybody served ‘the political need’ to bridge the gaps between different social categories, ‘unifying the class on the general issue of wage’. The policy proposals put forward by autonomous groups reflected this approach: short time benefits covering 100% of workers’ wages during suspensions, coupled with a guaranteed income system for laid off workers, both entirely financed by the employers, as a ‘tax on profits’.⁸¹

The calls for a universal income maintenance system, opposed to a narrow wage protection for labour market insiders merged with a radical refusal of factory work.⁸² This was linked to the theoretical evolution of *operaismo* and the organisational fragmentation of the radical groups such as *Potere Operaio*, disbanded in 1973, that had dominated in earlier years.⁸³ During the Hot Autumn and its immediate aftermath, workerist thought identified low skilled workers of the Fordist assembly line as the vanguard social class around which to build their political organisation. This was based on the idea that factory alienation could be used to foster political mobilisation and, most importantly, on the belief that industrial work would expand to encompass all of society. The economic crisis and the ensuing process of industrial restructuring and delocalisation, threatening employment and the business model based on large

⁷⁹ For an overview, see Fabrizia Ramondino (Ed.), *Napoli: i disoccupati organizzati* (Milano: Feltrinelli, 1977).

⁸⁰ Comitato dei Disoccupati, Lettera aperta ai consigli di Fabbrica, Napoli, 10/04/1975, ASCGILC, FIOM di Pomigliano d’Arco, b. 425.

⁸¹ Redazione, ‘Assemblea degli organismi autonomi di fabbrica. Mozione approvata per acclamazione dall’assemblea del 4 marzo’, *Rosso* 1 (1973), 2.

⁸² Nicola Pizzolato, ‘A new revolutionary practice: Operaisti and the ‘refusal of work’ in 1970’s Italy’, *Estudos Històricos* 30 (2017), 449-464.

⁸³ Pizzolato, ‘The IWW in Turin’, p. 112.

productive units, forced a deep rethink: radical intellectuals started to talk about a new political subject, the 'social worker'. According to Toni Negri, the reorganisation of capitalism that followed social unrest led to a fragmentation of working class composition. A new social group was emerging, bringing together the urban *lumpenproletariat*, the unemployed and knowledge workers in the service sector. The demand for a universal guaranteed wage served to bring together the needs of this varied social category.⁸⁴

In sum, the labour movement, or more precisely its metalworkers federation, found itself stuck between the often contradictory criticism of the radical left, which conceived official unions as a kernel for the reinforcement of the capitalist system - as Mario Tronti argued in *Operai e Capitale*- and the moderate left, in the official political parties and the national executives of the CGIL-CISL-UIL, which remained somehow sceptical of creating extreme labour market rigidities and wary of impinging on managerial prerogatives.⁸⁵ The proposal for a guaranteed wage had to navigate a narrow path, between the pressures of the rank and file for increased social protection and the need to strike a working agreement with the state and the employers.⁸⁶

These difficulties were reflected in the way the plan to strengthen the CIG developed through time. Before becoming part of the CGIL-CISL-UIL bargaining platform in the summer of 1974, the guaranteed wage was first adopted at the factory level. Everyday industrial relations on the shop floor allowed ideological contamination with the rank and file and progressively altered the negotiating stance of organised labour, forcing the unions to chase behind radical worker groups. The policy proposals for a guaranteed wage developed through the years from the bottom up, appearing first in those local contexts where serious threats to company employment levels forced worker mobilisation.

Already during the mid-1960s, there were instances of the CIG being supplemented by additional monetary benefits in the textile sector. In June 1966, for example, a large group of workers in the state-owned woollen mill Lanerossi, in Schio, was fired and put on the CIG-S for a full year. The company decided to top up short time benefits with a monthly allotment of 26,000 lire for a year, thanks to the creation of a private welfare fund. This was not a guarantee of the wage: the

⁸⁴ Toni Negri, *Dall'operaio massa all'operaio sociale. Intervista sull'operaismo* (Milano: Multhipla edizioni, 1979).

⁸⁵ Tronti, *Operai e Capitale*, p. 7.

⁸⁶ Trentin, *La Città del Lavoro*, pp. 64-67.

company's contribution was a lump sum, not a fixed replacement rate, and workers were formally discharged, 'without a valid guarantee of employment stability', as the CGIL lamented.⁸⁷ Yet, the episode shows early institutional experimentation.

The first guaranteed wage clause appeared in company negotiations only at the beginning of the 1970s, in the electro-mechanics sector. Production of home appliances and light goods had suffered severe setbacks at the beginning of the decade, caught between decreasing consumer demands and the increasing competition of developing countries. National business leaders such as Indesit, Zanussi, Singer and Zoppas, in the Northeast and in the area around Turin, tried to resist decline by intensifying labour usage. However, due to slacking technological innovation, they were often forced to adopt manpower redundancies and suspensions.⁸⁸ Throughout the post-war decades, companies in the electro-mechanics sector had been characterised by paternalistic strategies of control, with the workforce socialised to factory work thanks to the development of private welfare and other benefits.⁸⁹

The prospect of mass redundancies engendered widespread conflict. In February 1971, the threat of suspensions for 8,000 workers at the main Zanussi factory in Pordenone led the unions to stage protests and open a dispute with management over the restructuring process and the guarantee that employment levels would not be curtailed. Autonomous groups were pressuring union stewards to adopt a radical negotiating stance. The summer of 1970 saw the birth of the *Comitato Operaio Zanussi*, a sizable faction affiliated with *Potere Operaio* and influenced by the Venetian autonomous movement, was organised within the territory around Pordenone.⁹⁰ After five months of negotiations, during which Zanussi management often tried to stall by preventing paid permits for shop stewards taking part in talks, an agreement was reached in July. This included a guarantee of workers' income with the company willing to top up the CIG up to 85% of workers' previous earnings.⁹¹

⁸⁷ Redazione, 'Iniziative e lotte per l'occupazione e la qualificazione femminile nelle aziende pubbliche, corrispondenze dal Lanerossi-Eni di Schio e dalla Stipel di Milano, Torino e Brescia', *Rassegna Sindacale* 89 (1966), 16-17.

⁸⁸ FLM, Ufficio Sindacale Unitario FIM FIOM UILM, ai compagni del coordinamento, alle leghe FIM-FIOM-UILM delle zone di Orbassano-Collegno-Borgata Milano, Torino, 14/10/1971, IPAG, Archivio CGIL, FIOM di Torino, b. 718, f. 1.

⁸⁹ Graziano Merotto, *La fabbrica rovesciata: comunità e classi nei circuiti dell'elettrodomestico* (Roma: DeriveApprodi, 2015).

⁹⁰ Gabriele Licciardi, 'L'operaismo Veneto tra Modernizzazione e Conflitto', *Meridiana* 70 (2011), 209-231.

⁹¹ Sergio Devecchi, 'alla Zanussi 9400 in "cassa integrazione" non vi saranno licenziamenti, dice l'azienda', *La Stampa*, 28/09/1971, 2.

The interpretation of this clause did not always prove pacific. In September, when Zanussi decided to adopt work time suspensions on a rotating basis for almost 9,425 workers - to last until December 1971 - different readings of the agreement led to a harsh dispute between management and the unions. Yet, the agreement opened the door to a more negotiated use of the CIG at the company level, progressively allowing unions to take part in the management of redundancies. In March 1973, the company decided to resort to the CIG-S for its factories in Pordenone and in the outskirts of Turin. Before the intervention of work time suspensions, it signed an agreement with the metalworking unions, thanks to the brokering of the Ministry of Labour, 'guaranteeing all jobs and assuming managerial responsibility for the reemployment of the workforce', agreeing to periodically inform shop stewards of the status of business restructuring.⁹²

The agreement reached at Zanussi contained all the main elements of what would become the negotiating platform of the CGIL-CISL-UIL, representing an embryo of the guaranteed wage and an explicit point of reference in other factories. Yet, it was only when the issue was taken up in the automobile industry that the demand for a guaranteed wage obtained a national echo and was widely discussed beyond trade union circles, among employers and the national press. In the summer of 1973, the factory councils of Alfa Romeo Arese and Pomigliano asked the management of Alfa to ensure 100% of wages in all cases of work-time suspension.⁹³ During the same months, the bargaining platform of FIAT's factory council concentrated on pay bonuses and dining hall prices, asking the company for a commitment to protect employment levels.

Alfa Romeo provided a fertile ground for the guaranteed wage campaign. The company was owned by the state and the unions held it socially accountable to ensure the continuity of employment. In Arese, the repeated use of the CIG-O to stem strikes and regulate the flow of production throughout the early 1970s had made the workforce susceptible to the need to protect their income against arbitrary suspensions. Radical groups inside the factory often exploited the issue to rally workers and boost support. In late 1973, the *Collettivo Politico Alfa Romeo*, a radical

⁹² FLM, Gruppo Zanussi, Ministero del Lavoro, Verbale di Accordo, Roma, 09/03/1973, AST, FLM di Torino, b. 277, f. 6; Zanussi, La Direzione, Comunicato a tutto lo stabilimento, Pordenone, 08/06/1973, AST, FLM di Torino, b. 277, f. 6.

⁹³ Collettivo Politico Operaio - ALFA ROMEO, Volantino, Milano, 12/07/1972, ADL, Alfa Romeo, CDF Portello, f.35.

group affiliated with Milanese autonomous groups, published its demands on the journal *Rosso*:

‘In case of suspension, the boss has to pay us 100% of the wage, all of the payroll, even if the *cassa integrazione* does not intervene. This way, the boss cannot pull any trick. [...] The boss made workers believe that it was their fellow colleagues’ fault that they lost money. The guaranteed wage is our weapon to assure victory against the weapon of the boss: the suspension. This way we will have a solid background so that single struggles may be successful’.⁹⁴

The threat of job loss and wage reduction was particularly felt at Alfa Romeo, because its workforce had felt first-hand the problem of unemployment, especially in the south of the country, where the company had just opened its new factory. The dramatic social conditions in Naples and the high rate of unemployment in the area exerted pressure on newly hired workers and made protection against arbitrary suspensions and layoffs even more vital than in Arese. Due to logistical problems and the high level of micro-conflict, the use of work-time reduction in the factory of Pomigliano d’Arco was more frequent than in the North and autonomous groups tapped into employees’ dissatisfaction. Just as the building of Pomigliano’s plant was being completed, construction workers subcontracted by Alfa started to campaign to be hired in the new factory, led by the *PCd’I-Lotta di lunga durata*, a sizable radical formation that attacked the unions.⁹⁵ The LC section of Pomigliano tackled the issue of the guaranteed wage more directly, criticising the factory council itself for ‘doing nothing to organise the struggle, opposing workers’ needs [...] and mechanically defending union bureaucrats’. In order to obtain the guaranteed wage, LC urged workers to ‘organise and refuse to go home, remaining in the factory to organise assemblies and protests’.⁹⁶

The negotiations between the *Intersind* and the FLM began in January 1974 and got stuck on the issue of the guaranteed wage. The discussion immediately centred on the relationship between strikes, industrial organisation and the use of short time subsidies, with the unions lamenting the fact that Alfa Romeo had often resorted to the CIG to suspend workers during strikes. The rebuttal of management was

⁹⁴ Collettivo Politico Operaio Alfa Romeo, ‘la piattaforma Alfa e la politica’, *Rosso* 7 (1973), 2.

⁹⁵ Ramondino (Ed.), *I disoccupati organizzati*, pp. 15-16; FLM, Consiglio di Fabbrica Alfa Sud, Lavoratori dell’Alfa Sud, Napoli, 27/10/1973, ASCGILC, FIOM di Pomigliano d’Arco, b. 428.

⁹⁶ Lotta Continua, I compagni della Sezione di Pomigliano di Lotta Continua, Contro le sospensioni, salario al 100%, Ciclostilato in proprio Stella 125, Pomigliano, 03/11/1973, ASCGILC, FIOM di Pomigliano d’Arco, b. 424.

reminiscent of the legal debate on the use short time work during strikes that had inflamed the special committee of the CIG during the first post-war decades. Alfa stated that ‘it is not right for workers to strike on their own, disconnecting themselves from the rest of the workforce’. The unpredictability of social conflict within the factories, coupled with increasing market volatility, made it impossible for them to subsidise a complete guarantee of the wage. The unions, instead, stressed the political aspect of labour organisation and claimed that full wage protection during suspension was the only way to ensure the right of workers to strike:

‘The organisation of labour is made so that the company has substantial advantages in terms of production. We ask that the company also pay for the negative aspects that are created when workers exercise their right (*to strike*) [...] The missing provision of semi-finished is not caused by the workers, it depends on the extreme rigidity of the production cycle that you realised so as to obtain more production’.⁹⁷

The new company contract was signed at the end of April 1974, after months of strikes, and contained most of the *desiderata* of the FLM. Alfa accepted topping up the benefits paid by the CIG up to 90% of gross wages and to put a ceiling on the maximum hours of short time to be used for the rest of the year.⁹⁸ This was in line with organised labour’s attempt to make businesses more responsible towards the financing of the CIG and introduce checks in its use. Both the PCI and the unions saluted the agreement positively. However, the guaranteed wage clause introduced at Alfa Romeo was strongly criticised in the press, starting with the very same IRI managers who negotiated it. In the *Espresso*, Walter Mandelli, President of the *Federmeccanica*, attacked the agreement, calling it a ‘nonsense’, which risked making factories ungovernable, depriving companies of the managerial instruments to control unregulated strikes. Mandelli’s position betrayed the fears of private employers that the guaranteed wage agreement would be applied in other companies, but also highlighted their approach to the political economy of factory work: the guaranteed wage agreement was particularly pernicious because it severed the ‘natural link’ between labour costs and productivity, decoupling wages from employees’ effective working hours, making the company financially responsible for all downtime. *Il Sole 24 Ore*, the daily newspaper owned by *Confindustria*, deplored the clause because it

⁹⁷ FLM, resoconto della trattativa per la Vertenza Alfa Romeo al Tavolo dell’Intersind: Garanzia del salario, Roma, 28/01/1974, ASCGILC, FIOM di Pomigliano d’Arco, b. 428.

⁹⁸ Consiglio di Fabbrica Alfa Romeo Alfa Sud, FLM Piattaforma aziendale Ipotesi di accordo per i delegati, Pomigliano -/04/1974, ASCGILC, FIOM di Pomigliano d’Arco, b. 424.

forced Alfa Romeo to become a surrogate of the state, transforming a business into ‘a society based on welfarism, guaranteed income and the refusal of any risk’.⁹⁹

3.5 FIAT, the state and the *Lama-Agnelli* agreement

The de-politicisation of labour organisation issues and the pursuit of the Fordist dream of technical efficiency had been key throughout the period of post-war economic expansion to ensure factory discipline. The goal of industrial productivity had been presented as a politically neutral issue and industrial relation bargaining had mostly concentrated on non-monetary rewards for workers, to compensate them for the most brutal aspects of factory life. The harsh implementation of piecework rate systems – and, later on, the technocratic management of the human relations school of Elton Mayo, which stressed a collaborative approach to industrial relations – ensured the stability of the wage-productivity nexus.¹⁰⁰ Organised labour was either co-opted or marginalised from negotiations and the issue of productivity remained above the daily strife of class politics. The introduction of a guaranteed wage clause at Alfa Romeo, albeit imperfect, shattered this paradigm, posing the wage as an independent variable of factory organisation, to be guaranteed in times of social conflict and market volatility.

The daily administration of the new agreement on the CIG proved immediately difficult, with both the Alfa management and the unions enmeshed in bureaucratic skirmishes over its interpretation.¹⁰¹ Radical groups denigrated the agreement, saying that the introduction of a cap on the yearly usage of the CIG ‘missed the point of the

⁹⁹ Walter Mandelli’s and the *Sole 24*’s articles are quoted in the press review by Federico Mancini, ‘Lo “scandalo” del salario garantito’, *Consigli* 4 (1974), 7-8.

¹⁰⁰ On the reception of Elton Mayo in Italy see Elisabetta Benenati, ‘Cento anni di paternalismo aziendale’, in *Tra fabbrica e società: mondi operai nell’Italia del Novecento*, ed. Stefano Musso (Milano: Feltrinelli, 1997), 43-82, at p. 80; Luigi Guiotto, ‘Produttività Ideologia e Human relations: linee di lettura’, *Class* 22 (1982), 273-308. On the politics of productivity - on top of the already mentioned Maier, *In Search of Stability*, pp. 121-152 - see Anthony Carew, *Labour under the Marshall Plan: The Politics of Productivity and the Marketing of Management Science* (Detroit: Wayne State University Press, 1987) and Anthony Carew, ‘The Politics of Productivity and the Politics of Anti-Communism: American and European labour in the Cold War’, *Intelligence and National Security* 18 (2003), 73-91.

¹⁰¹ FLM, Documento per l’applicazione dell’accordo Aprile ‘74 del gruppo Alfa Romeo elaborato a Firenze il 26/06/1974 dagli esecutivi di fabbrica, Pomigliano d’Arco, 02/07/1974, ASCGILC, FIOM di Pomigliano d’Arco, b. 426.

problem’, which was that of ensuring absolute labour rigidity.¹⁰² Despite this criticism, the new Alfa contract emboldened organised labour and propelled the guaranteed wage onto the national negotiating platform of the CGIL-CISL-UIL in the summer of 1974. The relative success of company contract renewals during the first half of the year and the introduction of new austerity measures in July led the unions to place wage protection more firmly at the centre of their negotiating platform, coalescing bottom-up demands into a nationwide campaign for the strengthening of the wage indexation system and the generalisation of the guaranteed wage. In August 1974, Pierre Carniti was setting the stage for the upcoming dispute with the *Confindustria*, noting:

‘If we want to avoid the fragmentation of the movement, the dispersion of the struggle into thousands streams, [...] a guarantee on wages is crucial. The recent interventions of the CIG [...] interconnect together market problems, restructuring of production and anti-union attacks. [...] It is inconvenient to face such problems with exhausting case-by-case struggles. Conquering the guaranteed wage must be intended as a weapon in the hands of all workers in cases of industrial restructuring’.¹⁰³

The CGIL proved more timid. In his introductory remarks to the executive committee in mid-September 1974, the Adjunct General Secretary Agostino Marianetti attacked ‘those left-wing groups for whom the priority of the salary is something to be sanctified’. He warned against the CISL’s ‘excessive emphasis on the wage’. For Marianetti, the generalisation of wage demands should not have come at the expense of a broad strategy for social reform and should not have absorbed the ‘full mobilisation potential’ of the labour movement.¹⁰⁴ Peter Lange underlined the political splits between the CGIL and the CISL, stressing how the CGIL was less ‘uncompromising’ on the issue of wage protection and indexation, compared to a CISL that remained firmly anchored to the ‘themes and demands [...] of the Hot Autumn’.¹⁰⁵

The hesitations of the CGIL and the internal discord within the labour movement were soon overtaken by events. At the beginning of October 1974, FIAT

¹⁰² Lotta Continua, I compagni di lotta continua, Accordo Alfa, Napoli, -/06/1974, ASCGILC, FIOM di Pomigliano d’Arco, b. 425.

¹⁰³ Pierre Carniti, ‘Una Piattaforma per l’Autunno’, *Consigli* 6 (1974), 3-5, at p. 5.

¹⁰⁴ CGIL, Comitato Direttivo, Ordine del giorno: situazione sindacale, relatore – Marianetti, Roma, 13-14/09/1974, ASCGIL, Organi Statutari, Comitato Direttivo, Verbali, b. 124A.

¹⁰⁵ Peter Lange, Georg Ross and Maurizio Vanicelli, *Unions, Change and Crisis. French and Italian unions and the political economy, 1945-1980* (Oxford and New York: Routledge, 2016), p. 200.

made the unprecedented decision to suspend 65,000 employees via CIG-O. Work-time reductions would be applied differently to the various departments of the company's factories in the Turinese area and beyond, also affecting the subsidiaries of Lancia and Autobianchi. On average, workers were set to lose thirty-two days of production, with suspensions distributed across three months, until January 1975. FIAT put forward an application, through the Industrial Union of Turin, to obtain a formal declaration of crisis for the auto sector, hoping to make use of the CIG-S.¹⁰⁶ According to Cesare Annibaldi, head of industrial relations at FIAT, the intervention of short time benefits could not be postponed, as the company had already piled up almost 300,000 cars in its storehouses, forcing a reduction of production: 'overstocking creates a problem of space. [...] There is also a financial aspect: large inventories mean an immobilisation of hundreds of billions'.¹⁰⁷

FIAT's decision was unilateral, but did not come abruptly. The official announcement of redundancy was preceded by a short-lived negotiation with the FLM during September. Since the summer months, the unions had been denouncing how the company was emphasising the overstocking problem through a press campaign. In August, the newspaper *La Stampa*, close to the business elite of Turin, warned of the difficult autumn ahead, writing of 'rumours of *cassa integrazione* for thousands of workers and of the risk of severe work time reductions at FIAT'.¹⁰⁸

In March 1974, the FLM signed a contract that bound FIAT not to resort to the CIG until the end of September. The supplementary contract burdened the company with additional costs, raising the monthly salary of blue-collar workers by 18,000 lire and forcing FIAT to commit to new investments in the South, for a total of 8,000 new hires. Despite the alleged financial unsustainability of these terms, Agnelli was forced to acquiesce, in order to bring to a close 'tension and widespread violence in the factories'.¹⁰⁹ The Ministry of Labour played no small role in this instance, as Agnelli himself underlined in the company's bulletin in March:

¹⁰⁶ FLM Torino, Inaccettabili le posizioni della Fiat, Torino, 01/10/1974, IPAG, Archivio CGIL, FIOM di Torino, b. 722, f. 1.

¹⁰⁷ FIAT, 200 mila auto in meno in 4 mesi, Informazione per i Capi, Supplemento al Giornale dei Capi, Torino, 02/10/1974, IPAG, Archivio CGIL, FIOM di Torino, b. 718, f. 1.

¹⁰⁸ Roberto Bellato, 'Torino, una città molto colpita', *La Stampa*, 19/08/1974, 1; Roberto Bellato, 'L'Autunno sarà duro ma non catastrofico', *La Stampa*, 28/08/1974, 5.

¹⁰⁹ FIAT, Accordo sul contratto, Informazione per i Capi, Speciale Trattativa, Supplemento al Giornale dei Capi, Torino, 11/03/1974, IPAG, Archivio CGIL, FIOM di Torino, b. 722, f. 2.

‘The Minister put us in front of an alternative: accept a solution that is dictated by political motives, economically unsustainable for the company, or bear the responsibility for yet another interruption which would worsen the situation, inside and outside the gates of the factories, even more’.¹¹⁰

The intervention of the state in the dispute earlier in 1974 left a scar on relations with FIAT, which suffered the contract as an external imposition, instilling into the company a revanchist spirit against both the unions and public authorities. When FIAT announced mass redundancies in October, the Ministry of Labour proposed filling in as arbiter, but to no avail. Minister Bertoldi asked the company the permission to formulate ‘a definite and binding proposal’ for both parties, but FIAT refused, claiming absolute jurisdiction over ‘a strictly industrial matter [...] that pertains only to the company’. Despite the vehement protests of both the unions and the government, Agnelli was adamant, considering a governmental intervention as ‘a political act that would have distorted the functioning of economic laws and sound industrial management’.¹¹¹

According to Giuseppe Berta, starting in 1973, impulses for reform were mounting at FIAT, with the company’s upper echelons progressively growing aware of business social responsibilities and the need to redresses the distributional problems of Italian capitalism.¹¹² Driven by Umberto Agnelli, adjunct CEO of the company since 1970, FIAT spearheaded a strong critique of the economic model that underpinned the development of the boom years. To weather the storm of the crisis, it was necessary for the state to harness ‘new collective consumptions’ and investments through careful economic planning, stepping up its redistributive role. The resources would have been collected by attacking the ‘secular inefficiencies’ and wastages caused by rent-seeking and the ‘corporatist arrogance’ of certain social classes, in bureaucracy, finance and real estate but also in certain parts of the labour movement and the business elite. Society had to be reorganised around the needs of productive classes, with industry at its centre.¹¹³

In many respects, Agnelli’s proposals for a ‘euthanasia of the rentier’ resonated with Lama’s approach. Even a prominent left-wing economist such as Claudio

¹¹⁰ Ibidem.

¹¹¹ FIAT, *La Fiat anticiperà nelle buste paga l’integrazione della Cassa Speciale*, *Informazione per i Capi*, Supplemento al *Giornale dei Capi*, Torino, 08/10/1974, Fondazione Vera Nocentini (thereafter FVN), archivio CISL, FIM di Torino, Fondo 15, b. 21, f. 1495.

¹¹² Franzosi, *The Puzzle of Strikes*, p. 123.

¹¹³ Berta, *l’Italia delle Fabbriche*, pp. 204-209.

Napoleoni, close to the positions of the PCI, underlined the perverse effects of ‘unproductive labour’ and ‘parasitism’ on the structure of Italian capitalism.¹¹⁴ According to Berta, FIAT was also in favour of the revision of social shock absorbers to protect labour market insiders from restructuring. Instead, the position of the Turin’s carmaker drastically diverged with that of the unions on the issue of ‘control’. While politics had to concern itself with redistribution, business had to have complete autonomy over the management of industrial organisation, ‘rigidly dividing the reasons of production efficiency from those of social advancement’.¹¹⁵ FIAT was protective of its managerial independence: the state had to compensate for, not distort, the workings of market forces. The refusal of FIAT to allow the Ministry of Labour to intrude into the management of work-time reductions in October 1974 must be seen in this light.

For its part, the Ministry of Labour saw the dispute between FIAT and organised labour as an opportunity, hoping to push through a reform of the CIG. The effects of the crisis were straining the institutional setup of short time work. Reporting to the XI parliamentary commission on labour issues, the Minister of Labour Bertoldi warned how:

‘Short time can even work against its own objectives. As it is, the fund burdens the state with almost the entire cost of companies’ manpower reductions. The mechanism does not encourage companies to reorganise their production while maintaining the workforce, it pushes them to get rid of it. Single companies are incentivised to resort – through the CIG – to public unemployment support’.¹¹⁶

Bertoldi’s denunciation of the institutional failures of short time work was part of a broader critique of the labour policies that had prevailed in the country since the mid-1950s. The Minister underlined how Italian labour policies had been too casual, leaving employment creation to spontaneous market outcomes without introducing a clear regulation regarding layoffs and redundancies. There was a need to make the CIG more coherent and uniform, introducing a stronger guarantee on wages, at a

¹¹⁴ See Riccardo Bellofiore, ‘Claudio Napoleoni ed il capitalismo monopolistico di Baran e Sweezy’, *Moneta e Credito* 68 (2015), 3-39, at pp. 24-25.

¹¹⁵ Berta, *Italia della Fabbriche*, p. 207.

¹¹⁶ Ministero del Lavoro e della Previdenza Sociale, Intervento del Ministro Bertoldi alla Commissione Lavoro e Bilancio della Camera sui problemi dell’occupazione, Roma, -/07/1974, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 272, f. 16/369.

higher cost for companies, and to link subsidised redundancies with professional retraining.¹¹⁷

These proposals were not new and had circulated within the Ministry of Labour at least since the winter of the previous year. An internal memo from November 1973 highlighted many problems, particularly regarding overlapping between the ordinary and extraordinary CIG funds. The latter was used in a very carefree way, with the ‘frequent recognition of very dubious industrial restructuring plans and the official declaration of local crises that, at most, affect a company or two’. This led to ‘an artificial freezing of employment levels [...] without any link to re-employment, even in the long term’. The deferral of dismissals through the CIG was a practice encouraged by the unions, the document noted, and happily accepted by companies, exploiting the ‘political opportunism and clientelism’ encroaching on the workings of provincial CIG commissions.¹¹⁸ The proposal put on the table by Bertoldi was to abolish the CIG-O altogether, generalising the functioning of the CIG-S and introducing greater automatism in the concession of benefits.

This is something that was positively received by organised labour, which had often denounced the anti-union role and the paucity of benefits afforded by the CIG-O. However, the failure of the government to provide an immediate solution to the industrial relations crisis created by FIAT’s abrupt decision caused the unions to adopt a confrontational stance. The Ministry of Labour kept a channel open to organised labour, but did not interfere directly with negotiations. In early October 1974 a joint statement by the CGIL-CISL-UIL and the FLM denounced the fact that ‘FIAT extremism’ had no real basis in the concrete corporate situation of the company, and called for a general strike, bringing all facilities in Turin to a complete halt.¹¹⁹

The importance of FIAT into the industrial apparatus of Piedmont meant that work-time reductions in the company had an instant impact on the automotive supply chain. The unions estimated that for every worker suspended at FIAT at least three

¹¹⁷ Ibidem.

¹¹⁸ Ministero del Lavoro e della Previdenza Sociale, Appunto per S.E. il Ministro, Elementi per una revisione degli interventi di natura sociale nei casi di ristrutturazione e riorganizzazione aziendale, Roma, -/11/1973, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 272, f. 16/369.

¹¹⁹ CGIL-CISL-UIL, FLM Torino, La FIAT riconferma l’attacco a fondo contro i lavoratori, rifiutando nuovamente le possibilità di confronto e mediazione del Ministro del Lavoro, Centro Stampa FLM, Torino, 07/10/1974, IPAG, Archivio CGIL, FIOM di Torino, b. 621, f. 2.

others were at risk in related industries. The Cromodora and Solex, two companies in the automotive components network, went on complete shutdown in the wake of FIAT's decision.¹²⁰ In mid-October, Alfa Romeo also announced work-time reductions for 13,000 employees due to overstocking, sanctioning the general crisis of the automobile sector.¹²¹

The unions feared that accepting the unilateral decision of the company, without mounting any kind of resistance, would have put the whole labour movement on the back foot. This was a very delicate moment, when the CGIL-CISL-UIL was negotiating with the employers' association and with the government on the reform of the wage indexation system and the CIG. In the wake of FIAT's decision, the talks with both the *Confindustria* and the *Intersind* came to a halt, with the unions lamenting the 'standstill attitude' of the employers.¹²²

The employers association was willing to reform the system of family allowances, increasing their monetary contribution, but resisted most of the other points raised by the unions. It refuted the egalitarian wage policy proposed by the CGIL-CISL-UIL. Most importantly, it maintained that the control of industrial restructuring and decisions over employment levels should remain a prerogative of managerial decision-making and should be negotiated neither with factory councils nor with public authorities. Only with these conditions, were the employers willing to introduce a system of penalties and fines for the companies that made excessive use of the CIG.¹²³ By the end of the month - after the CGIL-CISL-UIL had made an unsuccessful attempt to pressure the local CIG commission to deny the authorisation for short time benefits at FIAT - negotiations at the national level broke down.¹²⁴

The intransigency of the company made the whole labour movement coalesce around the metalworkers federation, with the positions of the FLM and the CGIL-CISL-UIL on the guaranteed wage gradually overlapping one another. The

¹²⁰ FLM, Aziende del settore particolari dell'Auto, accessori, etc, attualmente coinvolte dalla CIG (Oltre Fiat e Lancia) in provincia di Torino, Torino, 05/11/1974, IPAG, Archivio CGIL, FIOM di Torino, b. 611, f. 1.

¹²¹ Redazione, 'Milano - Aperta ufficialmente la campagna sulla cassa integrazione all'Alfa', *Lotta Continua*, 15/10/1974, 4.

¹²² FLM, La Segreteria Generale (Bentivogli-Benvenuto-Carniti) alle leghe FLM, Trattative con la Confindustria e l'Intersind sull'unificazione del punto di contingenza e la garanzia del salario, Roma, 29/10/1974, AST, FLM di Torino, b. 60, f. 1.

¹²³ FLM, Interrotte le trattative con la Confindustria, Centro Stampa FLM - Torino, 27/10/1974, IPAG, Archivio CGIL, FIOM di Torino, b. 621, f. 2.

¹²⁴ FIM, G.Avanto, per la Segreteria CISL, Cassa Integrazione Ordinaria per Fiat e Lancia, Torino, 05/11/1974, FVN, Archivio CISL, FIM di Torino, fondo 15, b. 19, f. 1495.

negotiations between the metalworkers and FIAT and those between the employers' and union confederations became practically undistinguishable, with national bargaining on reforms waiting for a breakthrough in the predicament of the auto-sector.

At FIAT, the FLM presented a counterproposal to management, aiming to reduce of the number of work days lost and spread work-time suspensions throughout 1975, with the guarantee that jobs would not be lost. The unions accepted the reality of the economic crisis in the automobile sector, but tried to settle for only twenty-one days of work lost, distributing them to coincide with holidays and weekends, until April 1975.¹²⁵ The request of the company for the intervention of the CIG-S was particularly worrying, as it foreshadowed possible employment losses. In a joint statement, the union confederation and the FLM asked the state to oversee the restructuring plans of the company. Most importantly, they asked for these to be negotiated with organised labour and be made conditional upon a plant-level agreement on the entity and durations of suspensions.¹²⁶

The provincial and regional union cadres in Turin and Piedmont proved key in translating the demands emerging from the FIAT struggle into a national platform with the employers' association, pressuring the national confederation to more strongly raise the issue of the guaranteed wage. In a document prepared in preparation for the regional assembly of the 25th of October, the Piedmont sections of the CGIL-CISL-UIL stated the need to elaborate a coherent and unified position on the reform of the system of short time. The reform of the CIG had to become a national campaign, 'with the same force and the same importance as wage indexation'. According to the document, a new law on the CIG was needed to discourage its excessive use:

'our choice on this issue points towards the introduction of rigidities and ties (in manpower policies), forcing single employers who want to make use of short time to pay for it, individually or through a general contribution, and subjecting its approval to a thorough negotiation with the union'.¹²⁷

¹²⁵ FLM Torino, Nota informativa per I delegati: significato politico delle decisioni Fiat e delle risposte del Sindacato, Torino, -/12/1974, IPAG, Archivio CGIL, FIOM di Torino, b. 722, f. 1.

¹²⁶ FLM, Documento Conclusivo del Coordinamento Fiat, Torino, 5-6/11/1974, IPAG, Archivio CGIL, FIOM di Torino, b. 621, f. 2.

¹²⁷ CGIL-CISL-UIL, Nota per i delegati in preparazione della assemblea regionale del 25 ottobre '74', Palazzetto dello Sport, Torino, -/10/1974, IPAG, Archivio CGIL, FIOM di Torino, b. 621, f. 2.

The regional cadres did not conceive the reform of the CIG as a purely defensive battle, but one that had to be inextricably mixed with the demand for new investments and industrial diversification, at the regional and sector levels. This position was reiterated in mid-November by the Piedmont regional office of the CGIL: The threat of redundancies made it difficult to ‘keep up the usual pace of strikes’ [...] What is needed is to make political use of the strike, linking it with initiatives investing in civil society and institutions’. The CIG was ‘an ambiguous instrument’, but the unions had to cope with that, introducing a system of penalties for its misuse and tighter control by the unions.¹²⁸

These perspectives were echoed at a national level, albeit in more moderate tones. At the beginning of November, Franco Bentivogli, Secretary of the FIM, intervened on the topic of the CIG during the general meeting of the FLM in Rome. Bentivogli stressed that the unions were opposed to any form of ‘luddism’ and accepted the need for industrial restructuring, but also urged for the creation of a stable system of negotiation between employers and factory-based unions over industrial transformation, so as to ensure that organised labour could participate into the management of work-time schedules and workforce mobility. The demand for a guaranteed wage was key to this approach. It was not a welfare benefit to mitigate layoffs, but an instrument to protect workers’ income while guaranteeing their re-employment and social identity within Fordist society. As the CIG was increasingly used as a ‘political tool to weaken the labour movement by keeping workers outside the factories for prolonged spans of time, the guaranteed wage would have prevented such abuses’.¹²⁹

The end of the stalemate at FIAT provided the opportunity to push through the reform of the CIG at the national level. On the 30th of November, after a month-long mobilisation by the unions, the company signed an agreement with the FLM, at the presence of its three national secretaries, Bruno Trentin, Giorgio Benvenuto and Franco Bentivogli. FIAT accepted to stop work-time reductions, halting the massive use of the CIG and offering the guarantee that it would maintain its employment levels throughout the following year. Most importantly, the union obtained new rights of information on the status of industrial production and labour organisation. FIAT

¹²⁸ CGIL, Comitato Regionale CGIL Piemonte, Bozza di discussione sui temi della Cassa Integrazione, Torino, 13/10/1974, AST, FLM di Torino, b. 272, f. 4.

¹²⁹ FLM, Relazione di Franco Bentivogli, Consiglio Generale della FLM, Roma, 5-7/11/1974, AST, FLM di Torino, b. 60, f. 1.

would thereafter be forced to participate in a periodic ‘joint exam’ with the union and factory councils on various relevant matters, ranging from overtime and the arbitrary use of short time to new investments.¹³⁰

The concessions from the company did not come without a *quid pro quo*. While FIAT agreed to limit the use of the CIG, the company made the union accept the idea that the use of short time work was to be made conditional to the problem of stocks. Every three months the company would disclose to the factory council the data on selling and car stockpiles, and decide how to adjust working time so as to keep the number of cars in the inventory between 220,000 and 250,000 units. This clause effectively tied manpower policies to market outcomes and it was not a coincidence that the FIAT management saluted it positively, in company’s newsletter *Il Giornale dei Capi*, writing that the agreement signalled ‘a substantial step forward in co-responsibilisation of the union in the management of the crisis’.¹³¹ The unions vindicated the value of the agreement, rebutting criticism from their left by stating that ‘negotiated control over production levels was not a form of co-determination but a way to revamp the power of worker delegates and factory councils on work organisation’, as stated by UIL Piedmont regional secretary Ferruccio Ferrari.¹³²

The agreement reached at FIAT immediately provided a blueprint for other companies, with Alfa Romeo management striking a similar deal just few days later.¹³³ The wide mobilisation of workers around the demand for a guaranteed wage and the success of the negotiation at FIAT led the national executives of the CGIL-CISL-UIL to bring the reform of short time to the national table of *Confindustria*, counting on the openness already displayed at the company level by Agnelli, who wanted to bring the strike wave of the winter to a swift close. On the 25th of January 1975, the national union federation and the employers’ association signed an agreement that accepted organised labour’s demands for the strengthening of the wage indexation system and, most importantly, the reform of short time work, bringing previous plant level experiences with the guaranteed wage into a unified national framework.¹³⁴

¹³⁰ FIAT, *Il Ponte di natale*, *Informazione per i Capi*, supplemento al *Giornale dei Capi*, Torino, 02/12/1974, IPAG, Archivio CGIL, FIOM di Torino, b. 718, f. 1.

¹³¹ *Ibidem*.

¹³² UIL, *Primo Congresso Regionale del Piemonte*, *Relazione Introduttiva di Ferruccio Ferrari*, Torino, 13-14/12/1974, AST, FLM di Torino, b. 732, f. 4.

¹³³ FLM, *Comunicato FLM sull’ipotesi di accordo Alfa Romeo*, Milano, 06/12/1974, AST, FLM di Torino, b. 702, f. 3.

¹³⁴ FLM, *Garanzia del Salario. Proposte di Modifica all’attuale legislazione*, Torino, 14/02/1975, IPAG,

The employers agreed with organised labour to a series of institutional adjustments to present the government, including the strengthening of the monetary benefits of short time, the equalisation of the CIG-O, to be brought on par with the CIG-S, the revision of employers' contributions, with the introduction of a surcharge for companies that wanted to make use of short time, and, most importantly, a system of pre-emptive consultation between factory councils and management to gain access to short time benefits.

The many concessions made by *Confindustria* on wage increases and the management of short time reflected the need of the employers to rein in industrial conflict, which was coupling with the severe market downturn of the second half of 1974 to cripple profit. The local branches of the employers' association in Turin and Milan recognised that the January agreement entailed 'rising financial burdens' for companies. Yet, a breakdown of negotiations with the unions would have meant dragging on and aggravating social tensions and would have probably forced the state to intervene, a disruption which the employers seemed to want to avoid. The Industrial Union of Turin was particularly wary of another round of factory level agitations. The aim of *Confindustria* was that of normalising its relations with organised labour, creating a more 'organic system of negotiation at a national level', so as to prevent excessive autonomy at a local level.¹³⁵

Indeed, during the first half of 1975, Giovanni Agnelli repeatedly pressed the new Minister of Labour, Mario Toros for a speedy approval of the legislation necessary to implement the content of the January agreement.¹³⁶ After all, the provisions for short time work devised by the employers and organised labour intercepted a need for reform that existed within the bureaucracy of the Ministry of Labour. In January, the outgoing Minister of Labour Bertoldi - in the pages of *Avanti*, the official newspaper of the PSI - stressed the need for a change in regulation of the

Archivio CGIL, FIOM di Torino, b. 621, f. 2.

¹³⁵ Confindustria, Unione Industriale di Torino a tutte le aziende associate, oggetto: Accordo Interconfederale 25 gennaio 1975 per la modifica dell'indennità di contingenza, l'aumento salariale e la maggiorazione degli assegni familiari, Torino, 02/02/1975, FVN, archivio CISL, FIM di Torino, fondo 15, b. 6, f. 2002.

¹³⁶ Confindustria, Telegramma di Giovanni Agnelli, Presidente Confindustria, a Ministero del Lavoro e della Previdenza Sociale, Ufficio Legislativo, Roma, 10/05/1975, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 272, f. 16/369.

CIG, welcoming the debate on the guaranteed wage and the possibility to reform the framework of law n. 1115.¹³⁷

Even Gino Giugni, an eminent labour jurist who had written large parts of the Workers' Statute, saluted the Lama-Agnelli agreement, as a sign that 'social partners were conscious of the need to take care of the problem of industrial restructuring'. For Giugni, the guaranteed wage provisions could bring new flexibility to the Italian labour market, helping to establish a well-codified system of bargaining between employers and unions on the issue of industrial restructuring.¹³⁸ Both men, however, warned that the strengthening of the CIG needed to be integrated into a larger employment creation mechanism. Left alone, the guaranteed wage clause risked becoming a kernel of further market sclerosis: 'a simple measure of social assistance, not an economic one. A wage support system, detached from the productive utilisation of resources'.¹³⁹

Law n. 164 was formally presented to the Parliament by the Minister of Labour in late March and substantially accepted all the main points of the January agreement. First and foremost, the new law scheme equated the benefit of the CIG-O and the CIG-S, raising the replacement allowance of the ordinary fund to 80% of previous wages. Furthermore, it introduced important updates regarding the financing of short time work benefits. Up until that point, the state had completely funded the CIG-S. However, it did so renewing state aid on a year-by-year basis. The law made state contributions permanent. The financing system of the ordinary fund, instead, was re-devised so as to prevent its excessive use. The law introduced additional contributions to the companies that made use of the CIG-O, creating a dual regime whereby large companies, above fifty employees, would pay 8% of gross wages on top of the normal contribution, while smaller companies paid 4%.¹⁴⁰ During the parliamentary discussion on the law, Minister Toros explicitly referred to the 'moralising effects' of this provision.¹⁴¹

¹³⁷ Gino Bertoldi, 'Salario Garantito e Cassa Integrazione', *Avanti*, 02/02/1974, 1.

¹³⁸ Ministero del Lavoro e della Previdenza Sociale, Gino Giugni, Fondazione Giacomo Brodolini, a On. Mario Toros, Ministro del Lavoro, Roma, -/03/1975, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 272, f. 16/369.

¹³⁹ Bertoldi, 'Salario Garantito', p. 1.

¹⁴⁰ Legge 20 maggio 1975, n. 164, Provvedimenti per la garanzia del salario, *Gazzetta Ufficiale*, Serie Generale n. 148, 07/06/1975.

¹⁴¹ Mario Toros, Ministro del Lavoro e della Previdenza Sociale, 11° commissione Lavoro e Previdenza Sociale, in sede deliberante, "provvedimenti per la garanzia del salario", Roma, 09/04/1975, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 272, f. 16/369.

Article five represented the keystone of the new guaranteed wage law, drastically increasing the role that social partners - and unions in particular - played in the management of short time. It envisioned the introduction of special procedures for the consulting of organised labour in all cases in which the CIG intervened for more than sixteen hours a week. Formally, union approval and demands were not binding for the employers, but in practice the consultation process increased the overseeing power of the unions. The consultation of organised labour before the intervention of the CIG was compulsory and granted union stewards the right to request information over business restructuring plans. At the provincial level, instead, the chairing of local CIG commissions was taken away from INPS officials - who traditionally had a very conservative stance regarding the concession of benefits - and handed over to the directors of regional labour offices, at the direct dependency of the Ministry of Labour, effectively depriving the INPS of gatekeeping powers at the local level. The restructuring of the decision-making and financing system of the CIG was complemented by an array of other policy innovations, strengthening employment rights during downturns. Among other opportunities, the new law introduced compulsory training and reskilling courses for workers on extraordinary short time work. These were to be managed by regional labour offices, together with local unions, and served to guarantee workers' professional and social identity while updating their skill sets.

The institutional changes proposed by law n. 164 were in line with those suggested by the *Confindustria* and the CGIL-CISL-UIL, but engendered vocal opposition from organisationally weaker actors, those that were left out of the January agreement. For instance, the CONFAPI, the employers association representing small and medium size enterprises, complained to the Ministry of Labour, denouncing the 'vertical nature' of the agreement and the institutional design of the guaranteed wage system, which suited large enterprises but could prove quite oppressive for smaller ones, strangled by credit restrictions and declining consumer demand.¹⁴² The President of the CONFAPI explicitly stated that 'the interests that prevailed in the guaranteed wage agreement were those of great enterprises; those of the small ones were stepped on', marginalised by an alliance of interests between large employers and the core

¹⁴² CONFAPI, Carlo Bagni, Segretario Confederale CONFAPI, a On. Ministro Mario Toros, Ministero del Lavoro e della Previdenza Sociale, Roma, 07/03/1975, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 272, f. 16/369.

industrial working class.¹⁴³ Within the government, instead, it was the Ministry of Treasury who most radically criticised the guaranteed wage law, asking the government to make the financing of short time work scheme more sustainable. Fearing a possible deficit in the CIG fund, the Treasury requested the introduction of an automatic system of contributions adjustment, raising the cost of the scheme depending on its yearly expenditures.¹⁴⁴

Despite such criticisms, law n. 164 on the guaranteed wage was approved by the parliament on the 20th of May 1975. This new law sanctioned the reform of short time work and, with it, the seemingly newfound intent of employers and organised labour to govern together industrial restructuring, negotiating redundancies in a conciliar framework. On the morning that the law scheme was approved, the Ministry of Labour signalled the significance of the reform with a press release, pointing towards the fact that Italian industrial relations were finally moving towards a form of northern European continental corporatism. Indeed, Minister Toros underlined how the most significant part of the reform of the CIG was the introduction of mandatory consultations between social partners: ‘a fact of notable political relevance, [...] as the maturity of the largest trade unions represents a guarantee for a more responsible participation of workers into the everyday life of enterprises’.¹⁴⁵

¹⁴³ CONFAPI, Conferenza Stampa, Relazione del Presidente Fabio Frugali, Roma, 28/02/1975, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 272, f. 16/369. The National League of Cooperatives echoed similar criticisms also. See Legacoop, Walter Briganti, per la Presidenza, ai Gruppi Parlamentari del PCI-DC-PSI-PSDI-Sinistra Indipendente-Misto, all’On.le Ministro del Lavoro e della Previdenza Sociale, Oggetto: Disegno di legge n.1979 recante “provvedimenti per la garanzia del salario”, Roma, 01/03/1975, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 272, f. 16/369.

¹⁴⁴ Ministero del Tesoro, a Presidenza Consiglio Ministri – Ufficio Studi e Legislazione, Fonogramma urgentissimo, Roma, 22/02/1975, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 272, f. 16/369.

¹⁴⁵ Ministero del Lavoro e della Previdenza Sociale, Comunicato Stampa, Roma, 20/05/1975, ACS, Ministero del Lavoro e della Previdenza Sociale, Gabinetto, Ufficio Legislativo, b. 272, f. 16/369.

4. Imperfect corporatism and the failure of Italian industrial policy, 1975-1980

4.1 The labour market and the contradictions of organised labour

The agreement between the unions and *Confindustria* on the guaranteed wage, transformed into law in May 1975, strengthened the monetary replacement afforded by the CIG-O. Most importantly, it introduced additional financial contributions for employers who made use of short time and a system of non-binding consultation on work-time reductions between business and local unions. The Lama-Agnelli agreement opened a new page in Italian industrial relations. The demands for wage security and stronger job protection had initially emerged in the metalworking sector and were championed by the FLM. Only later were they accepted by the CGIL-CISL-UIL. The national unions channeled bottom-up demands and cemented them into a clear negotiating platform with the employers. For its part, *Confindustria* was willing to concede to the unions' demands in order to secure labour restraint and help in the regulation of strikes and industrial action.¹

For the first time in the 1970s - and, effectively, during the whole post-war period - organised interests groups showed the capacity to bargain for a comprehensive platform on income and job security, with an exchange of benefits and the establishment of a system of mutual and seemingly binding obligations to guarantee it. The five years prior to the 1975 agreement were described by Marino Regini as a 'conflict-negotiations' period: the unions were regularly consulted on a

¹ Marino Regini, 'the conditions for political exchange: how concertation emerged and collapsed in Italy and Great Britain', in *Order and Conflict in Contemporary Capitalism*, ed. John Goldthorpe (New York: Oxford University Press, 1984), 124-142.

wide range of issues, particularly by state authorities. Yet, the most solid results for labour had always been achieved through the adoption of a confrontational stance with the backing of mass mobilisation and strikes, while the employers had rarely shown the willingness to sit at the negotiating table, unless under the direct threat of social upheaval.² The establishment of a clear set of rules for the mechanics of wage indexation and work-time reduction in 1975 seemed to bring order to the until then unregulated pattern of industrial relations, seemingly aligning the Italian experience to that of other continental European countries in which corporatist arrangements had been prevalent since the beginning of the post-war period.³

As a result of law n. 164, unions found themselves enmeshed in daily negotiations in work-time reductions and suspensions. Sometimes these amounted to only a few days to address the problem of unsold inventories. As the second half of the 1970s rolled in, however, business crises became more severe and organised labour faced increasingly long spells of CIG. The economic crisis showed no signs of receding and many companies were forced to shut down, obliging the state to intervene directly to buy them out or to provide access to industrial credit.⁴ As a consequence, the use of the extraordinary short time fund, up until that point in line with that of the CIG-O, started to pick up. By the end of the decade, the CIG-S was business's preferred form of labour market intervention to finance manpower redundancies.⁵

In this context, the unions concentrated on the protection of existing industrial jobs, attempting to steer short time benefits and state investment to control the social consequences of market instability. The attempt was to tie welfare intervention to a set of proactive industrial policies to foster employment creation and stem the tide of industrial layoffs. At the turn of the decade, the advent of the so-called 'historic compromise' governments, with a rapprochement between the communists and Christian democrats, opened a door for organised labour to influence policymaking

² Marino Regini, "Labour Unions, Industrial Action and Politics", in *Italy in Transition: Conflict and Consensus*, eds. Peter Lange and Sidney Tarrow (London: Frank Cass, 2012), 49-66, p. 59.

³ Hugh Compston, 'Union participation in Economic policy in France, Italy, Germany and Britain, 1970-1993', *West European Politics* 18 (2007), 314-339, at p. 321.

⁴ Renato Gianetti and Michelangelo Vasta, 'Big Business (1913-2001)', in *Forms of enterprise in 20th century Italy*, eds. Andrea Colli and Michelangelo Vasta (Cheltenham: Edward Elgar, 2010), 25-51, at p. 29.

⁵ INPS, *Rendiconti dell'Istituto Nazionale della Previdenza Sociale* (Roma: INPS, 1976-1981).

more consistently.⁶ In the summer of 1977, the approval of law n. 675 led to a comprehensive overhaul of Italian industrial policy, increasing public funding for industrial restructuring and introducing development plans at the sector level to rationalise state intervention. Within the framework of the new law, the CIG-S should have operated as a conduit of manpower flexibility, allowing income maintenance for companies that conformed to industrial reorganisation plans.⁷

This chapter argues that, in seeking to deal with the industrial crisis of the late 1970s organised labour, employers and the state developed a system of imperfect corporatist bargaining that ultimately doomed their attempt to govern redundancies. The existing literature has already underlined the difficulties faced by the introduction of corporatist practices in Italy: the country's system of industrial relations was characterised by weak institutionalisation and a high degree of interest group fragmentation which were not conducive to peak level negotiations between capital and labour.⁸ Yet, few scholars took into consideration the effects that the failure of corporatist arrangements in the 1970s had on Italian unemployment social policy. This chapter will broaden this perspective, showing how the incapacity of the state to broker a corporatist arrangement between employers and organised labour led to the segmentation of the labour market between an overly protected core and a marginal fringe with no income guarantees.⁹ In this context, the CIG that was intended to foster labour market flexibility and ease the social consequences of industrial restructuring, was instead increasingly used as a narrow surrogate of unemployment insurance, further fossilizing the labour market.

Despite the introduction of new legislation, the regulations governing industrial policies remained weak and confusing, while state authorities exercised no control over business decision-making. This made it impossible to combine the protection of labour market insiders and the need for employment creation policies to cope with rising unemployment. Without an enforcement mechanism to compel companies to conform to their restructuring plans and safeguard employment levels, many

⁶ Emilio Reyneri, 'Movimento sindacale, crisi economica e sociale, compromesso storico', *il Mulino, Rivista bimestrale di cultura e di politica* 4 (1977), 501-513.

⁷ Graziella Fornengo, 'Le Politiche di Ristrutturazione e Salvataggio', in *Le Leggi della Politica Industriale in Italia*, ed. Franco Momigliano (Bologna: il Mulino, 1986), 33-90, at pp. 36-48.

⁸ Lucio Baccaro, 'The Construction of "Democratic" Corporatism in Italy', *Politics and Society* 30 (2002), 327-257, at p. 333.

⁹ Massimo Paci, 'Il dualismo del lavoro in Italia. La transizione dalla rigidità alla flessibilità della regolazione', *il Mulino, Rivista bimestrale di cultura e di politica* 1 (1998), 103-111, at pp. 104-105.

employers adopted a dismissive attitude towards the issue of redundancy, favouring business delocalisation and smaller production units over the industrial organisation model embodied by the large factory.¹⁰

In the absence of strong guarantees regarding prospects for re-employment, the unions made very rigid use of the CIG, attempting to protect their own constituencies by opposing layoffs whenever possible. This, however, had a pernicious effect on their organisational strength. The system of consultation designed by the guaranteed wage law dragged organised labour into a co-determination of work-time suspensions and redundancies that eroded its basis of support, creating a chasm with the rank and file and setting the stage for the wider retreat of labour power into the 1980s.

4.2 Corporatism: a discussion of the Italian case

In the 1970s, the emergence of peak level negotiations between capital and labour in the poorly institutionalized context of Italian industrial relations underscored the growing importance of the state in managing the problems of advanced capitalist economies. This was a Europe-wide trend. The social crisis of the late 1960s and the international market downturn that immediately followed led to a sharp expansion of social policy and state intervention in the industrial sector of many Western nations. The Keynesian welfare state reached its apex in the early 1970s, with an expansion of social programs that encompassed a larger than ever population - from pensioners to the unemployed. In parallel, state participation in the economy grew to directly govern a huge chunk of the industrial apparatus of many European countries, often as a result of private business crises and public rescue operations.¹¹ Until the early 1980s, the combined increase of social policy and direct state control made public expenditures as a percentage of GDP grow in almost every country.¹²

The increasing role of the state as a ‘crisis manager’ spurred scholars to rethink the relationship between state institutions and the economic sphere, with a reappraisal

¹⁰ Fergus Murray, ‘The decentralisation of production—the decline of the mass-collective worker?’, *Capital & Class* 7 (1983), 74-99, at pp. 81-83.

¹¹ Giovanni Federico and James F. Peck, ‘an overview’, in *European Industrial Policy: the Twentieth Century experience*, eds. Giovanni Federico and James F. Peck (Oxford: Oxford University press, 1999), 426-260, at p. 442.

¹² Peter Flora, ‘Stato del benessere’, in *Enciclopedia delle Scienze Sociali. Volume I: Abitazione – Civiltà*, ed. Giuseppe Bedeschi (Roma: Istituto della Enciclopedia Italiana, 1991), 500–513, at p.10.

of the multifaceted effects that public intervention has on the economic and social life of the polity.¹³

An important side of the new debate on the state concerned the role played by public authority in coordinating industrial relations and, more broadly, how state institutions interact with organised interest groups. The category of corporatism, up until then limited to the analysis of authoritarian regimes in the interwar period, started to be used to define the societal arrangements of the 1970s, with the new label of ‘neo-corporatism’.¹⁴ In 1974, Philippe C. Schmitter argued that advanced western economies had seen the re-emergence of corporatism. To differentiate between the authoritarian and modern use of the word, Schmitter adopted a broad definition, describing corporatism as a ‘system of interest and/or attitude representation [...] for linking the associationally organised interests of civil society with the decisional structures of the state’.¹⁵ The constituent units of corporatist arrangements had to be ‘singular, compulsory and non-competitive’ and had to be recognised by the state, which granted them ‘representational monopoly within their respective categories’.¹⁶

In the same years, Gerhard Lembruch offered an alternative codification of corporatism. Rather than concentrating on the structure of interest representation, Lembruch stressed the importance of how economic and social policies were discussed and implemented. In his definition, corporatism is ‘an institutionalised pattern of policy formation in which large interest organisations cooperate with each other and with public authorities [...] in the articulation of interests and [...] in the authoritative allocation of values’.¹⁷

Towards the end of the decade, Colin Crouch and Alessandro Pizzorno tackled the issue of corporatism from a different perspective, linking the rise of corporatist arrangements to the attempt to rein in the explosive social conflict of the 1970s. According to Crouch, corporatism is a ‘hierarchical and non-conflictual’ system of interaction between the state, capital and labour.¹⁸ This definition built on Pizzorno’s

¹³ Starke, Kaasch and Van Hooren, *The Welfare State as Crisis Manager*, p. 173.

¹⁴ Oscar Molina and Martin Rhodes, ‘Corporatism: the Past, Present and Future of a Concept’, *Annual Review of Political Science* 5 (2002), 305-331, at p. 306.

¹⁵ Philippe C. Schmitter, ‘Still the Century of Corporatism?’, *The Review of Politics* 36 (1974), 85-131, at p. 86

¹⁶ *Ibidem*, pp. 93-94.

¹⁷ Gerhard Lembruch ‘Liberal corporatism and party government’, in *Trends towards Corporatist Intermediation*, eds. Philippe C. Schmitter and Gerhard Lembruch, (London: Sage, 1979), 147-183, at p. 150.

¹⁸ Colin Crouch, ‘The Changing Role of the State in Industrial relations in Europe’, in *The Resurgence*

key concept of ‘political exchange’: a kind of relationship between the state and organised interest groups, in which the first is willing to trade access to public goods in exchange for the acquiescence of the latter. By foregoing the possibility of disrupting the social order, organised groups can reap important organisational benefits. The state guarantees for itself a lever of control over society, exchanging the cooperation of organised interest groups for their increased participation into the process of policy formation.¹⁹

The rise of strong organised interests groups, with their monopoly over labour and capital, undermined the very logic of liberal market economies but opened up a new opportunity.²⁰ The possibility of negotiating the future behaviour of organised interests could have bolstered state capacity for economic planning and its power to mobilise resources towards the promotion of employment creation, while keeping inflation in check through income policies.²¹ This was particularly important in times of economic crisis, which disrupted the fabric of capitalist societies and heightened the need to rein in social conflict. Capitalism, Crouch argued, is only able to incorporate the working class through the redistribution of benefits allowed by a constant rate of economic growth. When the engine stalls, corporatism emerges as a response to ‘re-institutionalise’ social conflict, with the state allowing organised interest groups greater control over policymaking.²²

Western European societies in the 1970s offered the perfect breeding ground for corporatist institutional experiments. The high rate of industrial conflict across the continent and the relative strength of the labour movement forced employers and many governments to open up negotiations with organised labour for the reform of welfare policies.²³ Austria, Germany and other northern countries had a long tradition of corporatist bargaining in industrial relations, grounded in the ordoliberalism of the

of Conflict in Western Europe since 1968, Volume II, Comparative Analyses, eds. Alessandro Pizzorno and Colin Crouch (London: Palgrave Macmillan, 1978), 197-220, at p. 197.

¹⁹ Alessandro Pizzorno, ‘Political Exchange and Collective Identity in Industrial Conflict’, in *The Resurgence of Conflict in Western Europe since 1968, Volume II, Comparative Analyses*, eds. Alessandro Pizzorno and Colin Crouch (London: Palgrave Macmillan, 1978), 277-298, at p. 278.

²⁰ Schmitter, ‘Century of Corporatism’, p. 107.

²¹ Iversen, *Capitalism, Democracy and Welfare*, p. 37; Andrew Shonefield, *Modern Capitalism, The Changing Balance of Public and Private Power* (Oxford: Oxford University Press, 1965), p. 231.

²² Colin Crouch, ‘The Changing Role of the State’, p. 216.

²³ Göran Therborn, Geoff Eley, Hartmut Kaelble and Philippe Chassaigne, ‘The 1970s and 1980s as a Turning Point in European History?’, *Journal of Modern European History* 9 (2011), 8-26.

early post-war period.²⁴ The Iberian peninsula, still on the eve of its transition towards democracy, was anchored to the authoritarian tradition of the Portuguese *Estado Novo* and Francoist corporatism.²⁵ Even France and Great Britain, in which corporatism had been typically weak throughout the post-war period, showed a high degree of interest group incorporation into the state machinery during the 1970s.²⁶

Italy has always been considered somewhat of an exception by the neo-corporatist literature, 'the Cinderella of Europe'.²⁷ Since the early post-war period, the weakness of state institutions and the fragmented nature of Italian industrial relations prevented the introduction of corporatist arrangements. In the immediate aftermath of the war, interclass cooperation seemed to open up the space for concertation practices. The break-up of the union movement and the rise of Christian democracy, however, deprived the country of two conditions *sine qua non* of corporatism: an organisationally cohesive labour movement and a pro-labour government willing to engage in negotiations. The internal fractures of Italian unions prevented the creation of a labour interest organisation with a monopoly over worker representation and the authority to speak to the government with one voice. While the CGIL had an ample constituency, its conflictual strategy and tight linkage with the PCI marginalised it as a political interlocutor. The CISL represented a more suitable candidate for a corporatist experiment, not only because of its connection with Christian Democracy, but also because corporatism represented an important part of Catholic social thought. However, the Christian union remained a minority in terms of numbers.²⁸ Even in the promising environment of the 1960s, when the PSI joined coalition governments, corporatist arrangements failed to materialise. The rise of the centre-left brought with it a stronger focus on national economic planning and, with it, greater attention to the

²⁴ Wendy Carlin, 'West German growth and institutions, 1945-90', in *Economic growth in Europe since 1945*, eds. Nicholas Crafts and Gianni Toniolo (Cambridge: Cambridge University Press, 1996), 455-497; Hans G. Nutzinger, 'Codetermination in West Germany: Institutions and Experiences', in *Codetermination. A Discussion of Different Approaches*, ed. Hans G. Nutzinger (Berlin and Heidelberg: Springer, 1989), 163-189.

²⁵ Gustavo O'Donnell, Phillippe C. Schmitter and Laurence Whitehead (eds.), *Transitions from authoritarian rule: Southern Europe* (Baltimore and London: Johns Hopkins University Press, 1986).

²⁶ Andrew Cox and Jack Hayward, 'The Inapplicability of the Corporatist Model in Britain and France: The Case of Labor', *International Political Science Review* 4 (1983), 217 – 240.

²⁷ Maurizio Ferrera and Elisabetta Gualmini, 'Reforms Guided by Consensus: The Welfare State in the Italian Transition', in *Recasting European Welfare States*, eds. Maurizio Ferrera and Martin Rhodes (London: Frank Cass Publishers, 2000), 187-208, at p. 196.

²⁸ Gino Bedani 'Italy in Historical perspective: The Legacies of Fascism and Anti-Fascism', in *Policy concertation and social partnership in Western Europe: Lessons for the 21st century*, eds. Stefan Berger and Hugh Compston (New York: Berghahn Books, 2002), 191-206, at p. 197; Piero Craveri, *Sindacato e istituzioni nel dopoguerra* (Bologna: Il Mulino, 1977), pp. 32-33.

cooperation of social partners. The unions, on their side, took an important step towards their institutionalisation. In 1959, the government sanctioned the universal applicability of collective work contracts, strengthening the authority of organised labour and opening the official recognition of worker plant level structures, the *Commissioni Interne*.²⁹ Despite these important inroads, the CGIL remained sceptical of the efficacy of institutionalised negotiations on wider social issues, while the employers feared that supporting national economic planning would have furthered business nationalisation and encroached on their freedoms.

It was only at the turn of the 1970s that Italian industrial relations acquired the 'centralised organizational capacities' necessary for corporatism to develop.³⁰ The Workers Statute strengthened the monopoly of already established unions, giving full authority and rights only to the 'most representative' worker organisations on a national level. The creation of the federation CGIL-CISL-UIL reinforced the process of organisational re-composition, unifying labour negotiating positions towards the state and *Confindustria*.³¹ The government and the employers realised that a compromise needed to be reached to bring to an end the tumultuous industrial conflict that made the factories ungovernable and hampered a speedy recovery from the crisis. The 1975 agreements on short time work benefits and wage indexation became the 'building block' of the Italian way to corporatism, with employers conceding stronger income protection in exchange for conflict moderation. The reform of the *Scala Mobile* was costly for companies' finances, but it introduced an automatic system of wage adjustment to inflation that substituted demands for pay rises at the plant-level, depriving the unions of the opportunity to mobilise workers on direct wage issues, thus attenuating strikes. The automatic nature of wage indexation insulated union leadership from rank and file pressures on wages, making them more available to compromise. According to Locke and Baccaro, between 1976 and 1978, wage costs decreased and industrial investment grew, leading to a partial curtailment of inflation.³²

²⁹ Legge 14 luglio 1959, n. 741, Norme transitorie per garantire minimi di trattamento economico e normativo ai lavoratori, Gazzetta Ufficiale, Serie Generale n. 225, 18/09/1959.

³⁰ Baccaro, 'the Construction of "Democratic" Corporatism', p. 333.

³¹ Giovanni Michelagnoli, *Ezio Tarantelli-Economic Theory and Industrial Relations* (Berlin and Heidelberg: Springer, 2011), p. 3.

³² Richard M. Locke and Lucio Baccaro, 'Learning from past mistakes? Recent reforms in Italian industrial relations', *Industrial Relations Journal* 27 (2001), 289-303, at p. 292.

The attempt to sustain a corporatist rearrangement of Italian industrial relations during the second half of the 1970s was supported also at the political level, with the establishment of governments backed by the Communist Party. After the failed experiment of the centre-left policy formula during the late 1960s, the PCI stepped up to provide external support for Christian Democracy-led governments, opening the so-called phase of the 'historic compromise' between communists and Christian Democrats. The eruption of political violence and terrorism, combined with persistent employment problems, threatened the stability of the country. Following the elections of 1976, where the communists achieved their largest result of the post-war period, with 34% of vote, the PCI decided to abstain in parliament and support a minority government led by the Christian Democrat Giulio Andreotti.³³ In the eyes of Enrico Berlinguer, the Secretary of the PCI, the alliance had to be based on a series of economic reforms that, respecting the essence of liberal market economics, should nonetheless protect workers' living standards and achieve the social transformation of Italian society.³⁴

The political formula of the 'Historic Compromise' did not fit squarely with the standard definition of 'pro-labour government' offered by neo-corporatist theorists. However, it opened important venues for capital and labour collaboration. The unions, and in particular the national executives of the CGIL, saw the cooperative attitude of the PCI as an opportunity to let go of the excessive rank-and-fileism of the previous period and transform their support into policymaking influence. As the 1970s went on, the Italian institutional environment looked to be converging with that of other European countries, towards a corporatist rearrangement of society. The increasing centralisation of organised interest groups made peak level negotiations between the unions and the employers more viable, while Historic Compromise governments offered a political umbrella guaranteeing the exchange between social partners.³⁵

³³ Roberto D'Alimonte, 'Party behavior in a polarized system: The Italian Communist Party and the historic compromise', in *Policy, Office, or Votes? How Political Parties in Western Europe Make Hard Decisions*, eds. Wolfgang C. Muller and Kaare Strom (Cambridge: Cambridge University Press, 1999), 141-71; Peter Lange, 'Crisis and consent, change and compromise: Dilemmas of Italian communism in the 1970s', *West European Politics* 2 (1979), 110-132.

³⁴ Francesco Barbagallo 'Enrico Berlinguer, the historical compromise and the democratic alternative', *Studi Storici* 45 (2004), 939-949.

³⁵ Italian scholars, following Giovanni Sartori, interpreted the Historic Compromise as a 'consociational government': an alliance between the capitalist bourgeoisie and organised labour. See Luigi Graziano, 'The Historic Compromise and Consociational Democracy: Toward a New Democracy?', *International Political Science Review* 1 (1980), 345-368; Giovanni Sartori, 'European political parties: the case of polarized pluralism', in *Political Parties and Political Development*, eds. Joseph Palombara and Myron

Despite this, the application of the concept of corporatism to Italian industrial relations in the 1970s remained extremely problematic, not least because the labour movement itself resisted such label. The historical memory of the Fascist period remained fresh and the word *corporativismo* inextricably linked with the industrial relations system of the 1930s, when independent unions had been outlawed. The word came to be used as pejorative, to criticise groups of workers and professional categories that decided to pursue their own narrow interests, signing separate agreements with the employers, eschewing collective regulations.³⁶

The General Secretary of the CGIL, Luciano Lama was not only the main architect of the rapprochement with the *Confindustria* but, paradoxically, also one of the staunchest critics of corporatism. According to Lama, the conflict prone and autonomous attitude of the strongest sector unions in the large factories of the metalworking and chemical sector represented a risk. In the context of a very unbalanced labour market, the corporatism of these categories could create a fracture in the labour movement. In this sense, corporatism was intended as a reflection of worker individualism, the tendency to interpret the union as a simple organisation of members of the same trade, on the Anglo-Saxon model, and not as a champion of larger class interests. Still towards the end of the decade, when the labour movement officially accepted income policies at the EUR Conference of 1978, the unions rejected the corporatist epithet.³⁷ The terminological confusion regarding the meaning of corporatism reflected the duality of the Italian labour movement, torn between the political appeal of championing wider class issues and its everyday working as an interest organisation.

This was not the only problem plaguing the attempt to introduce corporatism in Italy. Regini underlined how, by its very nature, the dynamic of political exchange is an asymmetrical one: the benefits offered by organised labour, in terms of strike and wage moderation, have an immediate impact on the employers and state counterparts, while worker control over policymaking and co-determination of business strategy takes time to kick in. This creates a problem of political trust between social partners

Weiner (Princeton: Princeton University Press, 1966), 137-176.

³⁶ Salvo Leonardi, 'Gli anni della concertazione: un excursus storico-politico', *Alternativa per il socialismo* 25 (2013), 1-14.

³⁷ Lorenzo Bertucelli, 'Luciano Lama, Sindacato, società e crisi', p. 264; Luciano Lama, 'Il compagno Lama segretario generale della CGIL', *l'Unità*, 25/03/1970, 4.

and requires the state to take into consideration the time inconsistency and the short run inequality of benefits embedded in corporatist systems.³⁸

Italy was poorly positioned to achieve this, as the country lacked a tradition of cooperation among social partners. Representatives of the employers and the unions were sitting together on supervisory boards at the INPS and, at least since the 1960s, the Ministry of Labour had tried to broker negotiations among social partners through a series of informal meetings. However, there were no institutional venues for organised interests to influence policymaking, nor they were consulted in a systematic manner. When in 1977 the Parliament approved law n. 675, creating the Inter-ministerial Committee for Industrial Policy, the employers and the unions were not part of it. The Italian pattern of corporatist negotiation remained poorly institutionalised and informal, lacking a system to enforce the reciprocal commitments of corporatism and unable to compensate for the imbalances of political exchange.³⁹

This was particularly problematic for labour, because the weak institutionalisation of Italian corporatism opened up a crisis of representation for the unions. According to Leo Panitch, organised labour is able to sustain corporatist arrangements only if its leadership is 'insulated' from the plant-level pressures of the rank and file.⁴⁰ Despite the attempts of the CGIL-CISL-UIL federation to attenuate the relationship with factory councils, the federation was unable to shield itself from the pressures emanating from the bottom up. The absence of a credible institutional mechanism to enforce employment creation policy and industrial investments by the employers and the state made it difficult for labour constituencies to swallow redundancies and self-imposed conflict moderation.⁴¹

The 1975 agreement on the guaranteed wage, despite its important concession, exhibited the institutional shortcomings of an imperfect corporatism. Law n. 164 introduced a compulsory consultation procedure between the employers and plant-

³⁸ Marino Regini, 'Still engaging in Corporatism? Recent Italian experience in comparative perspective', *European Journal of Industrial Relations* 3 (1997), 259-278, at pp. 268-269.

³⁹ Emidio D'Aniello, 'Modalità di determinazione degli indirizzi di politica industriale e sistema di governo delle agevolazioni finanziarie nella legge n. 675 del 1977', *Rivista trimestrale di diritto pubblico* 28 (1978), 940-959; Marco Giustiniani, 'La legge n. 675/1977: tra politica industriale e politica meridionalista. Le ragioni di un fallimento', *Rivista giuridica del Mezzogiorno* 16 (2002), 1013-1046.

⁴⁰ Leo Panitch, 'The development of corporatism in liberal democracies', *Comparative Political Studies* 10 (1977), 61-90, at p. 82.

⁴¹ Regini, 'Still Engaging in Corporatism?', p. 270.

level unions for the utilisation of short time work, making the CIG much less flexible than before. The approval of organised labour, however, was not binding, at least from the official point of view. Employers only had to forward detailed information on their production plans and a clear timetable for business restructuring. Where the unions could back up their negotiating position with strong worker mobilisation, this provided an effective supervision over the unilateral management of short time work. The so-called 'information rights' were perceived by the unions as a way to control the CIG and thus avoid suffering work-time reduction passively, linking them instead to a comprehensive control over investments and the restructuring of labour organisation. However, this policy formula did not provide enough guarantees for an effective control of short time where organised labour could not muster the organisational strength to threaten the employers' positions.

As a consequence of the new legislation, the relative preference of business for the CIG-O was lessened: after having peaked in 1975, the hours subsidised by the CIG-O declined from the height of almost 230 million to 59 million in 1979. In parallel, the CIG-S picked up, almost doubling, from 55 million hours in 1975 to 133 million in 1979.⁴² The relative preference of the employers shifted towards the scheme that allowed them to tap more directly on public resources, with the extraordinary short time fund being completely financed through state aid. This was also due to the worsening business prospects of many firms. During the second half of the 1970s, industrial redundancies grew longer in their duration and the CIG-S was better designed to tackle structural crises. After having grown in the previous years, total industrial employment remained almost stationary between 1975 and 1979: the absolute number of workers in the sector increased only slightly from 7,902,400 to 7,986,100, while industry as a percentage of total employment declined for the first time in the post-war period.⁴³ Layoffs still remained substantially frozen, but important firms - such as the car producer Innocenti, the light engineering company Singer and the food manufacturer Venchi Unica, started to fail - bringing on the omens of a larger crisis.

The corporatisation of the policymaking and daily administration of welfare had some important effects. The overtaking of the CIG-O by the CIG-S signaled that

⁴² INPS, *Rendiconti dell'Istituto Nazionale della Previdenza Sociale* (Roma: Inps, 1976 to 1980).

⁴³ Stephen Broadberry, Claire Giordano and Francesco Zollino, 'A Sectoral Analysis of Italy's Development, 1981-2011', *Quaderni di Storia Economica* 20 (2011), 3-83, at p. 57.

redundancy was becoming a structural feature of the Italian industrial labour market. By 1978, for the first time in the post-war period, the combined total expenditure of the CIG exceeded that on standard unemployment insurance and remained above it for the following decade. The attempt to govern the crisis through corporatist negotiations created a divergence between the social needs of the employed and the unemployed, steering social policy towards the protection of labour market insiders. Standard unemployment insurance remained anchored to a nominal lump sum and was rapidly devalued by inflation. The total expenditures on standard unemployment insurance actually declined by 30% between 1975 and 1980, even as the unemployment rate soared.⁴⁴

This was particularly problematic for the unions. With a social policy targeted towards the industrial sector and labour market insiders, the unions were left demanding employment creation policies that were late in coming. A growing distance opened between the ‘guaranteed’ – those in industrial sectors covered by the CIG - and a plethora of new social subjects, the ‘second society of the non-guaranteed’, in the words of Alberto Asor Rosa.⁴⁵ In January 1977, this fracture was made blatantly clear when the CGIL Secretary Luciano Lama was forced out by students from an assembly in the occupied university of Rome.⁴⁶

The rift that was opening up between labour market insiders and outsiders mirrored a growing dissatisfaction of the rank and file towards the union leadership. The corporatist arrangements behind the reform of short time work allowed employers to co-opt organised labour into the daily management of the CIG, but did not offer strong guarantees to enforce bottom-up control. Both the unions and the state, at the local and central levels, lacked a mechanism to enforce employers to comply with restructuring plans and productive investments, particularly where business crises lasted longer, affecting a whole region or industrial sector. Even when the state took matters in its own hands, through public buyouts and state owned companies, it did so with shortsightedness, stemming immediate social crises without

⁴⁴ INPS, *Rendiconti dell’Istituto Nazionale della Previdenza Sociale* (Roma: Inps, 1976 to 1980).

⁴⁵ Asor Rosa, quoted in Luca Gorgolini, ‘Un mondo di giovani, culture e consumi dopo il 1950’, in *Identikit del Novecento: conflitti, trasformazioni sociali, stili di vita*, ed. Paolo Sorcinelli (Roma: Donzelli, 2004), 277-368, at p. 350. For an overview see Gad Lerner, Luigi Manconi, and Marino Sinibaldi. *Uno strano movimento di strani studenti: composizione, politica e cultura dei non garantiti* (Milano: Feltrinelli, 1978).

⁴⁶ Roberto Colozza, ‘Guerra a sinistra. Il Pci, il Psi e il movimento del ’77’, *Mondo Contemporaneo* 1 (2014), 95-112, at p. 97.

a coherent and comprehensive plan to foster the structural transformation of industry. The failure of law n. 675, which the unions hoped would become the new framework for industrial policy, epitomised the lack of public power.⁴⁷ Strangled between the need to foster employment creation policies and the defense of already employed workers, the contradictions within organised labour deepened, alienating the sympathies of both public opinion and its own constituencies. Radical groups and the rank and file - particularly in the most riotous workplaces - came to see factory council stewards as somewhat complicit in the management of work-time reductions.⁴⁸

For Sergio Garavini – Secretary of the chemical union FULC and previously leader of the FIOM-CGIL – the conundrum of trade union politics had become apparent already in early 1975. Intervening in mid-February at a union training seminar held in Florence, Garavini was positive about the recent agreement on the CIG. For him, the task of the labour movement was to push for the simultaneous defense of real wages and employment, which needed to ‘be controlled in all companies, both in terms of staffing levels and in terms of working hours’. However, Garavini also recognised the need to reach a transitory compromise, one in which the unions had to accept a certain degree of workforce mobility ‘and go through phases of work-time reduction’. The point of such a strategy for the union leader was ‘to speak in military terms, [...] about saving the army and staying inside the factories, which is the primary condition to resist’.⁴⁹

Garavini – and with him most of the national executives of the CGIL and the PCI - realised that an excessive intransigence of worker control over labour organisation risked jeopardising further private investments. They were thus ready to accommodate some of the employers’ demands for flexibility, based on the assumption that the rank and file would rally behind the new course of union leadership. The reality of industrial redundancies and the growing threat of permanent layoffs, however, put the organisational resilience of organised labour to the test, ultimately dooming the attempt of the unions to steer a middle course between the protection of labour market insiders and the broader interest of the Italian working class.

⁴⁷ Nicola Bellini, *Stato e industria nelle economie contemporanee* (Roma: Donzelli, 1996), p. 101.

⁴⁸ Bruno Trentin referred to ‘a rarefaction of the democratic life of the union’. See Trentin, *Il Sindacato dei Consigli*, p. 257.

⁴⁹ Sergio Garavini, *Crisi, Ristrutturazione Industriale e formazione*, FLM, Torino, 17/02/1975, AST, FLM di Torino, b. 800, f. 1.

4.3 The CIG-O and the management of market flexibility

Throughout the most turbulent phase of industrial conflict, in the first half of the 1970s, the CIG-O served as way to counter strikes and control the factory shop floor. The guaranteed wage agreement introduced stronger checks on such repressive use of short time. This did not prevent employers from resorting to the CIG-O, but shifted the gears of its workings. Whereas before the ordinary short time fund had operated on the internal dynamic of factory organisation, regulating the flow of production to cope with the dislocations caused by social unrest, starting from early 1975 the CIG-O was increasingly used to cushion large factories from the impact of external shocks.

In the wake of the oil crisis, the international macroeconomic environment was characterised by sudden demand fluctuations. Many companies experienced rapidly changing market shares and sales at both the international and the domestic level.⁵⁰ In such an unpredictable market environment - with the impossibility of implementing sudden changes in the organisation of labour and pay structure due to the resistance of factory councils and local unions – employers were in need of a system to favour the rapid adjustment of labour costs to momentary lows in production.⁵¹ The devaluation of the lira in 1976 proved helpful in propping up companies relying on exports, but could not solve the structural rigidity of Italian industrial labour markets.⁵²

Companies started resorting to the CIG-O to eliminate increasing stocks of unsold products. Ordinary short time requests were often attached to data on inventories and negotiated months in advance with union stewards, with the latter apparently more ready to accept redundancies for shorts spells of time – most of the time a few days spread throughout each month. In this way, the CIG-O intervened to cushion the effects of a temporary mismatch between demand and employment levels, covering the costs of unsold inventories. The use of short time represented the

⁵⁰ Enzo Cipolletta 'Gli anni Settanta: una frattura nel processo di crescita', in *Storia dell'IRI. 3. I difficili anni '70 ei tentativi di rilancio negli anni '80*, ed. Francesco Silva (Bari: Laterza, 2013), 69-113, at pp. 74-79; Lorenzo Mechi and Francesco Petrini, 'La Comunità Europea nella divisione internazionale del lavoro: le politiche industriali, 1967-1978', in *Alle origini del presente. L'Europa occidentale nella crisi degli anni Settanta*, ed. Antonio Varsori (Milano: FrancoAngeli, 2007), 251-283.

⁵¹ Paolo Garonna and Fernanda Panizon, 'Riforma della Cassa Integrazione guadagni e agenzia del lavoro', *Economia e Lavoro* 1 (1983), 51-70, at p. 44.

⁵² Peter Nichols, 'On the Italian Crisis', *Foreign Affairs* 54 (1976), 511-26; Antimo Verde, 'La crisi della lira del 1976: cause, conseguenze e possibili schemi interpretativi', *Studi e Note di Economia* 2 (2003), 145-183.

transplanting of the logic of the market to the management of manpower on the shop floor, allowing the flexible use of labour while avoiding its permanent layoffs.⁵³ As argued by Tarantelli, in such cases the CIG provided an even more elastic system of adjustment than a more liberal regulation on layoffs would have otherwise permitted.⁵⁴

The automobile industry was particularly exposed to the turmoil of the international market, with cars being deeply affected by the ups and downs of energy prices. FIAT, Alfa Romeo and other carmakers such as Innocenti saw their inventories pile up, with considerable slack in their capital stock. Even in the domestic market, Italian companies' shares fluctuated sharply due to foreign competition. For the first time in 1975, FIAT's market share dropped below 50% and continued decreasing until 1980. Alfa Romeo experienced a surge until 1975, reaching a record 9.2% share of the Italian car market, but dropped thereafter, remaining around at 7% for the rest of the decade. Such unpredictable market trends made rigid manpower policies costly for managers.⁵⁵

It was not only demand instability that required more flexibility in the management of the workforce in the automobile industry. Large car factories were plagued by high rates of absenteeism. This impaired the efficiency of the centrally organised system of Fordist industrial organisation and often left workers idle. In an interview given to the company's journal *il Giornale dei Capi*, Umberto Cuttica, Central Director for Personnel at FIAT, underlined the impact that absenteeism had on the elasticity of workforce utilisation:

'absenteeism at FIAT has a "sawtooth" nature, [...] the heads of production are forced to re-do the production plan every morning, on the basis of the real presence of workers in the factory. [...] As such it is impossible to make any prediction and thus introduce correction that would make plant utilisation more linear.'⁵⁶

⁵³ A note from the FLM, quoting an unspecified 'employer's document', calculated that firms could save up to 77% of hourly wages with CIG financed work-time reductions. See FLM, Ufficio Sindacale per Segreteria, apparato FLM, Leghe FLM, Nota esplicativa sulla cassa integrazione guadagni, tratto dalla nota dell'ottobre 1979 dell'ufficio sindacale, Torino, -/10/1979, AST, FLM di Torino, b. 271, f. 1.

⁵⁴ Ezio Tarantelli, 'The Management of Industrial Conflict during the Recession of the 1970s', in *The Management of Industrial Conflict and the Recession of the 1970s: Britain, Germany and Italy*, eds. Ezio Tarantelli and Gerard Willke (Firenze: European University Institute, 1981), 3-24, at p. 18.

⁵⁵ Data are taken from the yearly publications of *Quattroruote*, an Italian automobile magazine. See *Quattroruote* (Rozzano: Editoriale Domus, 1974-1981).

⁵⁶ Umberto Cuttica, 'Come è possibile rilanciare la produzione', *Il Giornale dei Capi* 2 (1976), 10-14, AST, FLM di Torino, b. 613, f. 1.

The combination of market volatility and unpredictable absenteeism led car companies to resort to the CIG-O to adjust labour costs to sudden temporary shocks. In the first half of 1975, Mirafiori alone experienced forty-eight days of short time among various groups of workers, with the highest peak in the pressing and foundry departments. By the end of the summer of the same year, Alfa Romeo in Milan had experienced a similar 41 days of total suspension.⁵⁷

Organised labour did not simply suffer managerial decisions, but tried to negotiate the use of CIG-O. The end of the 1974 winter dispute between FLM and the carmakers led to the introduction of a periodic system of consultation, in which factory councils would sit down with managers to assess market outlooks and together decide a calendar of work-time suspensions. At FIAT and Alfa Romeo, these meetings were held every three months, starting in January 1975, to reduce accumulated stockpiles. At Alfa, for instance, inventories had reached the critical threshold of 43,100 by the beginning of 1975 - far beyond the limit of 22,000 which management considered to be 'normal stock.' This led the unions to accept several days of short time suspension in Arese, with the promise that the company would discuss with the factory council every 'reorganisation of the shop floor and transformation of work organisation'.⁵⁸

Organised labour hoped to exploit the system of periodic consultation to obtain greater control over new investments and shop floor restructuring. This perspective was put forward in January 1975 by the *Consigliere* – the official bulletin of the Mirafiori factory council - in an attempt to defend the FLM, which came under criticism for its choice to negotiate work-time reduction with FIAT.⁵⁹ The most radical groups at Mirafiori accused the union of becoming involved in the 'co-determination of the crisis'. According to the factory council, instead, negotiations on the CIG-O were needed to prevent the company from unilaterally resorting to work-time suspension.⁶⁰ The stated objective of the FLM was the promotion of employment and the control of labour organisation, but it was impossible to pursue these while maintaining a 'rigid and prejudicial stance against mobility'. Instead, the FLM

⁵⁷ FLM, Lavoratori Metalmeccanici FIM-CISL, FIOM CGIL, UILM-UIL, la crisi dell'auto e l'azione sindacale alla Fiat, FLM Notizie, bollettino settimanale di informazioni e notizie della federazione, Torino, -/09/1975, AST, FLM di Torino, b. 733, f. 1.

⁵⁸ Alfa Romeo, Direzione Alfa Romeo alle R.S.A Alfa Romeo, Arese, 02/07/1975, ADL, Alfa Romeo, CDF Portello, f. 33.

⁵⁹ FIAT e FLM, Verbale Accordo, Torino, 18/01/1975, AST, FLM di Torino, b. 727, f. 1.

⁶⁰ FLM, 'Accordo FIAT: Cogestione o nuovo livello di scontro', *il Consigliere* 2 (1975), 2-3, at p. 2.

decided not to resist worker transfers and work-time reduction ‘a priori’, but to negotiate them ‘in a clear political framework [...] even within single factories [...] with a clear eye towards the development of labour organisation and managerial strategies’.⁶¹ In April 1975, when FIAT asked for further days of CIG-O for some departments of Mirafiori and smaller plants in Milan, Brescia and Bari, the union did not oppose.⁶²

By negotiating the use of short time with FIAT and Alfa Romeo, the union hoped to achieve greater control on the industrial shop floor, but also rein in the consequences that the decisions of automotive giants had on their wider industrial networks. Companies in the external supply chains of the automobile industry were often conditioned by their larger buyers and had to reduce their working time accordingly. Only in 1975, did 208 different companies under contract by FIAT resort to work-time suspensions.⁶³ In September 1975, Aspera Motors, a company specialising in engine production for the Turinese carmaker, had to declare twenty-eight days of CIG-O due to the ‘worrying level’ reached by its stockpiles.⁶⁴ Work-time reduction at a central level had wide reverberations on employment well beyond the single large factories, leading to business failures and layoffs that organised labour could not control because of its weaker organisational presence in smaller enterprises. Negotiating the use of the CIG-O at a central level offered a way to control such processes, impeding the ‘fracturing of the category’ by asking FIAT and Alfa to also guarantee employment also in their supply chains.⁶⁵

Factory council stewards and the FLM were ready to bargain with the employers on overstocking and work-time suspension, albeit with the permanent guarantee of employment levels. However, they were also conscious that such a strategy exposed them to the bottom-up criticism of their constituencies. When addressing the rank and file directly, the FLM proved much more critical of the recurrent use of the CIG-O. In a flier addressing the bodywork department of

⁶¹ FLM, ‘Mobilità, Apriamo il dibattito’, *il Consigliere* 2 (1975), 5-6, at p. 2.

⁶² FLM ‘Calendario, Cosesuccesso’, *il Consigliere* 3 (1975), 16.

⁶³ FLM, Diminuzione dell’occupazione operaia per settori e classi di addetti nelle unità produttive fornitrici dirette della FIAT che hanno fatto uso di CIG nel periodo 1.1.1974 – 31.12.1975, Torino, 31/12/1975, AST, FLM di Torino, b. 763, f. 1.

⁶⁴ FLM, Aspera Motors and FIOM-FIM-UILM, Verbale di intesa, Torino, 24/09/1975, AST, FLM, b. 559, f. 1.

⁶⁵ FLM, Contributo al Dibattito Contrattuale, Sintesi del dibattito alla Fiat Mirafiori scaturito nella riunione del comitato esecutivo del CDF Mirafiori auto fonderie, Torino, 28/10/1975, AST, FLM di Torino, b. 727, f. 1.

Mirafiori, the union encouraged the workers to ‘oppose the blackmailing of FIAT through [...] the *cassa integrazione*’, denouncing how management was coping ‘with absenteeism through the elastic use of transfers and a reduction of the workforce’.⁶⁶ In a June 1975 communiqué to the workers of Alfa Romeo Arese, the FLM denounced the ‘adventurist and extremely dangerous logic’ of the company, which made employment completely dependent on the market, forcing workers to endure ‘days and days of *cassa integrazione*’.⁶⁷

As the car demand in the international market slowly recovered after the low point of 1975, the routine use of the CIG-O became more vexatious and difficult to accept. While resorting to short time for part of their workforce, car companies developed new strategies to increase productivity. In 1976, the Mirafiori factory council denounced the ‘strategy of unemployment’ followed by FIAT. According to union stewards, the economic crisis had allowed the company to pursue ‘more efficient’ manpower policies, resorting to short time work and internal mobility measures to meet sudden demand surges. The flexible variation of working time and transfer of workers from one department to the other served a double purpose: it allowed the company greater saturation of the workforce and machinery, moving workers on short notice, depending on market demand. Furthermore, it weakened the power of organised labour, breaking up worker teams and depriving factory council stewards of a direct relationship with their constituencies.⁶⁸ More often than not, workers put on the CIG-O were then re-hired in different departments of the factory. In early 1977, the FLM’s review *Consigli* reported:

‘in the past 24 months, there isn’t a single company that has not resorted to short time. The blackmail on jobs had its consequences [...] there is a substantial worsening of working conditions, exacerbation of hierarchy and greater arrogance in the bosses’ behaviour’.⁶⁹

Company requests for overtime, in conjunction with the use of short time, were particularly detrimental to the union, as they defied the purpose of allowing

⁶⁶ FLM, Lavoratori della Carrozzeria!, Torino, 24/09/1975, AST, FLM di Torino, b. 722, f. 1.

⁶⁷ FLM, L’esecutivo del CDF Alfa Romeo FLM, Comunicato dell’Esecutivo sull’incontro a Roma fra la delegazione del CDF – FLM Provinciale – FLM Nazionale con l’Intersind Nazionale, Roma, -/06/1975, ADL, Alfa Romeo, CDF Portello, f. 38.1.

⁶⁸ Gruppo Provinciale Ricerca sulla Ristrutturazione, ‘Dove va la Fiat: sviluppo dell’occupazione o strategia della disoccupazione’, *il Consigliere* 8 (1976), 10-12.

⁶⁹ Gianni Celata, ‘Il Falso Obiettivo del Costo del lavoro’, *Consigli* 32-33 (1977), 6.

corporatist management of the CIG-O in exchange for greater control of labour organisation and employment creation. For the FLM, the use of overtime could only be justified on the basis of technical reasons, not in order to obtain an increase in productivity to meet sudden needs. The abuse of overtime ran counter to the aim of forcing Alfa and FIAT to hire new workers. In 1977, the *Consigliere* underlined how the fight against overtime was important because it provided a ‘unifying point’ between labour market insiders and outsiders, allowing organised labour to bring back the jobless into its folds. It was necessary to overcome the ‘moderatism’ of the national policy line of the CGIL-CISL-UIL, favouring the ‘mass organisation’ of the unemployed in the battle against overtime.⁷⁰ At Alfa Romeo, the local FLM decided to organise a ban on overtime for the entirety of 1976 and organised picket lines to impede access to the factory when the company unilaterally called for additional shifts.⁷¹ While the national metalworking contract prescribed a rigid weekly limit on working hours, the combined intervention of short time work and overtime allowed managers to tweak hourly labour cost to their advantage, while putting plant level worker organisation in disarray.⁷²

Having to defend total employment while also conceding on the manpower flexibility needed to cope with market fluctuations, organised labour was exposed by the contradiction of its own policy line. The corporatist management of manpower policies led to some relative successes. In 1977, the FLM signed an important agreement with FIAT, recognising an additional paid half-hour for lunch breaks. In the summer of the following year, the union negotiated the hiring of more than a thousand new workers, some of whom were directly pooled from the workforce of the Venchi Unica, a failed company in the Turinese area, sanctioning the principle of worker mobility between companies.⁷³ In 1978, at Alfa Romeo, the FLM traded increased overtime with an expansion of employment. Alfa introduced eight additional Saturdays to the normal working calendar, the so-called *Sabati delle Giuliette*, ‘Giuliette’s Saturdays’, to support the launch of a new car model. In exchange, the company agreed to guarantee that several workers from another state-

⁷⁰ FLM, ‘Occupati Disoccupati, Quale Unità?’, *il Consigliere* 10 (1977), 17-18, at p. 18.

⁷¹ L’Esecutivo del C.D.F. la FLM Zona Sempione, Comunicato dell’Esecutivo, Milano, 11/07/1975, ADL, Alfa Romeo, CDF Portello, f. 38.1.

⁷² Aris Accornero and Patrizio Di Nicola, ‘La flessibilità e gli orari di lavoro’, in *La mobilità della società Italiana*, ed. Giampaolo Galli (Roma: Sipi, 1996), 297-358, at p. 301.

⁷³ FLM, Accordo FIAT sulla mezz’ora ai turnisti, Allegato, Torino, 03/07/1976, AST, FLM di Torino, b. 149, f. 1.

owned factory in the Milan area, the UNIDAL, operating in the food processing industry, would be employed in Arese.⁷⁴

The decision at Alfa, however, did not go down without strife. Factory vanguards criticised the moderatism of the factory council: on the planned Saturdays of overtime there were episodes of violence and sabotage of equipment, with union stewards forced to be present at the gates of the factory to prevent escalation. The attempt at winning the sympathies of the precarious workers in failing enterprises and the jobless through common battles on employment and overtime led the unions to alienate the rank and file of large factories, tempered in the social conflict of the previous years and critical of the FLM. The employment promises made by the companies were often postponed in time and did not have an immediate impact on the daily life of already employed workers, while internal mobility and suspensions affected them more tangibly. The comments of a militant worker from Lancia Chivasso, on the union journal *Rosso Lancia*, exemplified the perspective of the rank and file:

‘once we accept the principle of company and inter-company mobility, it follows that the need for higher production, organisational bottlenecks and imbalances will all be dealt with through manpower flexibility. [...] This does not serve to produce new employment, but leads only to short time suspensions. [...] Increased production allows amassing stockpiles, which can then be used for the blackmail of the *cassa integrazione*’.⁷⁵

The rank and file did not perceived the immediate benefit of the strategy of negotiated flexibility. Despite this, the union policy of trading shop floor productivity increases for greater control over employment and production plans continued. Still in the summer of 1979, the factory council of Mirafiori admitted:

‘without fake embarrassment [...] we have always conceded a certain type of flexibility at FIAT. And we will have to concede it in the future. If we want to tackle the problem of productivity without the bosses’ blackmail, we have to understand that the market situation requires production and cost elasticity’.⁷⁶

⁷⁴ FLM, Consiglio di fabbrica Alfa Romeo, il Significato dell’Accordo sulle Giuliette, Milano, -/1978, ADL, Alfa Romeo, CDF Portello, f. 35.

⁷⁵ Giorgio Sacco, ‘Tu mi fai girar, tu mi fai girar come fossi una trottola’, *Rosso Lancia* 2 (1978), 20-21, at p. 21.

⁷⁶ FLM, Goffredo Pantalone al consiglio di officina 83 della meccanica FIAT e alla 5° lega mirafiori, Torino, 20/07/1979, AST, FLM di Torino, b. 666, f. 1.

The application of market logic to the negotiation of manpower policies on the shop floor came at a great cost for organised labour. The consultation process behind the corporatist use of CIG lacked any kind of institutional mechanism to enforce the employment creation policies asked of management. The negotiating capacity of the union was left only to the degree of its mobilisation capacity. But the very concession that organised labour was making to the use of short time suspension and manpower flexibility ended up estranging a fraction of its own constituency, undermining its organisational strength. For management, instead, the CIG-O acted as an instrument to optimise production planning and reduce the average level of stockpiles. FIAT and Alfa Romeo resorted to the CIG-O as a ‘subsidy to maintain the reserve of labour needed to guarantee high elasticity of supply [...] allowing them to adjust production rapidly, reducing the oscillation of unsold stocks while avoiding a drop in the prices of final products’.⁷⁷

4.4 The CIG-S and the management of redundancy

Union acceptance of manpower elasticity did not only affect the industrial shop floor, but was part of a broader rethinking of economic paradigms by the *intelligenza* of the PCI and the academic world broadly connected to the institutional left. The persistence of the economic crisis and the apparent rigidity of the Italian labour market led many to question the main tenets of organised labour’s strategy during the first half of the 1970s and underline the increasing costs of industrial democracy. In 1977, Franco Modigliani and Tommaso Padoa Schioppa published an influential paper in the journal *Moneta e Credito*, criticising the excessive rigidity of the Italian wage indexation system, demanding a lowering of real salaries and a new decentralised system of wage bargaining to cope with rising unemployment.⁷⁸ This sparked an important debate, which included, among other economists, the prominent heterodox Augusto Graziani, the independent PCI MP Claudio Napoleoni and Ezio Tarantelli, member of the Bank of Italy and founder, in the early 1980s, of an

⁷⁷ Mario Dal Co, *Ristrutturazione dell’occupazione e relazioni industriali* (Bologna: il Mulino, 1986), p. 24.

⁷⁸ Franco Modigliani and Tommaso Padoa-Schioppa, ‘La politica economica in un’economia con salari indicizzati al 100 o più’, *Moneta e Credito* 30 (1977), 3-53.

influential institute for labour studies associated with the CISL.⁷⁹ While Modigliani's proposals received a barrage of criticism, they nonetheless seeped in among national level leaders of the Italian left, 'favouring [...] the downscaling of the anti-capitalist ambitions of the labour movement'.⁸⁰ In January 1978, the CGIL leader Luciano Lama, in an interview for the newspaper *La Repubblica*, offered a self-criticism of the policy line that had assumed wages as 'an independent variable of the economic system'.⁸¹

A determining factor in pushing the Left towards an increasingly moderate position was the soaring level of unemployment. Between 1975 and 1980, the unemployment rate more than doubled from 3.33% to 6.90%. This increase was absorbed by the most vulnerable parts of the labour force. In the north of the country, the unemployed male population almost doubled, but for women, often in intermittent jobs, the number quadrupled from 98,000 to 406,000. The mass of the unemployed was not only made up of previously employed workers, but increasingly also of first time jobs seekers who did not have access to insurance coverage.⁸² In 1959, young people made up only 30% of the total unemployment figure. In 1978, for the first time, youth unemployment composed the majority of total unemployment, with almost 800,000 youths without work out of a total of 1,571,000 unemployed.⁸³

The core industrial working class was spared massive layoffs, but it became apparent that there was a structural problem of supernumerary workers in the industrial sector. In 1977, the *Centro Ricerche Economia e Lavoro* (CREL), the research centre of the UIL, underlined how, after 1976, the trend of CIG hours became progressively detached from the index of industrial production. According to the CREL, such a phenomenon was due to the changing expectations of the employers, who started 'judging the crisis as structural and eyed a comprehensive downsizing of the occupational base'.⁸⁴ Compared to the previous period, during the second half of the 1970s, the unions and the state were forced to cope with the first important foreclosures of large industrial plants. State buyouts and the interventions

⁷⁹ Francesco Cattabini, 'Franco Modigliani and the Italian Left-Wing: the Debate over Labor Cost (1975-1978)', *History of Economic Thought and Policy* 1 (2012), 75-95.

⁸⁰ Alberti, *Senza lavoro*, p. 153.

⁸¹ Luciano Lama, 'I sacrifici che chiediamo agli operai', *La Repubblica*, 24/01/1978, 3.

⁸² See Salvatore Mammuzzato, *I giovani e il lavoro: sindacati, movimento giovanile, istituzioni e legge* 285 (Bari: De Donato, 1978).

⁸³ Andrea Giansanti, *Settant'anni senza lavoro: la disoccupazione dal secondo dopoguerra al Jobs Act* (Milano: Lampidistampa, 2014), p. 61.

⁸⁴ Regalia, 'Stato e Sindacati nella formazione della politica della sicurezza sociale', p. 74.

of public financial holdings generalised between 1975 and 1979, with the state-owned GEPI extending its operations in various industrial sectors.⁸⁵

Following the spirit of the 1975 agreement on the guaranteed wage, the unions tried to protect employment levels wherever possible, in some instances calling on themselves for the intervention of the CIG-S when business owners wanted to shut down production. The most important cases of industrial failure polarised public opinion and became important national test beds for the unions and their attempts to control the employment effects of the crisis. With the input of organised labour, the CIG-S was subject to much institutional experimentation, lengthening its duration and further relaxing its intervention criteria, to offer momentary income support to foster industrial restructuring and, in case of business failure, favour the transfer of workers from one company to the other.

While Alfa Arese continued to represent an important reference point, during the mid-1970s the attention of the Milanese unions focused on another carmaker, Innocenti, which in 1975 experienced a severe crisis that left the company bankrupt and 4,500 workers at risk of losing their jobs.⁸⁶ The company was located in Lambrate, on the outskirts of Milan and had experienced significant growth during the post-war decades, delivering one of the most iconic light motorcycles of those years, the *Lambretta*.⁸⁷ During the late 1960s, Innocenti started experiencing difficulties: the explosion of strikes into the factory and poor production planning led to a plummeting market share. In 1971, the company reached a partnership agreement with the British carmaker Leyland, which finalised the complete buyout of Innocenti the following year, looking to outsource its entire production for the European market to Italy.⁸⁸ The British accession to the EEC in 1973 and the explosion of the oil crisis rapidly changed the outlook for Innocenti-Leyland: in the autumn of 1974 the company resorted to the CIG-O, allegedly due to ‘high absenteeism’ and to ensure ‘the regularity of the production process’. For almost a year, the factory of Lambrate

⁸⁵ Prodi and De Giovanni, ‘Forty-Five years of Industrial Policy’, p. 47.

⁸⁶ Piero Casucci, ‘il Drame dell’Innocenti’, *Quattroruote* 1(1976), 42-44.

⁸⁷ Marino Gamba, *Innocenti: imprenditore, fabbrica e classe operaia in cinquant'anni di vita italiana* (Milano: Mazzotta, 1976), pp. 50-126.

⁸⁸ Innocenti, Riunione con le Rappresentanze Sindacali, Lambrate, 08/02/1972, Istituto per la Storia dell’Età Contemporanea (thereafter ISEC), Innocenti-Castoldi Roberto, b. 1, f. 1.

remained at half of its intended production capacity, until the summer of 1975, when the company abruptly decided to lay off 1,700 workers.⁸⁹

The fierce opposition mounted by the FLM and the factory council prompted the Ministry of Labour to mediate, proposing the intervention of the CIG-S on behalf of 3,000 workers. Negotiations were carried out during the month of August, when workers' mobilisation was impaired by the summer break; a situation that the FLM equated to 'going to war without soldiers'.⁹⁰ A provisional tripartite agreement between the company, the factory council and the FLM, brokered by the government, was reached in September 1975. The union refused the initial proposal by the Minister of Labour, Mario Toros to allow the complete suspension of workers for three months – the so called 'zero-hour' CIG – as it would have amounted to identifying the workers who would be expelled from production. The plan was to then make use of the CIG-S for three months starting in September, creating only one working shift in which two groups of workers would take turns at the assembly line, curtailing production output by a third.⁹¹ The use of permanent suspensions was avoided. The CIG-S applied to all workers, on a rotation basis, and the Ministry of Labour offered to guarantee the agreement, committing to 'promote the [...] necessary political initiatives to promote the productive development and the conservation of current employment levels'. The FLM received the agreement positively, as the firings were supposedly avoided.⁹²

The negotiating stance of the FLM was strongly criticised by radical groups, such as the *Comitato Operaio Innocenti*, which accused the factory council of 'overseeing a reduction of jobs', with 'cheap concessions'.⁹³ Indeed, after the agreed three months of CIG-S had expired, management remained adamant in asking for a drastic reduction of employment, which equated to an almost complete shutdown of the factory. At the end of November 1975, Lambrate was shuttered, leading to the

⁸⁹ Innocenti, Accordo fra Leyland Innocenti S.p.a. e Consiglio di Fabbrica, Lambrate, 22/04/1975, ISEC, Innocenti-Castoldi Roberto, b. 1, f. 1.

⁹⁰ Comitato operaio innocenti, Giovedì e Venerdì tutti in fabbrica per rifiutare con i fatti la CIG e i piani padronali, Milano, 21/07/1975, ADL, Innocenti, CDF Lambrate, f. 23.2

⁹¹ FLM, Zona Lambrate, CDF Innocenti Leyland, Lavoratori della Leyland Innocenti!, Lambrate, 29/08/1975, ADL, Innocenti, CDF Lambrate, f. 24.

⁹² FLM, Verbale di accordo per la Leyland Innocenti Italia, Milano, 29/08/1975, ISEC, Innocenti-Castoldi Roberto, b. 1, f. 1.

⁹³ In another flier, the *Comitato Operaio Innocenti* denounced the fact the official unions carried out 'struggles that were not effective, with public protests that looked like religious processions'. Coordinamento Operaio innocenti, No allaccordo! No ai cedimenti!, Milano, 11/09/1975, ADL, Innocenti, CDF Labrate, f. 23.2.

occupation of the plant by the factory council for almost half a year. The FLM immediately noted how the closure of Innocenti represented the first important test of the guaranteed wage policy line of protecting employment while accommodating the process of industrial restructuring. As such, the union tried to build 'vast alliances, unitary and long-lasting', searching for the support of local councillors in Lambrate and the city administration of Milan. By the end of the year the most immediate problem was that, without a credible commitment to re-employment by the management of the company, the intervention of the CIG-S could not be allowed, leaving redundant workers without any form of income maintenance.⁹⁴

In 1975, Innocenti was not the only company to suffer from uncertainty. In the same months, another industrial crisis achieved national notoriety: that of the electro-mechanics company Singer, in Leinì, outside Turin, which produced refrigerators and home appliances. The plant had roughly 2,000 employees and acted as a final assembly facility for many smaller companies in the Piedmont area.⁹⁵ In the summer of 1975, the American proprietor of the company decided to liquidate all of Singer's assets, despite the good technical condition of its machinery. To protest the decision to dismantle the company, the factory council of Leinì entered on a 'permanent assembly', picketing the factory. The unions' stewards of the factory council wanted to resist the company's decision to declare bankruptcy and occupy the whole factory, trying to keep production going despite procurement problems.⁹⁶

This, however, would have prevented the intervention of the CIG-S. Many workers were uncomfortable with the idea of having to forego the income maintenance afforded by short time. The journal *Ombre Rosse* reported how in August 1975, many signs reading 'no to the occupation, yes to the *cassa integrazione*' could be seen around the factory. Eventually the factory council was led to accept a complete suspension of production for the whole workforce. Similar to Innocenti, the shutdown led workers to address public opinion at large, trying to mobilise the citizens and other factories of the Turinese area. One of the most advanced

⁹⁴ The union even managed to mobilise important public figures in favour of the occupation, such as the orchestra director Claudio Abbado, and the Bishop of Milan. FLM Provinciale, Consiglio di Fabbrica Innocenti, Innocenti: il significato di una battaglia, Milano, -/12/1976, ADL, Innocenti, CDF Lambrate, f. 23.1.

⁹⁵ Guido Barberis and Bruno Bottiglieri, *Crisi industriale e governo regionale: il caso del Piemonte* (Milano: Eda, 1979), pp. 167-170.

⁹⁶ Brunello Mantinelli, Domenico Carosso, Cristiana Cavagna and Dino Invernizzi, *Immagini da una crisi: la Singer di Leinì* (Milano: Feltrinelli, 1980), p. 135.

experiments was the creation a radio station to broadcast the grievances of Singer's employees, *Radio Singer*.⁹⁷

In both the Singer and Innocenti cases, it was difficult for organised labour to manage the crisis within the framework of traditional industrial relations. The foreign ownership of the two companies and the dismissive attitude of the managers made it difficult to identify a clear counterpart for negotiations. In time, regional public authorities and the central government emerged as the only counterparts who could steer the restructuring of the plants and guarantee an income to suspended workers. This was particularly the case in Piedmont, where a center-left regional council was more sympathetic towards the workers. Stefano Libertini, Regional Commissioner for Labour and Social affairs, attended Singer's worker assemblies from the very beginning.⁹⁸

At the central level, state intervention was strengthened by enlarging the scope of GEPI's activity. In January 1976, one of the last acts of the DC government led by Aldo Moro was to allow GEPI to create public joint stock companies to take over failed companies.⁹⁹ While the law decree underlined that GEPI would have 'promoted entrepreneurial initiatives' to favour the re-employment of the workforce, the public company was often relegated to a subordinate role, buying out failed enterprises solely to artificially prolong the intervention of the CIG-S. In time it came to be regarded as an 'entrepreneurial leper hospital'.¹⁰⁰ At the end of the year, the GEPI intervened to buy out the Lambrate car company, setting up the Nuova Innocenti, only so that it could continue supply income maintenance through the CIG-S while waiting for private investors.¹⁰¹ Instead, in the case of Singer, it established a temporary administration to help the American ownership find suitable buyers.¹⁰² In both instances, the relaunch of production proved ultimately elusive.

⁹⁷ Enrico Miletto, 'Radio Singer. Una fabbrica, una lotta una radio', *Zapruder* 34 (2015), 138-142.

⁹⁸ FLM, D.Garb, La crisi non può ostacolare le trattative per le aziende, Torino, -/01/1976, AST, FLM di Torino, b. 874, f. 5.

⁹⁹ Decreto Legge 30 Gennaio 1976, n. 9, Interventi Urgenti in favore dei lavoratori di aziende in particolari condizioni, in *Gazzetta Ufficiale*, Serie Generale n. 29, 02/02/1976.

¹⁰⁰ Pierre Carniti, Ristrutturazione investimenti occupazione nel quadro della politica generale ed unitaria del sindacato, Conferenza Nazionale dei Delegati d'Azienda e delle Strutture Sindacali, Rimini, 29-31/05/1975, Archivio Storico CISL (Thereafter ASCISL), Segreteria Generale, Carte della Federazione CGIL-CISL-UIL, b. 31, f. 2.

¹⁰¹ O.C. Avanguardia Operaia, Cellula Innocenti, volantino, Milano, 29/02/1976, ADL, Innocenti, CDF Lambrate, f. 23.2.

¹⁰² Ministero del Lavoro e della Previdenza Sociale, il Ministro Segretario di Stato per il Lavoro e la previdenza sociale, Decreto, Roma, 25/02/1977, AST, FLM di Torino, b. 874, f. 5.

At Singer, the GEPI administration was to last until September 1976, while the Ministry of Industry was tasked with finding new partners. However, private investors did not come forward – FIAT proposed buying out Singer and converting its steel production, but re-employing only a small fraction of the labour force. The American owner – still in formal possession of the company – refused to invest in the routine maintenance of the plant, with the serious risk of compromising machines and the long-term viability of production. In April 1977, the mayor of Leinì decided to expropriate the company for three months, allowing GEPI to carry out refurbishment and renovations to counter the ‘inactivity of the employer [...] which had caused a serious social crisis’.¹⁰³ Eventually, Singer was completely bought out by GEPI. The decision was strongly backed by the regional council and, most importantly, by the workers of the factory council, who were still occupying the plant.

The lack of credible prospects for the recovery of the company, however, soon engendered the protest of organised labour. In March 1977, a union committee bringing together the FLM and the FULC denounced how GEPI lacked a concrete development plan. The absence of credible commitments for the re-employment of the workforce created problems in the concession of the CIG-S, which for months had been the only income lifeline for Singer’s workers. Despite GEPI being a state-owned holding, the Ministry of Treasury often raised doubts about the rightness of allowing short time benefits, creating severe delays. According to the factory council, this was not a simple ‘technical-bureaucratic mismanagement [...], but a political problem’. The obstacles and bureaucratic rigidities of ministerial authorities ‘betrayed the political commitments that government had assumed’.¹⁰⁴

The Nuova Innocenti proved more successful in finding private investors to prop up public ownership. In March 1976, the entrepreneur De Tommaso bought out a majority share of the company from the state, presenting a plan for the complete reinstatement of the workforce.¹⁰⁵ A few months into the deal, however, only two thirds of the workforce was back into the factory, while the remaining 1,400 workers

¹⁰³ Studio Legale BIN, Il Sindaco, nella sua qualità di ufficiale di Governo, Ordinanza, Oggetto: Requisizione dello stabilimento di proprietà della Singer S.p.A., Leinì, -/04/1977, AST, FLM di Torino, b. 874, f. 5.

¹⁰⁴ FLM, FULC, Coordinamento Aziende Ex Ipo-Gepi, Comunicato Stampa, Roma, 05/03/1977, AST, FLM di Torino, b. 874, f. 5.

¹⁰⁵ Consiglio di Fabbrica Innocenti, FLM Provinciale, Innocenti: il significato di una battaglia, Milano, -/12/1976, ADL, Innocenti, CDF Lambrate, f. 23.1.

were still on the CIG-S.¹⁰⁶ The prolonged use of short time for a fraction of the workforce, without any system of turnover with the rest of the employees, took a toll on the mobilisational capacity of organised labour. The Innocenti factory council often lamented how suspended workers stopped participating in assemblies, while, on the other hand, employed workers stopped taking part in shop floor actions for fear of suspensions. This led union stewards to adopt harsh strategies, such as carousels inside the factory to force workers to participate.

Management used the CIG as a lever to threaten the enforcement of greater factory discipline and work pace. De Tommaso always refused to accept incentive bonuses, pay rises and holidays, exploiting production capacity to its maximum and reprimanding strikers, stating that ‘the workers who are willing to work are those who will hopefully allow the reemployment of those who are still suspended’.¹⁰⁷ In another instance, the management of Innocenti tried to pit workers against one another, pointing at suspended employees as parasites. Whenever the FLM staged protests to request the re-employment of their colleagues, De Tommaso hung a sign on the gates of Lambrate, reminding strikers that ‘those who participate in the picket lines do not get paid, while your redundant colleagues still receive the *cassa integrazione*’.¹⁰⁸ By the end of 1977, Innocenti was employing only 2,000 workers, less than half of the number three years prior.¹⁰⁹

4.5 Worker control and industrial policy

In 1977, the worsening of major industrial crises and the increase in the level of company indebtedness, preventing further private investments, made the shortcomings of state intervention more glaring, as the increasingly welfarist use of the CIG-S offered scant prospects for re-employment. The need to rationalise the system of governmental intervention in the economy coupled with the bottom-up pressures of organised labour for a profound revamping of national industrial policy.

¹⁰⁶ O.C. Avanguardia Operaia, Cellula Innocenti, volantino, Milano, 29/2/1976, ADL, Innocenti, CDF Lambrate, f. 23.2.

¹⁰⁷ Nuova Innocenti, L’amministratore delegato De Tommaso al Consiglio di Fabbrica e p.c. ai dipendenti, Lambrate, 16/06/1976, ADL, Innocenti, CDF Lambrate, f. 23.2.

¹⁰⁸ Nuova Innocenti Alejandro De Tommaso al Consiglio di Fabbrica, Lambrate, 14/11/1978, ADL, Innocenti, CDF Lambrate, f. 23.2.

¹⁰⁹ FLM, imprimere una svolta decisiva alla vertenza, Zona Lambrate, 20/05/1978, in ADL, Innocenti, CDF Lambrate, f. 23.2.

In August 1977, the Parliament approved law n. 675 for industrial restructuring and reconversion, under the auspices of the Minister of Industry, Carlo Donat-Cattin. The law represented a real watershed in the history of Italian industrial policy, attempting for the first time to create a coherent framework of economic planning - going past the fragmentary and extemporaneous nature of the system of industrial intervention inherited from the 1960s.¹¹⁰ The first proposals for an overhauling of Italian industrial policies had been formulated in 1974, in the wake of the first slump of the international market, but took time to be implemented at the legislative level and even more time to become effectively operational.¹¹¹

The new law streamlined the decision-making process behind the formation of industrial policies, distinguishing more clearly between the jurisdiction of the government, ministerial bureaucracies, and local authorities. It instituted the Inter-ministerial Committee for Industrial Policy (CIPI), bringing together six different ministries, including those of labour and industry, formally chaired by the Prime Minister and attended by a representative of the Bank of Italy. The statist model of continental industrial policy deeply influenced the institutional design of the CIPI. Like the French system of centralised industrial planning, the CIPI was tasked with the development of four-year industrial plans to act as a blueprint for the government.¹¹² These were to be articulated in various sector specific plans to place industrial reorganisation in a broader framework, allowing the restructuring of firms and the eventual collapse of the most troubled ones while guaranteeing the defense of total employment levels.¹¹³ The CIPI was also endowed with special funds to provide credit subsidies for firms who wanted to introduce technological innovation and conform to the directives of the committee.¹¹⁴

The development of sector plans was accompanied by the creation of new venues for the consultation of interest groups. As argued by Richard Locke, the French model was not the only one that Italian policymakers looked at when attempting a reform of Italian industrial policy. Law n. 675 set up sector specific

¹¹⁰ Balcet, *L'economia italiana*, p. 68.

¹¹¹ Romano Prodi, 'Italy', in *Big Business and the State: Changing Relations in Western Europe*, ed. Raymond Vernon (Cambridge MA: Harvard University Press, 1974), 45-63.

¹¹² Locke, *Remaking the Italian economy*, p. 43.

¹¹³ Carlo S. Pasini, *Economia industriale. Economia dei mercati imperfetti*. (Roma: LUISS University Press, 2013), pp. 390-391.

¹¹⁴ Francesco Silva and Riccardo Gallo, 'Sul coordinamento della politica industriale', *Economia e politica industriale* 4 (2005), 5-20, at p. 9.

committees in which experts from the administration met with representatives of the unions and *Confindustria*, to receive the desiderata of the business association and organised labour on the drafting of the plans. These were then subjected to the approval of a bicameral committee. This multi-level consultation system was in explicit emulation of the institutional design of Scandinavian economic policymaking.¹¹⁵

Given the increased participation of organised labour to the process of policy formation, it is no surprise that the unions were initially favourable to such a redesign of industrial policy. On paper, law n. 675 afforded labour representatives greater control over governmental decision-making and the allocation of public resources, offering a political *quid pro quo* in exchange for union moderatism. According to Bruno Trentin, industrial planning was the only path for the Italian labour movement to resist the ‘politics of integration’ of the working class to the capitalist system.¹¹⁶ The explicit focus of law n. 675 on industrial sectors allowed the unions to tackle business crises and the defense of employment without concentrating on single companies – in some cases, inexorably doomed to fail – all the while pushing to correct regional imbalances and redirect new investments towards the most depressed areas. Luciano Lama echoed the need to broaden the perspective of organised labour in 1976, stressing that:

‘the economy of an industrialised country is a system with a lot of interlocking elements that requires a [...] exercise of political direction. [...] The union, isolated at the level of the factory cannot hope to exert influence on investments and employment, without getting into other aspects of the managerial process. [...] If the unions are kept outside of economic decision making, they risk flowing back into individualism and corporatist positions that would pose a danger to democracy’.¹¹⁷

Law n. 675 intended to get rid of the most welfarist aspects of employment creation policies and business rescues, redressing at the same time the confused institutional arbitrariness that characterised national industrial policies. The first step was the reform of the GEPI. Organised labour often denounced how the public holding continued to receive financial support while pursuing a ‘case by case policy, without any kind of programming plan’, failing to secure an enduring recovery of

¹¹⁵ Locke, *Remaking the Italian economy*, p. 42.

¹¹⁶ Bruno Trentin, *Da Sfruttati a Produttori: lotte operaie e sviluppo capitalistico dal miracolo alla crisi* (Bari: De Donato, 1977), p. 136.

¹¹⁷ Luciano Lama, *Intervista sul sindacato* (Bari: Laterza, 1976), pp. 114-115.

production in the companies it was supposed to salvage. The new law tied more directly the workings of GEPI to the direction of the CIPI, compelling the state industrial holding to submit a term report detailing restructuring and reconversion plans for its various enterprises.¹¹⁸

The CIG-S should have assumed a lynchpin role in this new industrial policy framework. As noted by the ISPE, the governmental research centre for economic planning, short time was supposed to act as a pivot for the whole system, to carry out reconversion plans and coordinate the intervention of credit allowances and other financial support instruments for distressed companies, allowing income maintenance for employees while the restructuring of production was carried out.¹¹⁹ Law n. 675 made no explicit reference to standard unemployment insurance, but further extended the scope of the CIG-S. Article 21 allowed its intervention ‘in specific cases of business crisis that have a relevant impact on local employment and the productive situation of the sector’. Law n. 675 broadened the flexibility of the CIG-S, but also centralised its governance, granting complete and discretionary control over short time benefits to the CIPI. The inter-ministerial committee was tasked with ascertaining the causes for the intervention of the CIG-S and issue the relative decrees for its concession, arbitrarily deciding the social relevance and regional extension of employment crises.¹²⁰ The law increased the flexibility of the CIG-S but dis-entangled it from the concrete processes of industrial restructuring and the pre-requisite of the re-employment of the workforce, allowing it to intervene to stem the social crises subjectively identified by the CIPI. This represented a further step in the transformation of short time into an all-out welfare policy device.

Intervening at a conference on the management of industrial conflict in Europe, held at the European University Institute in 1978, Ezio Tarantelli underlined the conundrum facing policymakers. In his view, Italy had become a ‘Pompeian economy’: the absence of an ‘adequate social security system’ led organised labour to a strong opposition against any kind of layoffs. Against such rigidity, the employers replied through a ban on new hiring, effectively halting employee turnover. The

¹¹⁸ FLM, Ufficio Sindacale Federazione Lavoratori Metalmeccanici, a tutte le FLM Regionali e FLM provinciali, Direttivo CIPI per la GEPI SpA, Roma, 15/05/1979, AST, FLM di Torino, b. 56, f. 1.

¹¹⁹ ISPE, *Gruppo Politiche del Lavoro, Rapporto sulla Cassa Integrazione Guadagni* (Roma: Istituto di Studi per la Programmazione, 1983), pp. 5-12.

¹²⁰ Legge del 12 agosto 1977 n. 675, Provvedimenti per il coordinamento della politica industriale, la ristrutturazione, la riconversione e lo sviluppo del settore, *Gazzetta Ufficiale*, Serie Generale n. 243, 07/09/1977.

Italian industrial labour market thus ended up ‘with workers who are embedded like the dead of Pompei, fixed in factories that don’t produce, don’t hire and don’t fire’.¹²¹

To cope with this situation, articles 22 to 26 of law n. 675 instituted regional and central level commissions to favour worker mobility and direct transfers out of crisis-ridden companies. Representatives of regional governments and local labour offices composed the board of these new institutions. At the central level, the commission was chaired by the Minister of Labour and composed by the Director Generals of the Ministry. At both levels, organised interest groups were present through representatives from the unions and the employers. Working together with job placement offices, the commissions had to oversee regional and inter-regional worker mobility, finding employment opportunities for redundant workers. This required a system of ‘permanent consultation’ with employers and organised labour, to acquire the necessary data on local labour markets and negotiate transfers directly.¹²²

The law recognised the inevitable need to favour worker mobility as the only way to avoid the fossilisation of the Italian labour market. However, it also afforded redundant workers a series of benefits that drove a wedge between the core industrial working class and the other unemployed. When the CIPI recognised the existence of a sector or company-specific crisis, the workers fired through collective dismissal procedures did not end up on the normal list of the *collocamento*, the job placement office, with all the other job seekers, but on a separate list of ‘workers in mobility’, from which employers could pool for direct transfers. At the local level, the shady mechanisms of jobs offices made it difficult to balance between the two lists.

Throughout the post-war period, organised labour had always fought to contrast the influence of employers on the workings of the *collocamento* - demanding, for instance, the abolition of nominative hiring, easily subject to abuse and discrimination – but the level of political interference remained high.¹²³ The unions found themselves in an uncomfortable position. Law n. 675 gave organised labour the highest number of representatives in regional mobility commissions, effectively granting them control over direct worker transfers. However, it did not solve the basic contradiction between

¹²¹ Tarantelli, ‘The management of industrial conflict’, p. 18

¹²² Legge del 12 agosto 1977 n. 675, Provvedimenti per il coordinamento della politica industriale, la ristrutturazione, la riconversione e lo sviluppo del settore, Gazzetta Ufficiale, Serie Generale n. 243, 07/09/1977.

¹²³ Musso, *Le regole e l’elusione*, p. 383.

the interests of redundant workers, the bulk of union constituencies, and the young *lumpen* and other categories of workers registered at the labour office.

In the city of Naples, the tension between the core industrial workforce and the wider galaxy of unemployment became an open conflict. In the south of the country, the structural nature of unemployment and criminal infiltration in the management of the labour market made it more difficult for both the state and organised labour to manage the *collocamento* in an equitable manner. In the previous chapter, we mentioned the rise in late 1974 of the movement of the *Disoccupati Organizzati* in Naples, championing the rights of the unemployed and clamouring for a guaranteed wage. The actions of the committee for the unemployed continued to grow until the end of 1977, even leading to the election in Parliament of their leader Domenico Pinto, in the ranks of *Democrazia Proletaria*.¹²⁴ The group often stormed the local labour office and the city council, demanding the hiring of its members through public work programs and in the administration of the city of Naples. The movement achieved some notable successes and was able to create a mass following, often in opposition with the corporatist tendencies of organised labour and the local unions. Enrico Deaglio, chief editor of *Lotta Continua* in 1977, framed the experience of the organised unemployed committee as ‘the last utopia of the last against the guaranteed’.¹²⁵

The creation of a two-track system of job placements, with a mobility list that ran parallel to the ordinary *collocamento* established a clear division between the general unemployed and the redundant workers from large companies, fracturing the political bases of the labour movement. These differences were exacerbated by the uneven social policy treatment of the two categories. While most unemployed relied on the weak cushion of standard insurance, employees on mobility could gain access to the CIG-S. Short time benefits played a pivotal role in guaranteeing the income of workers transitioning from one job to another. In the formulation of the law, companies could file a list of surplus workers to local mobility commissions, which would then attempt to find new employment opportunities. For the whole duration of

¹²⁴ Ramondino (Ed.), *i Disoccupati Organizzati*, p. 20.

¹²⁵ Enrico Deaglio, *Patria 1967-1977* (Milano: Il saggiatore, 2010), p. 419.

the redundancy, while the commission consulted with employers and the unions, workers on mobility were afforded a full CIG-S.¹²⁶

The need to foster worker mobility was accepted almost unanimously by all the political parties and organised interest groups, though the meaning attached to it greatly differed. Towards the end of 1977, the political parties that supported or abstained from the national solidarity government of Giulio Andreotti, including the PCI, presented the Prime Minister with an economic plan – which the Christian Democrat journal *Civiltà Cattolica* re-labelled ‘the plan of six’- asking for ‘additional resources to fund labour mobility and new measures to favour a solution to structural manpower surpluses [...] through an exquisitely political agreement’.¹²⁷

In October 1977, the employers’ association submitted its own plan, called Operation Development, to the government. This plan offered a solution to the economic crisis which was ‘not a welfarist one, but which respected the dignity of labour and the function of entrepreneurship’. *Confindustria* hoped to contain inflation without impairing economic development, fighting against the ‘unproductive areas [...] of the public sector’ and by increasing the utilisation rates of industrial plants, thus freeing the resources needed to stimulate employment creation. Labour flexibility figured prominently among their objectives. One of the main problems identified by the employers was the fact that ‘the unions had practically cancelled out labour mobility. This imposed constraints on capital utilisation that impaired industrial production’.¹²⁸

Despite its initial opposition, even organised labour accepted inter-firm mobility, regarding it as a more viable alternative to massive layoffs. However, it demanded a strong system of public oversight to ensure the necessary guarantees for redundant workers who were switching jobs. These proposals were formulated in the three-year plan discussed by the executives of the CGIL-CISL-UIL in mid-January 1978.¹²⁹ Emilio Reyneri identified, in the period between 1976 and 1979, a shift in union policies from an ‘offensive rigidity’, based on the improvement of worker

¹²⁶ Aviana Bulgarelli, *Crisi e mobilità operaia* (Milano: Mazzotta, 1978). For a historical background see Francesco Piva, ‘Classe Operaia e Mobilità Del Lavoro Di Fabbrica’, *Studi Storici* 2 (1986), 245–263.

¹²⁷ Andrea Caruso, ‘Sindacati e patto sociale’, *La Civiltà Cattolica* 1 (1978), 383-395, at pp. 383-384.

¹²⁸ Confederazione Generale dell’Industria Italiana, *Operazione sviluppo e mezzi di informazione*, (Roma: SIPI, 1978), pp. 32-34.

¹²⁹ CGIL-CISL-UIL, ‘Comitato Direttivo Unitario, Proposte per una svolta di politica economica e di sviluppo civile e democratico Roma 13/14 gennaio 1978’, *Rassegna Sindacale* 2 (1978), II-XV.

conditions through greater control on industrial organisation, to a ‘defensive rigidity [...] understood as the simultaneous protection of both the working class in large-scale industry and the unions’ own organisations’. In the absence of decent unemployment compensation, Reyneri pointed out, ‘a more pragmatic policy began to take shape, distant from the more traditional ‘guaranteeist and universalistic-statist’ tendencies of the unions.¹³⁰

This road was not without danger. Already in 1975, Antonio Lettieri, member of the secretariat of the FLM, had warned in the review *Consigli*: ‘the government and the employers do not understand labour mobility as transfer from one job to another, but from employment to the placement office’. Blindly accepting the request for mobility risked ‘changing the nature of organised labour, leading it to a co-management of capitalist recovery’.¹³¹ In this light, it is understandable why the unions initially welcomed positively the new regulatory framework introduced by law n. 675, allowing them to participate in the coordination of worker mobility. In some cases, it was organised labour itself that pushed employers to resort to external mobility for redundant workers, fearing that the simple income assistance of the CIG-S would be a precarious prospect.

The vicissitudes of the Singer workforce are exemplary of the attempt of organised labour to control inter-firm mobility in favour of labour market insiders. In April 1977, the FLM noted that the GEPI was unable to provide any viable plan for a solution to Singer crisis, and worried that the provision of CIG-S allowance might expire. The FLM wanted to avoid ‘scorching defeats in the fight for employment’ that would open the door to layoffs also in other factories of the area, ‘offering instead a new vision of efficiency to liquidate any form of welfarism’. The request was to allow the mobility of Singer’s workers across other companies, as a way to ‘to guarantee employment, in every sector and territory, also involving the region and other local authorities’.¹³²

As law n. 675 was still going through the process of parliamentary approval, the mobility of Singer workers had to be managed in a highly informal way, mobilising the factory councils of major companies in Piedmont – such as FIAT - to request they

¹³⁰ Reyneri, ‘The Italian Labour Market’, p. 138.

¹³¹ Antonio Lettieri, ‘Oltre la Crisi di Governo’, *Consigli* 15 (1975), 3-4.

¹³² FIM-FIOM-UIL, Centro Operativo Unitario, a Segreteria FLM, Segreteria Federazione CGIL-CISL-UIL, Coordinamenti FLM, Note sulla situazione Singer, Torino, 05/04/1977, AST, FLM di Torino, b. 874, f. 5.

hire redundant workers from Singer. This represented an important test bed for the organisational capacity of the metalworking union and could serve to make employees in other factories aware of wider employment problems, ‘making them also responsible towards Singer workers’.¹³³

During the summer of 1977, the strategy met with relative success, with FIAT agreeing to an initial hiring of 100 workers.¹³⁴ Despite the activism of organised labour and the support of regional authorities, however, the flaws in the institutional set up meant to coordinate worker mobility soon became apparent. Without a system to actually enforce the transfer of workers to other companies, the unions and the state, particularly at a central level, had no way other than relying on the pledges of employers. In the case of Singer, in October 1977 it was decided that the businessman De Benedetti would take over the plant and rehire at least 500 workers, while another 300 were meant to be re-employed in the company Magic Chef. By the end of November, however, despite the intervention of the Ministry of Industry, the latter had reneged on its initial offer, while the former had substantially scaled down the number of workers it was willing to employ. By mid-1978, the Ministry of Industry, Carlo Donat Cattin decided to suspend his efforts, despite the fact that only a fraction of Singer workers had received an actual offer of re-employment, with a total of 1,220 workers still on the CIG-S.¹³⁵

Guerrino Babbini, a worker-priest employed by Singer, recounts how as the prospects of mobility for all started to fade, the mobilisation of workers grew dim: ‘in the year 1978 we found ourselves a bit disintegrated. The very *cassa integrazione*, which we asked to enable us to fight longer, with its irregularities and delays, looked like a faucet in times of drought.’ While companies were required by law to anticipate the allowance of short time and later be reimbursed by the INPS, the precarious economic conditions of Singer made it impossible to ensure the steady flows of benefits. ‘This led many workers to distance themselves for occasional jobs or for good. Black market work [...] was condemned by all but accepted due to necessity.’¹³⁶

¹³³ Ibidem.

¹³⁴ Barberis and Bottiglieri, *Crisi industriale e governo regionale*, pp. 167-170.

¹³⁵ Ibidem, p. 239, see also Adriana Castagnoli, *Da Detroit a Lione: trasformazione economica e governo locale a Torino (1970-1990)* (Milano: FrancoAngeli, 1998), p. 90.

¹³⁶ Guerrino Babbini, *Quando la Fede e la Lotta sono di Classe* (Torino: Youcanprint, 2015), pp. 384-394; Gianluca Favetto, ‘Il Sacerdote Rosso Ribelle di Cristo’, *La Repubblica*, 23/08/2011, retrieved from <http://ricerca.repubblica.it/repubblica/archivio/repubblica/2011/08/23/il-sacerdote-rosso-ribelle-di-cristo.html>, 29/03/2018 at 17.33 GMT.

The mismanagement of mobility for the redundant workforce of Singer showed that a huge discrepancy existed between the legislation on employee transfers and the practical way in which inter-firm mobility was actually carried out. Public authorities had no way of guaranteeing that private entrepreneurs would commit to the hiring of redundant workers. Organised labour could count on its territorial and plant-level structures to coordinate worker mobilisation so as to put pressure on the employers, but the prolonged use of the CIG-S weakened its organisational strength, impairing the participation of workers in strikes and demonstrations.

Despite the obvious risks and practical lack of guarantees that inter-firm mobility entailed for the unions, the federal directive of CGIL-CISL-UIL saw no other alternative than to offer negotiated market flexibility. In January 1978, it was Luciano Lama himself who laid bare the blueprint of the union strategy in the aforementioned interview with *La Repubblica*, significantly titled ‘the sacrifices we ask of the workers’. The general secretary of the CGIL stated that the first objective of the labour movement was to bring down unemployment, which represented a ‘tragic and distressing issue, to which all other objectives have to be sacrificed’, including the betterment of working conditions for the already employed. The reform of short time work and labour mobility figured prominently in the plan put forward by Lama. In his interview, Lama explicitly stated that the ‘CIG had to be revised from top to bottom’ as it was impossible to ‘keep forcing companies to keep a workforce beyond their productive capacity on their payroll, [...] nor pretend that short time would assist redundant workers permanently’. The CGIL-CISL-UIL needed to strive ‘for an effective mobility of the workforce and an end to the system of permanently assisted work’, accepting that ‘when companies are in a certified crisis, they have the right to lay off workers’.¹³⁷

The abandonment of the principle of the complete guarantee of the wage represented one of the biggest upheavals in trade unions strategy since the Hot Autumn. This did not mean that redundant workers would be left to their fate. The proposal of the unions was to further strengthen the two tracks job placement system, creating a special list of laid-off workers who would have absolute priority over re-employment. The severe social injustice of creating competition between the core

¹³⁷ Lama, ‘i sacrifici che chiediamo agli operai’, p. 3.

workers and the precarious unemployed did not escape Lama, but the general secretary accepted it as inevitability:

‘the concession we are ready to make in accepting layoffs and limitations to the CIG is already enormous: there is a general interest in not making certain social situations even more dramatic and explosive. Until economic development has restarted, the protection of redundant workers has to be prioritized above others. It is an injustice, but practically it would be folly not to commit to it’.¹³⁸

In March 1978, the government seemed to accommodate some of the demands of the unions, strengthening the guarantees behind worker inter-firm mobility. At the end of the month, the Minister of Labour, Luigi Scotti introduced decree law n. 80 to cope with the social emergency of many suspended workers who had found themselves without the provisions of the CIG-S due to the low cash flow of crisis-stricken companies. The decree allowed the INPS to pay short time benefits directly to redundant workers, bypassing the employer.¹³⁹ During the parliamentary discussion, various MPs across the political spectrum noted how many workers were fearful of accepting mobility, because if the new enterprise that offered them a job ended up not hiring them after their trial period, they would lose the benefits of the CIG-S. Decree law n. 80 made it so that employees who did not pass their trial period in the new job would be able to go back to their previous job, thus continuing to benefit from the income assistance of short time.¹⁴⁰

In order for mobility to actually work, workers transitioning from one job to the other had to be endowed with the necessary skills. Inter-company mobility often entailed a change in tasks within the same industrial trade or a change of sector altogether, requiring a drastic updating and re-skilling of the professional toolkit of redundant workers. Since 1975, organised labour had been vocally requesting the CIG-S be made conditional upon the organisation of professional courses – ideally to be held inside the factories and jointly planned by the unions and employers under the supervision of state authorities. The rapid pace of technological change on the

¹³⁸ *Ibidem*.

¹³⁹ Legge 26 maggio 1978, n. 215, Conversione in legge, con modificazioni, del decreto-legge 30 marzo 1978, n. 80, concernente norme per agevolare la mobilità dei lavoratori e norme in materia di Cassa integrazione guadagni, *Gazzetta Ufficiale*, Serie Generale n. 145, 27/05/1978.

¹⁴⁰ Camera dei Deputati, Seduta di Martedì 9 Maggio 1978, Conversione in legge, con modificazioni, del decreto-legge 30 marzo 1978, n. 80, concernente norme per agevolare la mobilità dei lavoratori e norme in materia di Cassa integrazione guadagni, *Atti Parlamentari*, Camera dei Deputati, VII legislatura, Discussioni (Roma: Camera dei Deputati, 1978), pp. 17045-17059.

assembly line made the unions worry that prolonged redundancy would impoverish and erode the skills of suspended employees.¹⁴¹

Law n. 675 established directives regarding this: the regions were tasked with the practical organisation of professional courses for redundant workers, taking into consideration business needs and the desiderata of plant-level unions. For organised labour, the courses served a double purpose: on the one hand, they helped update the skill of the workforce, increasing the bargaining power and appeal of individual employees in a rapidly changing labour market. On the other hand, professional and re-skilling classes served the crucial aim of keeping redundant workers occupied and socialised to industrial work, even in periods of prolonged idleness. Attending the courses helped individuals perceive themselves as part of the social body of the factory and offered hope for the perspective of an actual re-employment.

Innocenti was an early test bed for the functioning of training courses. The organisation of the classes immediately became a centrepiece in the negotiations between the new owner De Tommaso and the factory council. By mid-1977, the socially disintegrating effects of prolonged suspensions were taking a toll on the mobilisation capacity of the factory council.¹⁴² To resist the unraveling of shop floor organisation, the FLM and the factory council invested a lot of effort and resources into the development of a retraining plan for redundant workers. The initial agreement signed by De Tommaso in March 1976 envisaged the full re-employment of workforce but made the granting of short time benefits conditional on the organisation of professional classes, with the help of the region and with a substantial contribution of 1 billion lire of state aid.¹⁴³

The courses would start by the beginning of June 1977, and were supposed to last until September 1978, involving more than a thousand employees. In the words of Myriam Bergamaschi, the union officer in charge of the organisation of the classes, the idea behind it was to avoid ‘making workers a simple appendix to the factory’ and a passive object in the process of industrial restructuring.¹⁴⁴ The program of the course

¹⁴¹ Mirella Giannini and Gabriele Sforza, ‘La formazione professionale: esigenze e occasioni di intervento’, *Studi di sociologia* 2 (1986), 239-248, at p. 242.

¹⁴² L’amministratore delegato De Tommaso al Consiglio di Fabbrica e p.c. ai dipendenti, Nuova Innocenti S.p.a., 16/06/1976, ADL, Innocenti, CDF Lambrate, f. 23.2.

¹⁴³ Regione Lombardia, Progetto di Corsi di riqualificazione professionale alla Nuova Innocenti, ANAP, Milano, -/08/1977, ADL, Carte Myriam Bergamaschi, f. 12.5.

¹⁴⁴ Myriam Bergamaschi, Contributo al Seminario su formazione professionale nei processi di riconversione produttiva, alcune considerazioni a partire dal caso innocenti, Milano, -/1977, ADL,

focused on the specific set of skills required by the production process, but also implemented notions of industrial organisation and history of technology, as well as a seminar that re-traced the history of labour struggle at Innocenti. The objectives of the course were ‘the social re-aggregation of the workers scattered by the CIG through a meaningful collective effort’ and the ‘strengthening of single worker bargaining power in the job market’.¹⁴⁵

The content of the professional courses was not only practical, but also political in its nature, serving to bolster the mobilisation power of the factory council. Given this, it does not come as a surprise that the management at Innocenti barely suffered the retraining courses and took no part in shaping their content. The classes were not fine-tuned to the industrial needs of Innocenti, with a clear mismatch between the skills that were taught and the shape-shifting production plans of the company. The workers, for example, were trained to take up the production of a new model of motorbike that never materialised. When the company meddled directly in the courses, it did so by disrupting their pattern, temporarily recalling suspended employees to cover up for absentees and sick workers on a daily basis.¹⁴⁶

Even in terms of political representation, redundant workers attending the courses were often hampered from participating in union events. The concession of CIG-S was tied to their attendance in classes and management often used their participation in worker assemblies and strikes to cut them off or delay money transfers. By the beginning of 1978, the uncomfortable situation at Innocenti was summed up by the factory cell of the minor radical group, the *Movimento Lavoratori per il Socialismo*, which denounced the empty promises of the agreement of March 1976 in a very clear-cut way: ‘it disregarded restructuring plans, nonexistent financials, eternal and useless requalification courses, increases in the tempo of production, a complete refusal to negotiate already agreed upon incentives, holidays and pay rises’.¹⁴⁷

In the end, the retraining courses at Innocenti proved to be a failure. Instead of favouring the re-employment of redundant employees, the workforce was trimmed

Carte Myriam Bergamaschi, f. 12.1.

¹⁴⁵ FLM, Rapporto Conclusivo del Direttore dei Corsi (Prof. A. Costa), Milano, -/07/1978, ADL, Carte Myriam Bergamaschi, f. 12.4.

¹⁴⁶ Ibidem.

¹⁴⁷ Movimento Lavoratori per il Socialismo, La Politica di De Tomaso all’Innocenti, puntare la pistola contro gli operai e poi licenziarli, Lambrate, 22/02/1978, ADL, Innocenti, CDF Lambrate, f. 23.2.

down even further. By 1980, after another slump in the European car market, no more than 1,100 employees remained in the Lambrate factory. The failure of retraining classes, however, cannot be ascribed to the company alone, but also to the incapacity of organised labour to understand the shifting attitude of a previously highly politicised workforce. An instructor at Innocenti, for example, recalls how the content of the course was ‘too complex and abstract’ for the sociocultural level of the participants. ‘The workers considered the courses to be a dead end’, displaying a ‘passive attitude that often translated into an open refusal of the teachings’.¹⁴⁸ The inspiration behind professional classes for redundant employees was to reconcile job security, the defence of union organisation and workforce re-skilling. Ultimately, they unravelled in the face of the increasing disaffection of suspended employees, demotivated by months of redundancy.

Law n. 675 achieved its objectives only partially. Despite the fact that the CGIL-CISL-UIL accepted labour market flexibility in principle and that a specific legislation was designed to foster employees’ mobility, the three years following the approval of law n. 675 showed a strengthening of the welfare character of CIG-S. Between 1977 and 1980 the CIPI accepted 1,219 applications for short time work 61% of which due business crises, with no perspective for the full re-employment of the workforce, against only 39% for cases of restructuring and reconversion.¹⁴⁹

By the end of the decade, a report of the Bank of Italy noted that the CIG allowed employers to lighten excessive workforce burdens and introduce greater flexibility, but it was still unclear whether the Italian industrial system had ‘grasped this opportunity to recover the lost efficiency and set the basis for a rediscovered modernity’. The report noted how ‘law n. 675 strengthened the industrial policy instrument of the CIG, but also emphasised its social and welfarist aspect’. In the second half of the 1970s, the distribution pattern of short time grew more concentrated both in terms of region and industrial sectors. In 1975, the metalworking, textile and chemical sectors, with a combined industrial employment weight of 60%, absorbed almost 70% of all CIG expenses. In 1980, employment in these three sectors had dropped to 59% of the national total, but the total number of

¹⁴⁸ Paolo Borlotti, *Relazione Relativa ai gruppi 17 montaggio, 5 transfer, 7 frese, 11 rettifiche*, Milano, 31/03/1978, ADL, Carte Myriam Bergamachi, f. 12.1.

¹⁴⁹ ISPE, *Gruppo Politiche del Lavoro*, pp. 15-16.

CIG hours grew to 77%. The downsizing of traditional industrial sectors was accompanied by an increasing usage of short time work. However, this did not serve to favour industrial restructuring and the recovery of production, but rather to cushion the social impact of redundancies, down the road of deindustrialisation.¹⁵⁰

The national industrial census, published in 1981, confirmed the crisis of the industrial organisation model based on the large factories. Throughout the 1970s, plants with more than 1,000 employees lost close to a fourth of their total workers, while those between 500 and 1,000 employees saw their total employment reduce by more than an eighth.¹⁵¹ The number of small and medium size enterprises, employing up to 100 workers, grew both in number of total units and employment, underscoring the rise of a new industrial model based on networks of smaller units clustered together in the same production chain. This, however, only served to counterbalance the employment losses of bigger companies.¹⁵²

Social policy moved in to compensate the deficiencies of development policies. In 1979, the welfare character of the CIG-S was sanctioned by the approval of law n. 301, which updated short time regulation for failed enterprises. The new dispositions were blatant in their formulation, accepting the use of the CIG-S as a surrogate for unemployment welfare. In case a company suffered a severe crisis and was forced to resort to collective firings, 'their efficacy would be suspended and the employment relations proceed only so the CIG-S can be granted [...] for a maximum period of 24 months'.¹⁵³ Law n. 301 sanctioned an almost official equation between the workings of short time benefits and the principle of unemployment assistance. It extended a *modus operandi* of social policy that had already been prevalent in the south of the country since at least two years prior, when decree law n. 291 granted short time benefits for all the workers in southern regions who were left idle 'after the completion of

¹⁵⁰ Giovanni Bodo and Ignazio Visco, 'Costi e Profitti nel settore industriale: aggiornamenti e revisione metodologiche', *Banca d'Italia Supplemento al Bollettino Statistico*, 7 (1983), quoted in ISPE, *Gruppo Politiche del Lavoro*, pp. 12-13.

¹⁵¹ Piero Bolchini, 'Piccole e grandi industrie, liberismo e protezionismo', in *Storia Economica d'Italia*, 3. *Industrie, mercati, istituzioni*, 1. *Le strutture dell'economia*, eds. Pierluigi Ciocca and Gianni Toniolo (Bari: IntesaBci-Laterza, 2002), 347-426, at pp. 414-417.

¹⁵² Berta, *L'Italia delle Fabbriche*, p. 250.

¹⁵³ Legge del 27 luglio 1979, n. 301, Conversione in legge del decreto-legge 26 maggio 1979, n. 159, concernente norme in materia di integrazione salariale a favore dei lavoratori delle aree del Mezzogiorno, *Gazzetta Ufficiale*, Serie Generale n. 205, 27/07/1979.

industrial plants, large-sized public works or any other kind of work financed through state funds'.¹⁵⁴

By the beginning of the 1980s, just a few years after its approval, law n. 675 seemed to have fallen short of its objectives.¹⁵⁵ The new industrial policy framework failed to foster employment creation and redress the industrial crisis of major businesses. The objectives set forth by the law, albeit numerous, remained generic, while sector plans did not provide a clear indication of industrial policy. The decision-making process was extremely centralised and remained concentrated within the CIPI.¹⁵⁶ The Inter-Ministerial Committee, however, lacked institutionalised and codified venues for the consultation of organised interest groups. This created a situation of 'absolute discretionality'. The lack of clear guidelines led to the formation of tight links between the public administration and the very subjects who received financing, in a context of arbitrariness and discretion, with the establishment of a clientelist system in which single companies translated their political weight into a preferential access to the CIPI and the decision-making loci of industrial policy.¹⁵⁷

According to Franco Momigliano, one of the foremost scholars of Italian industrial policy, the credit incentives and investments of the CIPI started to resemble a 'rain of subsidies', with no criteria of selectivity as to which companies and industrial sectors to favour in order to relaunch employment and foster innovation in the industrial system.¹⁵⁸

The failure of industrial policy underscored the further extension of short time work, and particularly of the CIG-S, to cover the lack of standard unemployment insurance. The ambition of the 1975 guaranteed wage agreement was to make short time an instrument to foster the transformation of the Italian industrial system, allowing employers the necessary flexibility to carry out business restructuring while offering protection to temporarily redundant workers. In the absence of sound

¹⁵⁴ Legge 8 agosto 1977, n. 501, Conversione in legge, con modificazioni, del decreto-legge 10 giugno 1977, n. 291, concernente provvidenze in favore dei lavoratori nelle aree dei territori meridionali, *Gazzetta Ufficiale*, Serie Generale n. 220, 12/08/1977.

¹⁵⁵ Fabrizio Traù, 'Logica di un sistema di sostegno alle imprese. La politica industriale italiana dal secondo dopoguerra a "Industria 2015"', *Economia e politica industriale* 4 (2009), 89-113.

¹⁵⁶ Francesco Cavazzuti, 'La Riconversione Industriale: il quadro legislativo ed i compiti del sindacato', in *Quaderni di Fabbrica e Stato. Crisi Occupazione e Riconversione 2*, ed. CENDES (Torino: Rosenberg & Sellier, 1977), 9-20; Antonio Lettieri, 'Introduzione', in *Quaderni di Fabbrica e Stato. Crisi Occupazione e Riconversione 2*, ed. CENDES (Torino: Rosenberg & Sellier, 1977), 5-8.

¹⁵⁷ Claudio Napoleoni, 'Relazione', in *Quaderni di Fabbrica e Stato. Crisi Occupazione e Riconversione 2*, ed. CENDES (Torino: Rosenberg & Sellier, 1977), 33-43.

¹⁵⁸ Franco Momigliano and Graziella Fornengo, 'Quadro Generale', in *Le Leggi della Politica Industriale in Italia*, ed. Franco Momigliano (Bologna: il Mulino, 1986), 7-32, at p. 10.

employment creation policies, however, the CIG became a simple instrument of social policy to offer income maintenance to labour market insiders, discharging the costs of business crises and market volatility on manpower policies.

The imperfect system of corporatist bargaining that dominated Italian industrial relations in the second half of the 1970s goes a long way into explaining the distortion of unemployment social policy. The leadership of organised labour accepted the need for conflict moderation and labour market flexibility. This was due to the pressure of the economic crisis but also to the belief that the new politics of the historic compromise had opened new channels for the unions to influence the policymaking process. The state, however, lacked the necessary institutional tools to guarantee a balanced political exchange with the employers. The venues for the consultation of social partners remained highly informal and non-binding, missing an enforcement mechanism to commit business to new investments and the creation of new jobs. In this context of uncertainty, organised labour negotiated the use of short time benefits in exchange for shallow employment promises that failed to materialise, leading the CIG-S to finance industrial manpower overcapacity on a permanent basis.

The consequences for the mobilisation capacity of organised labour proved disastrous, and not only because of the social costs of redundancies per se. The dynamic of imperfect corporatism embedded into the 1975 guaranteed wage agreement dragged the unions into a co-determination of the management of short time work. The lack of credible commitments by the employers, however, exposed organised labour to strong criticism, leading to mistrust in the workplace between union leadership and the rank and file. On a deeper level, the use of the CIG-S to cushion the downfall of employment in large companies forced organised labour to face an insider-outsider dilemma that eroded its bases of consensus outside the factory's walls. The strong income maintenance afforded by the CIG to the core industrial working class was paralleled by the lack of protection afforded to the rest of the unemployed population, which slowly came to perceive unions' constituencies as an overly guaranteed aristocracy. The attempt of organised labour to steer unemployment social policy more decisively proved a double-edged sword. It undermined its political and organisational strength, and sowed the seed of its demise in the early 1980s.

5. Mass redundancies and the demise of the Italian labour movement, 1980-1987

5.1 The reversal of Italian industrial relations

The 1980s marked a sharp reversal in Italian industrial relations, bringing to a close the period of high industrial conflict that characterised the 1970s. The need to cope with growing international competition and the shackles burdening the Italian economy led large companies towards a more aggressive restructuring of the industrial shop floor, to curb perceived organisational inefficiencies and high labour costs. At the turn of the decade, businesses adopted a unilateral approach to manpower redundancy, effectively attempting to impose on, rather than negotiate with organised labour, the expulsion of workers from the factories.¹ The opening bell was rung by FIAT in the autumn of 1980, when the company forced organised labour to accept a year-long use of the CIG-S for thousands of employees in Turin.²

The new course of managerial politics exploited the lurking contradictions that had started to open within the labour movement during the second half of the 1970s. The increasing moderatism of national union leaders was estranging the rank and file, while the constant negotiations over the CIG at the workplace level slowly undermined the organisational strength of factory councils. This made further redundancies harder to resist. The business outlook worsened after the second oil

¹ Marino Regini, 'La varietà italiana di capitalismo', pp. 3-26.

² Gabriele Polo and Claudio Sabattini, *Restaurazione italiana: Fiat, la sconfitta operaia dell'autunno 1980: alle origini della controrivoluzione liberista* (Roma: Manifestolibri, 2000).

shock of 1979, further increasing production costs, and employers grasped the opportunity of the momentary weakness of organised labour to try and regain the upper hand in the control of manpower policies.³ The unprecedented decision of FIAT and the ease with which the resistance of the unions was broken had a highly symbolic impact on the rest of the country and soon many other companies followed suit in casting out the workers from the factories.⁴

As the wave of redundancies increased, unemployment spread across the country. The autumn of 1980 marked a watershed. The unemployment rate rose to 7.5% in 1981 and increased thereafter, reaching a peak of 10.3% in 1987.⁵ The expulsion of industrial manpower from the factories coupled with a persistent lack of opportunities for young people and marginal social categories. The ISTAT's yearly labour force reports highlighted the fact that the Italian labour market was plagued by structural problems and had been producing an oversupply of job seekers since at least the mid-1970s. Between 1977 and 1984, labour demand grew on a yearly average of 0.4% while the available supply grew by 0.9% per year.⁶

The growth of the jobless population underscored a wider transformation of Italian economy during the 1980s. A few years into the decade, the spiraling inflation of the previous period had been brought under control and yearly growth averaged a robust 3% between 1984 and 1990.⁷ The industrial system underwent profound changes that led to the recovery of productivity. However, these overshadowed the worsening of the country's structural problems from institutional and social points of view: economic growth was accompanied by extreme public sector profligacy, with an increase in government spending across the board. Throughout the decade, the debt to GDP ratio almost doubled from 56% in 1980 to more than 90% in 1990.⁸

³ Augusto Graziani, 'La politica economica italiana 1979-1981', *Rivista internazionale di Scienze sociali* 89 (1981), 786-794.

⁴ David Moss, *The politics of left-wing violence in Italy, 1969-85* (Basingstoke and London: Macmillan, 1989), pp. 111-115.

⁵ Elisa Farri and Chiara Farra, *Italian labour forces and population 1959-2013* (Milano: Fondazione Rodolfo De Benedetti, 2015), retrieved from http://www.frdb.org/page/data-it/scheda/italian-labour-forces-and-population-1959-2013/doc_pk/10987, 08/09/2018 at 18.19 GMT.

⁶ Mario Dal Co, *Ristrutturazione dell'occupazione*, p. 19.

⁷ Giuseppe Berta, 'L'arena delle relazioni industriali negli anni Ottanta: le occasioni mancate', in *Gli anni Ottanta come storia*, eds. Simona Colarizi, Piero Craveri, Silvio Pons, Gaetano Quagliariello (Soveria Mannelli: Rubettino 2004), 341-358, at p. 341.

⁸ Silvana Bartoletto, Bruno Chiarini, Elisabetta Marzano, 'The Sustainability of Fiscal Policy in Italy (1861-2012)', *Economia politica, Journal of Analytical and Institutional Economics* 3 (2014), 301-328; Giuseppe Canullo and Paolo Pettenati, 'Il debito pubblico Italiano cento anni dopo', *Moneta e Credito* 51 (1998), 17-24, at p.18.

The sharp growth of the public debt was due to the decision in 1981 to separate the political direction of the Bank of Italy from the Ministry of Treasury, preventing the central bank from financing government deficit directly, leading to an increase in interest rates. In no small part, the rise of state indebtedness was also due to the expansion of public spending. The sharp rise of unemployment and the delicate social problems unleashed up by the unprecedented scale of industrial redundancies required a massive intervention of the state, calling into question the very structure of the Italian social policy.⁹

As underlined by Ferrera, the 1980s represented a 'januslike and fairly tormented period for the Italian welfare state'.¹⁰ Throughout the decade, total social expenditure rose from 19.1% to 24.1%, a sizable increase that was matched by the growth of contributory rate and revenue extraction, bringing the fiscal capacity of the Italian state up to par with that of other European countries.¹¹ Despite the growth in resources devoted to social policy, the imbalances that characterised the institutional edifice of Italian welfare ended up being magnified.¹² In order to cope with the unprecedented scale of layoffs and displaced workers, new provisions - such as an early retirement scheme in 1981 - were introduced, and existing ones tended to cater to unemployment. The country failed to increase the targeting and mean testing of its unemployment assistance. Instead, money allowances were provided indiscriminately through a wide array of passive labour market policies.

In this context, the CIG played a key role in cushioning the process of industrial restructuring and was utilised on an unprecedented scale for the post-war period. In only the first half of the decade the number of hours subsidised by short time almost tripled, jumping from 234 in 1978 to 688 million in 1984. Most of the increase was absorbed by the CIG-S, which quadrupled from 124 million in 1980 to a peak of 489 four years later.¹³ Short time benefits were increasingly used to mask unemployment and allow the income maintenance of workers, often for years, after their initial suspension. According to Dal Co's estimates, industry lost close to 20% of its

⁹ See Beniamino Andreatta, *L'autonomia della politica monetaria. Il divorzio Tesoro-Banca d'Italia trent'anni dopo* (Bologna: il Mulino, 2011).

¹⁰ Maurizio Ferrera, 'The uncertain future of the Italian welfare state', *West European Politics* 20 (1997), 231-249, at p. 236.

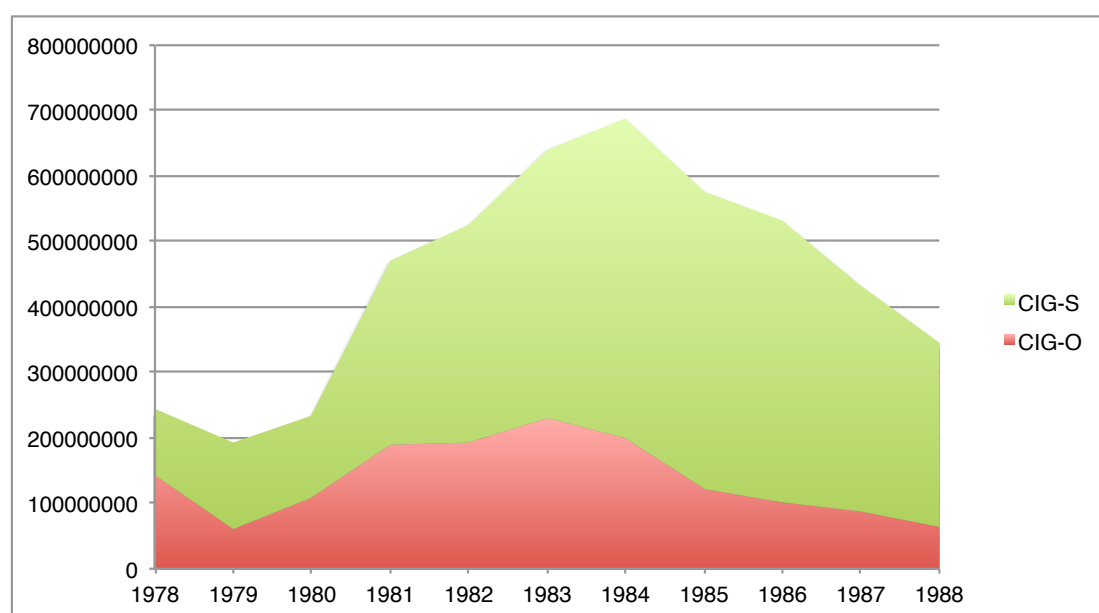
¹¹ *Ibidem*, p. 239.

¹² Valeria Fargion, 'Half Way Through the Ford: The Italian Welfare State at the Start of the New Century', in *Changing Patterns of Social Protection*, eds. Neil Gilbert and Rebecca A. Von Voorhis (New Brunswick and London: Transaction Publishers, 2003), 309-338, at p. 310.

¹³ INPS, *Rendiconti dell'Istituto Nazionale della Previdenza Sociale* (Roma: Inps, 1981-1988).

employees during the first half of the 1980s, almost a third of which through the CIG.¹⁴ Bonazzi estimates that, in 1983, 8.8% of the total industrial workforce was actually composed of suspended workers on short time.¹⁵ The incidence was particularly high among big companies, underlying how deindustrialisation was affecting the large Fordist factories. According to Gros-Pietro, between 1980 and 1985 the incidence of the CIG hovered on average between 3-5% of total workforce for companies below 500 employees, doubling to 9-10% for the larger ones.¹⁶

Fig. 5.1 authorised CIG-O and CIG-S hours (1978-1988)¹⁷



Facing the magnitude of deindustrialisation, organised labour found itself negotiating the use of short time benefits from a position of extreme weakness, in most cases enduring the unilateral decisions of management. The CIG-S became an easy shortcut and synonym for layoffs, eluding the very tight regulations on industrial dismissals. The sheer number of workers on short time and the length of the suspensions in many factories acted as strong moderators of industrial conflict, impairing the mobilisational capacity of the unions. While many workers were cast out of the factories, those that remained inside found it more difficult to hold onto the control over labour organisation that they had won during the 1970s. The factories

¹⁴ Dal Co, *Ristrutturazione dell'occupazione*, p. 10.

¹⁵ Bonazzi, 'Italian Cassa Integrazione', p. 578.

¹⁶ Gian Maria Gros-Pietro, 'The Restructuring of Large-Sized Industrial Groups', in *Industrial Policy in Italy 1945-1990*, ed. Mario Baldassarri (New York: St. Martin's Press, 1993), 141-159, at p. 153.

¹⁷ INPS, *Rendiconti dell'Istituto Nazionale della Previdenza Sociale* (Roma: Inps, 1981-1988).

witnessed a palpable worsening of working conditions, shifts and increased disciplinary action. Many trade union leaders likened the new course of industrial relations to a return of the 'harsh years' of the 1950s, with a divided and powerless labour movement.¹⁸

The decline in the strength of organised labour that followed the onset of the 1980s is highlighted by the fall in the union density rate of the CGIL-CISL-UIL. The percentage of unionised workers across the three organisations dropped from almost 50% to 40% between 1980 and 1990. The traditional indicators of industrial conflict also showed a sharp decline in the mobilisational capacity of organised labour.¹⁹ In 1980, more than five million workers participated in a total of 1,407 industrial actions. By 1985 the number of protest events had halved to 700 and the number of strikers had dropped to slightly more than 700,000.²⁰

This chapter will track the way in which the CIG-S impacted the industrial shop floor during the 1980s, disarticulating the functioning of workplace worker representation and thwarting organised labour's capacity to resist further rounds of redundancies. The decline of union strength during the 1980s was a Europe-wide phenomenon, with the combined effects of industrial transformation and unemployment sapping the basis of labour's power across many advanced economies.²¹ In Italy, the arbitrary use of short time work became the most apparent and direct aspect of the enforced demobilisation of organised labour. The *cassaintegrati* - as the workers on CIG came to be known - were often selected on the basis of their political militancy and union affiliation.²² Starting from the events of the autumn of 1980 at FIAT, this chapter will show how the political use of the CIG-S caused patent discriminations that deprived the unions of key human and organisational resources.

On a deeper level, the massive use of the extraordinary short time work scheme led to extreme segmentation in organised labour's constituencies. Already during the

¹⁸ Annamaria Vitale, *La Talpa nel Prato Verde: soggettività al lavoro alla Fiat di Melfi* (Soveria Mannelli: Rubettino, 2001), p. 19.

¹⁹ Baccaro and Pulignano, 'Employment Relations in Italy', p. 147.

²⁰ See ISTAT, Rilevazioni sulle forze di lavoro (Roma: ISTAT, 1951-1991). Retrieved from http://seriestoriche.istat.it/fileadmin/documenti/Tavola_10.22.xls, 03/09/2018 at 20.06 GMT.

²¹ Guido Baglioni and Ettore Santi (eds.), *L'Europa sindacale agli inizi degli anni '80* (Bologna: Il Mulino, 1982); Silver, *Forces of labor*, p. 163.

²² Giuseppe Bonazzi, 'Lasciare la fabbrica: cassa integrazione e mobilità negli anni ottanta', in *La città dopo Ford: il caso di Torino*, ed. Arnaldo Bagnasco (Torino: Bollati Boringhieri, 1990), 23-45.

second half of the 1970s, the unions had to grapple with the difficulties of addressing the needs of the employed and the unemployed, attempting to govern a form of imperfect corporatism that led them to lose consensus and representativeness. The 1980s bore the fruit of that failure: facing the prospect of mass layoffs, the CIG-S often appeared to union leaders as the lesser of two evils.

The chapter will show how the permanent nature of the suspensions - with the failure to introduce rotation mechanisms to spread work-time reduction among all employees - broke the solidarity between the *cassaintegrati* and the rest of the workers.²³ Employees on short time ended up in a political no man's land: the unions often proved indifferent to their predicament, preferring to concentrate on the wage battles of those who remained inside, while the rest of the unemployed perceived the *cassaintegrati* as a privileged caste.²⁴

The politics behind the management of the CIG-S during the 1980s highlighted the 'features of the Fordist disciplinary forms of power embedded in the practices of the state income maintenance system', acting as a deterrent against organised labour mobilisation.²⁵ Faced with internal divisions and organisational obstacles to the mobilisation of their base, the unions tried to secure their monopoly of labour representativeness and consensus by acting as reliable bargaining partners with both the state and the employers. This led to a high level of centralisation of industrial relations, *de facto* divesting factory councils and the rank and file of any influence over the course of national union strategies.²⁶

In June 1981, the Republican Party Secretary, Giovanni Spadolini led a new government supported by a coalition of five parties, including the DC and the PSI. The new government set itself the target of reducing inflation as a top priority, and welcomed the unions' new strategy for institutionalisation. This culminated in January 1983, when the Minister of Labour, Vincenzo Scotti and the social partners signed an agreement on wage restraint, with the unions accepting the relinquishment of their right to supplementary negotiations. The so-called *Accordo Scotti* represented

²³ Claudio della Valle, 'il Mondo politico, sindacale e industriale giudica la Cassa Integrazione', in *I cassaintegrati Fiat. Gli uomini, la storia, gli ambienti, le fonti documentarie*, ed. Gian Mario Bravo (Torino: Tirrenia Stampatori, 1989), 143-213.

²⁴ Enrico Pugliese, 'The Three Forms of Unemployment', *Social Research* 5 (1987), 303-317, at p. 304.

²⁵ Paul Bagguley, 'Prisoners of the Beveridge Dream? the political mobilisation of the poor against contemporary welfare regimes', in *Towards a Post-Fordist Welfare State?*, eds. Roger Burrows and Brian Loader (London and New York: Routledge, 1994), 74-94, at p. 83.

²⁶ Antonio Messia, *Ottobre Milleenovecentottanta* (Roma: Scienze e Lettere, 2000), pp. 79-95.

the first official trilateral agreement between the state, capital and labour in post-war Italy and opened a short-lived period of effective corporatist negotiations.²⁷

Contrary to their expectations of a few years before, however, the unions entered into negotiations from a position of extreme weakness and were not able to reap any advantages, other than their survival. At the plant level, organised labour rarely had the opportunity to intervene in the definition of the size or length of redundancies, while at national level it was incapable of influencing the policymaking behind the reform of short time work. This chapter will show how, despite the perceived need to rein in fiscal profligacy and reform the mechanism of unemployment assistance, the state further expanded the remit of the CIG-S. The calls for a strengthening of standard unemployment insurance and the introduction of a minimum income system were silenced by the need of the coalition governments to tackle the social crisis at hand and foster its clientele of consensus.²⁸

Eventually, the tensions that built up within organised labour led to the breakup of the CGIL-CISL-UIL in February 1984, when the communist leaning union refused to agree to the weakening of the wage indexation system proposed by the government of Bettino Craxi and accepted by the CISL and the UIL.²⁹ While the unity of the labour movement crumbled on the reform of the *Scala Mobile*, the attrition caused by the continued use of short time was instrumental in weakening organised labour. The combined effect of deindustrialisation, on the one hand, and the targeted expulsion of the labour force made the 1980s truly a 'lost decade' for Italian unions, alienating the support of both its base and public opinion. The employers' extensive use to the CIG-S proved key in softening the unions' position towards dismissals, making redundancies more palatable while slowly eroding their strength within the factories.

²⁷ Marino Regini and Ida Regalia, 'Employers, unions and the state: The resurgence of concertation in Italy?', *West European Politics* 20 (1997), 210-230, at pp. 210-215.

²⁸ Jonah D. Levy, 'Vice or Virtue? Progressive politics and Welfare Reform in Continental Europe', *Politics and Society* 27 (1999), 239-273, at pp. 252-257.

²⁹ Lucio Baccaro, Mimmo Carrieri and Cesare Damiano, 'The Resurgence of the Italian Confederal Unions: Will it Last?', *European Journal of Industrial Relations* 9 (2003), 43-59, at p. 43.

5.2 Thirty-five days at FIAT

Studying the history of Italian industrial relations during the 1980s, it is useful to bear in mind the words of Giorgio Amendola, leader of the *migliorista* current within the PCI, who in 1979 remarked: 'Turin has always been the premonitory signal of what is to happen to the country'.³⁰ In the autumn of 1980, the sudden decision of FIAT to resort to the CIG-S for 23,000 employees represents one of the greatest watersheds in post-war Italian labour history. The sheer size of the redundancy imposed by the company signaled the will of FIAT's management to deal once and for all with manpower overcapacity and workers riotousness on the shop floor. As the unions mounted a pugnacious but ultimately ineffective resistance, their capitulation in Turin led other companies to follow FIAT's example in casting workers out.³¹

The decision of the Turinese company had its roots in the progressive erosion of union power bases, highlighted by the bureaucratisation of factory councils in many of its factories. A year prior, in October 1979, the management of FIAT had fired 61 workers who were part of the more radical groups at Mirafiori, accusing them of being complicit with red terrorism. On that occasion, the mild opposition put forward by the unions - particularly from the Communists of the CGIL - allowed FIAT's disciplinary actions to go uncontested, paving the way for the company to try and regain the upper hand in shop floor politics.³² Despite these forewarnings, the massive redundancy announced by the company in September 1980 took organised labour by surprise, as the CIG 'fell like a mallet' on FIAT workforce, leaving its organisations in shambles and breaking up the solidarity between the workers.³³

By the beginning of the 1980s, the window of opportunity for businesses to regain competitiveness was rapidly closing. 1979 proven to be an *annus horribilis* for the Italian economy, bringing to a close the development model based on high inflation and external devaluation through which the country had navigated the uncertainties of the 1970s. The second oil shock of that year caused sharp price increases in a country that was heavily import dependent for its energy supply,

³⁰ Giorgio Amendola, 'Interrogativi sul "caso" Fiat', *Rinascita* 43 (1979), 13-15, at p. 15.

³¹ Giorgio Ghezzi, *Processo al Sindacato. Una svolta nelle relazioni industriali: i 61 licenziamenti Fiat* (Bari: De Donato, 1981).

³² *Ibidem*, pp. 8-9.

³³ Filippo Barbano, 'La cassa integrazione. L'evento dell'80 e la riflessione d'oggi', in *I cassintegrati Fiat. Gli uomini, la storia, gli ambienti, le fonti documentarie*, ed. Gian Mario Bravo (Torino: Tirrenia Stampatori, 1989), 15-57, at p. 46.

adding to the already existing inflationary spiral.³⁴ This led to credit restrictions that severely curtailed the possibilities for company financing. Furthermore, in March 1979, Italy had decided to join the European Monetary System, curtailing the possibility to resort to the devaluation of the lira to prop up the international competitiveness of its industry. Domestic inflation, which had previously been instrumental in lowering real labour costs, became a further burden because of the impossibility of adjusting the external exchange rate.³⁵

In this new context, it was imperative for employers to curb inefficiencies and wastage, recovering productivity by reducing production while achieving greater control over labour organisation and manpower policies. In 1980, a poll carried out among Lombardy's employers by the region's research institute underlined how 'the reduction of businesses manouvering space [...] and the tight restrictions on layoffs [...] had restricted the possibility for production units to adapt to the needs of market flexibility'. Half of the employers interviewed admitted that organised labour represented 'an objectively relevant constraint' for their initiative.³⁶

In the eyes of FIAT's management, it was a do or die situation for the company. Cesare Romiti, the FIAT CEO at the time, recalls that mass redundancy 'was a difficult choice, but also a necessary one; indispensable to restoring FIAT, ensuring continued employment for those who remained'.³⁷ The economic slowdown of the early 1980s hit the automotive industry with particular strength, due to rising energy costs and the intensification of international competition. By the mid-1970s, US companies also had begun to produce medium size cars, in direct competition with European carmakers. The threat of American industry was paralleled by the aggressiveness of Japanese companies. Between the first five months of 1979 and the same period in 1980, the carmakers of the Rising Sun expanded their market share in Europe from 7.9% to 10.5% while italian producers such as Alfa and FIAT saw theirs plummet from 17.5% to 14.4%.³⁸

³⁴ Antonio Cardinale and Alessandro Verdelli, *Energia per l'Industria in Italia. La variabile energetica dal miracolo economico alla globalizzazione* (Milano: Franco Angeli, 2008), p. 218.

³⁵ Jeffrey A. Frieden, 'Making Commitments: France and Italy in the European Monetary System, 1979-1985', in *The Political Economy of European Monetary Unification*, eds. Barry Eichengreen and Jeffrey A. Frieden (New York: Routledge, 2018), 23-47.

³⁶ Istituto Regionale di Ricerca della Lombardia, *Ristrutturazione Industriale e Mercato del Lavoro in Lombardia* (Milano: FrancoAngeli Editore, 1980), p. 130.

³⁷ Cesare Romiti, *Questi anni alla Fiat. Intervista di Giampaolo Pansa* (Milano: Rizzoli, 1988), p. 19.

³⁸ Morelli, Documento presentato alla Giunta Comunale di Torino, 07/07/1980, IPAG, Archivio CGIL, FIOM di Torino, b. 549, f. 4.

The two largest national carmakers were suffering not only from the unfavourable international situation, but also because of 'structural delays in adjusting to the new production demands and technologies required by the market'.³⁹ This was firstly officially recognised in April 1980 with the publishing of the so-called *Rapporto Prodi*, named after Romano Prodi, who in 1979 chaired a parliamentary commission on the state of the national automobile. The Prodi report highlighted the numerous deficiencies that were plaguing Italian car producers: insufficient product innovation, scant investments in the development of electronics, an excessive number of vehicle models and, most crucially, an uncompetitive price policy determined by the sluggish growth of productivity.⁴⁰

FIAT itself linked its inefficiencies to excessive union control over the industrial organisation of the shop floor. According to Maurizio Magnabosco, FIAT's head of industrial relations during those years, the abatement of productivity 'had historical reasons, [...] due to a bad implementation of the agreements regulating work rates and performance'. Management was critical of the consultation system introduced by the guaranteed wage agreement of 1975. The need to submit quarterly production plans in advance to union stewards 'represented an element of strong rigidity in the daily management of the factory. Official production quotas were considered immutable by the unions [...] creating a restriction which was unacceptable in a market that was continually evolving'.⁴¹ Romiti used even harsher words, recognising how 'negotiating with the unions to increase productivity did not serve any purpose anymore [...] because the rank and file acted freely on its own'.⁴²

In the first half of 1980, newspapers started to publish news about the financial losses of FIAT. In January, *La Repubblica* reported how the company had lost more than 100 billion lire the previous year.⁴³ Towards the end of May the company had requested and obtained the CIG-O for seven consecutive Fridays for 78,000 employees.⁴⁴ In June, FIAT owner Gianni Agnelli published an interview in which he hinted at the possibility of thousands of layoffs, a position he reiterated in the FIAT

³⁹ Enzo Pontarollo 'L'industria dell'auto: aspetti strutturali e dinamica congiunturale', *Rivista Internazionale di Scienze Sociali* 89 (1981), 554-572, at p. 554.

⁴⁰ Patrizio Bianchi, 'FIAT, automobile e industria in Italia; un commento', *L'industria* 24 (2003), 401-412.

⁴¹ Della Valle, 'Il mondo politico, sindacale e industriale', p. 171.

⁴² Romiti, *Questi anni alla Fiat*, pp. 106-107.

⁴³ Giuseppe Turani, 'Nel '79 la Fiat perde almeno 100 miliardi', *La Repubblica*, 19/01/1980, 19.

⁴⁴ Sergio Devecchi, 'Un accumulo di 30.000 vetture in più sui normali stock. FIAT auto: per 78 mila operai chiesta la Cassa integrazione', *La Stampa*, 09/05/1980, 1-2.

shareholder meeting at the beginning of July, when he stated the need for a 30% cut in production in the second half of 1980.⁴⁵

The signs of an impending industrial relations crisis at FIAT were clear not only within managerial circles, but also to local public authorities. In July 1980, the Provincial Council of Turin created a special committee for the defence of employment at FIAT, 'to sensibilise public opinion on the problem of employment [...] and highlight the unacceptability of any unilateral action by FIAT.'⁴⁶ The city council underlined 'the grave social and economic consequences that massive redundancies would have not only in the car industry, but on the whole structure of Turinese industry'.⁴⁷ Piero Fassino, the representative of the PCI within the province's council, was particularly vocal in denouncing the menacing prospects for the Turinese labour market. He noted how the scale of the redundancies vented by FIAT 'was hardly practical [...] and would have required the existence of new employment opportunities which cannot materialise in a few weeks'.⁴⁸

After the summer holidays, at the beginning of September 1980, the FIAT management summoned the FLM to announce the need for complete short time suspensions for thousands of employees and the possibility of laying off many others.⁴⁹ The union recognised the existence of a critical situation, but proposed an alternative way to tackle production burdens. For organised labour it was imperative to avoid firings and complete suspensions through a periodic rotation of short time benefits for the whole workforce, avoiding singling out workers to be expelled. The company however was intransigent, in the words of the union, 'trying to augment productivity by increasing exploitation, weakening worker organisation through disguised firings'.⁵⁰

In order to strengthen its position during the negotiations, the FLM wanted to 'isolate FIAT from other social and political forces', invoking the aid of the

⁴⁵ FLM, La Fiat annuncia altri 8 giorni di cassa integrazione, Centro Stampa FLM, Torino, 25/07/1980, IPAG, Archivio CGIL, FIOM di Torino, b. 728, f. 1.

⁴⁶ Giovanni Mercandino, Assessore al Lavoro ed Affari Legali, Provincia di Torino, 17/07/1980, IPAG, Archivio CGIL, FIOM di Torino, b. 549, f. 4.

⁴⁷ Fassino (PCI), Martina (DC), Francisco (PRI), Cotta Morandini (PSDI), Mussano (PSI), Casiraghi (PLI), Ordine del giorno votato all'unanimità nella seduta del consiglio provinciale del 31/07/1980, Torino, IPAG, Archivio CGIL, FIOM di Torino, b. 549, f. 4.

⁴⁸ Piero Fassino, Al Direttore de "La Stampa" e P.C. al dott. Gianni Bisio, Torino, 01/08/1980, IPAG, Archivio CGIL, FIOM di Torino, b. 549, f. 4.

⁴⁹ Michele Ruggiero, 'Ripreso il lavoro in un clima di incertezza. Dopo la Fiat, 47 aziende ad orario ridotto', *l'Unità*, 02/09/1980, 4.

⁵⁰ FLM, la Fiat conferma la volontà di procedere a massicci licenziamenti mascherati, Centro Stampa FLM, Torino, 10/09/1980, IPAG, Archivio CGIL, FIOM di Torino, b. 728, f. 1.

government, 'which should clarify if it is willing to give public money to a company that chooses a frontal assault and social wreckage'. Even public authorities, however, were presented by FIAT with a *fait accompli*, breaking with the tradition of state consultation over redundancies that had prevailed in the past decade: On September 11th, unbeknownst to public authorities, the company informed the provincial CGIL-CISL-UIL of the firing of 14,469 workers in the main plants of Mirafiori, Rivalta, Lingotto and the Lancia in Chivasso and Turin.⁵¹ The government was not allowed to intervene, and Romiti recalls how 'the Minister of Labour himself had to learn the news from the press agencies'.⁵²

The workers mobilised to protest the decision of the company, beginning a month long struggle. On the day of the announcement, the factories in Turin ground to a full stop and a huge crowd of workers congregated in front of the gates of the Mirafiori plant calling for the occupation of the factory. The FLM immediately underlined the political nature of FIAT's decision: 'aimed at restoring the entrepreneurial freedom of hiring and firing, according to the logic of profit [...] geared towards the unconditioned expulsion of the labour force and the dismantling of the negotiating power of the union'.⁵³

Pressured by the union and intending to avert a social crisis that would have shaken up the country and its political consensus, the government supported a new round of negotiations, held in Rome, and mediated by the Ministry of Labour. The consultation procedures were centralised, conducted by the national executives of the FLM and the top echelons of the CGIL-CISL-UIL. This left little space for FIAT factory councils and the rank and file to influence the bargaining process and control the conduct of union leaders, effectively insulated from their base. From the very beginning of the mobilisation, workers asked for the negotiations to be carried out in public in Turin, similar to the experience of the strikes carried out in Poland by *Solidarnosc* a few months prior. During protest marches, one of the slogans was 'Danzig, Stettin, the same here in Turin'.⁵⁴

⁵¹ FIOM, Documento Interno, Cronaca e 35 giorni, a dal 1-9-80 al 18-10-80, Torino, -/11/1980, IPAG, Archivio CGIL, FIOM di Torino, b. 729, f. 3.

⁵² Romiti, *Questi anni alla Fiat*, p. 114.

⁵³ FLM, Esecutivo Provinciale, Torino, 13/09/1980, IPAG, Archivio CGIL, FIOM di Torino, b. 728, f. 1.

⁵⁴ Federico Cereja, 'La Storia della Cassa Integrazione nelle parole dei protagonisti', in *I cassintegrati Fiat. Gli uomini, la storia, gli ambienti, le fonti documentarie*, ed. Gian Mario Bravo (Torino: Tirrenia Stampatori, 1989), 59-143, at p. 73.

The factory council of Mirafiori, while praising the readiness of workers to protest the layoffs, denounced the risk of organised labour institutionalisation. The *Consiglione* recognised that the massive layoffs were ‘a restorative attack [...] that aims to go back to the 1950s and dictate the new rules for the 1980s.’ The analysis of the workers assembly, however, was more nuanced than that put forward by the FLM:

‘the intent of the company is not to destroy the union *tout court*, but to distort its role, making it co-participate in the management of the labour market in a subordinate position, content with recognition outside the factories and forced to absorb the social contradictions of the system’.⁵⁵

Despite the growing tension between the rank and file and the union leadership, protests in Turin continued unabated, slowly extending outside of the car city. The Piedmont CGIL-CISL-UIL called a region-wide strike, joined by the workers of Campania. All the while, planning began for a nationwide general strike of the metalworkers, which was carried out on the 25th of September. With the ongoing deadlock in negotiations, the factory council started to consider the idea of occupying the whole Mirafiori, with a ‘total block on production and the possibility of keeping the majority of workers within the factory’.⁵⁶

The 27th of September was the key turning point in negotiations: the previous day the Secretary of the PCI, Enrico Berlinguer, had offered unconditional support to the strikers, prompting Prime Minister Cossiga to call an interministerial meeting to face the situation.⁵⁷ However, the very same day, the Government fell out in parliament over a law to contain inflation. The management of FIAT used this opportunity to break out of its isolation, announcing that ‘in the spirit of responsibility’ it would postpone the layoffs for three months, resorting instead to the CIG-S. The CGIL-CISL-UIL immediately called off the planned general strike, while the Communist Party claimed victory.⁵⁸ The sudden switch from layoffs to the proposal for assisted redundancy via short time, however, created confusion among workers, deepening the division between the rank and file, who refused suspensions

⁵⁵ FLM, Relazione introduttiva 5° lega, Consigliere Fiat Mirafiori, Torino, 22/09/80, IPAG, Archivio CGIL, FIOM di Torino, b. 728, f. 1.

⁵⁶ Valentino Parlato, 'Agnelli voleva una vertenza aziendale. Gli operai torinesi l'hanno trasformata in crisi politica nazionale', *il Manifesto*, 20/09/1980, 1.

⁵⁷ Bruno Ugolini, 'Berlinguer fra gli operai: Lotteremo insieme a voi fino in fondo. Nessun licenziamento', *l'Unità*, 27/10/1980, 3.

⁵⁸ Valentino Parlato, 'FIAT: Agnelli sospende i licenziamenti e accoglie la proposta Foschi. Il sindacato revoca lo sciopero generale', *il Manifesto*, 28/10/1980, 1.

altogether, and the union leadership, more accommodating of the new demands of the company, urging strikers to leave the picket lines.⁵⁹

The announcement of the CIG-S drove a wedge between the bottom up democracy of factory councils and the bureaucracy of organised labour's leadership, increasing the tensions between the different political souls of the labour movement. A growing distrust was emerging between communist component of the CGIL and the Catholic and socialist elements in the CISL and the UIL, accelerating the fracturing of the unions' federation. For instance, Beppe Mainardi of the Turinese provincial CISL accused the Communist Party of conditioning workers against catholic stewards, fostering 'sectarianism [...] and polluting industrial relations with political objectives'. Towards the end of September, Pierre Carniti, General Secretary of the CISL, and Cesare Delpiano, another prominent member of the Catholic union, were challenged by the workers in Turin, prompting Mainardi to complain that 'while the PCI was rooted among workers', the labour movement 'could not be hegemonised and subordinated by political groups'.⁶⁰

The internal divisions of organised labour were noted and exploited by the top echelons of FIAT management. In his diary of those days, Romiti remembers how:

'The Italian union, at that time, was crumbling. It was a babel of different languages and contradictory decisions: the Roman executives said one thing, the federations another one, provincial structures yet another one, the factory council of Mirafiori acted on its own [...] where can a union like this end up? It knocks out itself'.⁶¹

On the 30th of September, FIAT attached 22,884 employees' pay slips with the notification of the CIG-S.⁶² Without consulting with organised labour, it unilaterally decided the numbers and the names of the workers, with 'clear political and anti-union discrimination'.⁶³ The abruptness of the decision led to widespread protest, with workers refusing to accept the redundancies. In retaliation, the Mirafiori factory council immediately decided to implement 'a block on the gates and all the goods',

⁵⁹ Bruno Ugolini, 'Dopo il primo importante successo. Per la FIAT ora urge una trattativa rapida'. *l'Unità*, 29/10/1980, 1-4.

⁶⁰ Beppe Mainardi, Segreteria Provinciale CISL, In Fabbrica il Sindacato conta meno del Partito?, Torino, 05/10/1980, IPAG, Archivio CGIL, FIOM di Torino, b. 728, f. 1.

⁶¹ Romiti, *Questi anni alla Fiat*, p. 73

⁶² Francesco Bullo, 'Cassa integrazione a zero ore (tre mesi) per 21.515 della FIAT auto e 1369 della Teksid', *La Stampa*, 01/10/1980, 12.

⁶³ FIOM, Documento Interno, Cronaca e 35 giorni, dal 1-9-80 al 18-10-80, Torino, -/11/1980, IPAG, Fondo FIOM di Torino, b. 729, f. 3.

effectively occupying the factory.⁶⁴ To organise the picket lines and coordinate the struggle, the FLM set up an independent radio station, *Radio Lotta*, offering daily updates on the negotiations between the the union and the company.⁶⁵

Worker protests continued unabated for two weeks. On the 6th of October, while the negotiations were stalling in Rome, the Minister of Labour, Franco Foschi approved a provisional month of CIG-S. The company took this opportunity to try and break the unity of the strikers. Cesare Annibaldi, head of industrial relations at FIAT, issued warnings against all the suspended workers who attempted to enter the gates. The move had no apparent immediate effect on mobilisation.⁶⁶ The provisional approval of short time, however, helped foster divisions among those who were sure of preserving their job and those who were at risk of permanently losing it.⁶⁷

In the meantime, the company started working undercover to stir top-level blue-collar and white-collar workers against the strikers. On multiple occasions, the organisation of FIAT middle management denounced the violence of the strikers and attempted to break the picket lines. On the 14th of October, the silent majority of Turin sided against the unions: after a plenary meeting, middle-level employees staged a march through the streets of the city, protesting against the strikers and the drawn out block on production at FIAT. 40,000 protestors (according to FIAT's numbers) asked for Mirafiori to be freed of the occupation.⁶⁸ It was an absolute novelty for organised labour, facing for the first time an opposing mass mobilisation. The high symbolic value of the event shattered the resistance of union leaders. Pio Galli, National Secretary of the FIOM-CGIL, admitted 'in the face of this situation, we were forced to bring negotiations to a rapid close'.⁶⁹

On the 18th of October 1980, the FLM signed an agreement with FIAT, under the patronage of the Ministry of Labour. The agreement foresaw the complete suspension via CIG-S of 23,000 workers, mostly in the Turinese plants of Mirafiori and Rivalta, for a year.⁷⁰ The company, the regional labour office and the local unions

⁶⁴ Ibidem.

⁶⁵ Sergio Devecchi, 'L'azienda definisce irresponsabile l'atteggiamento del sindacato. La FLM decide di presidiare i cancelli', *La Stampa*, 01/10/1980, 1.

⁶⁶ Bruno Ugolini, 'Significativa prova di unità nella manifestazione di Torino', *l'Unità* 11/10/1980, 6.

⁶⁷ Michele Costa, 'Annibaldi a Torino conferma la linea dura della FIAT', *l'Unità*, 11/10/1980, 1.

⁶⁸ Alberto Baldissera, 'La marcia dei quarantamila', *Quaderni di Sociologia* 26/27 (1984), 307-336.

⁶⁹ FIOM, Documento Interno, Cronaca e 35 giorni, dal 1-9-80 al 18-10-80, Torino, -/11/1980, IPAG, Archivio CGIL, FIOM di Torino, b. 729, f. 3.

⁷⁰ Miriam Golden, *Heroic defeats: The politics of job loss* (Cambridge: Cambridge University Press, 1997), p. 58.

would meet every three months to assess the production situation of the auto group and its market prospects. At the end of June 1981, after having evaluated the entity of the structural excess workforce, the company would resort to inter-company mobility procedures for redundant workers. In two years, by the end of June 1983 - and this was the important part of the agreement - all the workers still on the CIG-S would be rehired, without firing.⁷¹

Despite the letter of the agreement, the scale of the redundancy and the length of the restructuring period foresaw by FIAT made the use of the CIG-S tantamount to a layoff. Writing to the Minister of Labour in the aftermath of the agreement, the General Director of the company, Vittorio Ghidella, made the permanent nature of the redundancy clear. A system of rotation of the CIG-S among all the workers, as suggested by the organised labour, would have obtained only ‘a partial reduction of the cost of labour. [...] A temporary bridge-solution [...] that does not resolve the structural reason of the crisis [...] and does not allow the company to obtain a new stable production organisation.’ Permanent short time, instead, would allow a ‘process of rationalisation and structural adjustment’, with an average reduction of 20% of annual production.⁷² Reflecting back on those days, even Cesare Romiti admitted that the company was already aware that a quota of those workers would never again set foot in FIAT.⁷³

⁷¹FLM, Verbale di Accordo tra la Fiat spa, rappresentata dall’Amministratore Delegato Dott. Cesare Romiti e la Federazione Lavoratori Metalmeccanici, rappresentata dai Segretari Generali Franco Bentivogli, Pio Galli, Vincenzo Mattina e dai Segretari Nazionali, Raffaele Morese, Claudio Sabbatini, Sileano Veronese, Roma, 18/10/1980, IPAG, Archivio CGIL, FIOM di Torino, b. 728, f. 1.

⁷²FIAT Auto, L’Amministratore Delegato e Direttore Generale, Vittorio Ghidella, al Ministero del Lavoro e della Previdenza Sociale, tramite Ufficio del Lavoro e della Massima Occupazione di Piemonte, Liguria, Toscana, Abruzzo, Molise, Lazio, Torino, 24/10/1980, IPAG, Archivio CGIL, FIOM di Torino, b. 728, f. 1.

⁷³ Romiti, *Questi anni alla Fiat*, p. 120.

5.3 The CIG-S, discrimination and factory discipline

The events of October 1980 at FIAT had a momentous impact on the Italian labour movement. The signing of the agreement - and the way in which union bureaucracies conducted the negotiations – opened up a rift between the factory councils, the leadership of the FLM and the CGIL-CISL-UIL. During the month long struggle, the rank and file was mobilised on many occasions to strengthen the bargaining power of their leadership. However, they were seldom consulted to discuss and endorse the overall strategy of negotiations. After having reached a provisional settlement with the government and FIAT, the FLM summoned the factory council of Mirafiori to put the agreement to a vote. When the overall majority of the assembly rejected it, however, union leaders turned a deaf ear, ignoring the result of the referendum to declare the agreement approved, to the scorn of many.⁷⁴

This authoritarian attitude engendered widespread criticism within the labour movement and among traditional leftist outlets. The newspaper *Il Manifesto*, for instance, accused the secretaries of the FLM of ‘passing the agreement by turning reality upside down and accusing the workers of being thugs because they protested [...] in this case democracy stopped at the gates of the factory’.⁷⁵ Some executives of the Piedmontese CISL noted that there were many ‘delegates and militants who questioned the veracity of the numbers in favour of the agreement’. By betraying the majority of FIAT workers, searching instead for the recognition of the government and FIAT, the labour movement risked becoming completely integrated in the capitalist labour market, ‘an organisation strong in the institutions but weak in the factories’.⁷⁶

Even Bruno Trentin, the charismatic ex-leader of the metalworkers, now in the secretariat of the CGIL, recognised the crisis of the labour movement. Interviewed by *L’Unità*, Trentin firmly denied that the councilism of the union was in crisis. However, he also recognised that ‘there was a gap between the agreement and the expectations of the most militant workers. [...] There were serious lacerations in the way workers judged the agreement’. In no small part, Trentin admitted, these were

⁷⁴ Revelli, *Lavorare in Fiat*, p. 124.

⁷⁵ Francesco Ciafaloni, ‘In dieci giorni gli Eroi torinesi sono diventati teppisti’, *Il Manifesto*, 25/10/1980, FLM Torino, Rassegna Stampa, Torino, 25-26-27/10/1980, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 1, f. 1.

⁷⁶ Adriano Serafino and Gianni Vizio, ‘Lo Sconfitto della Fiat è un sindacato forte nelle istituzioni e debole in fabbrica’, *Il Manifesto*, 26/10/1980, FLM Torino, Rassegna Stampa, Torino, 25-26-27/10/1980, IPAG, Lavoratori FIAT in CIG, b. 1, f. 1.

due to a 'vertical method of direction' by the leaders: '[...] it is true that a strong unity and a rigorous discipline are needed, but we exhibited a worrying and excessive centralisation [...] without consulting the assemblies'. The company had tried to divide suspended employees from the rest of the workforce, allowing the CIG-S to foster the difference in status among workers and pit their interests against one another. Organised labour fell for the trap: 'instead of shifting the terms of the debate, we acted like an organisation that defended only the employment rights of those that were endangered, asking only solidarity of the others. This is the most salient mistake we committed'.⁷⁷

Yet, most union leaders defended the agreement. On the pages of the journal *Conquista del Lavoro*, the National Secretary of the FIM, Franco Bentivogli, warned against 'the Peronist tendencies of the base [...] and the misunderstanding of the real balance of power'. Bentivogli compared the events at FIAT to trade union politics in other European countries, 'in which organised labour allows mass layoffs more easily', vindicating the approach of the FLM. Bentivogli urged 'not to cede to catastrophism [...] which would convince workers of the disarmament of the unions', and insisted on the positive aspects of the agreement, 'which reduced the possibilities for discrimination and discouraged other companies from the temptation of getting rid of their human stockpiles'.⁷⁸

Despite the encouraging words of many union leaders who vindicated the value of the agreement, October 1980 marked a strong defeat for the unions, irremediably compromising their presence and bargaining power within FIAT factories. The CIG-S disarticulated the organisational structure of organised labour, targeting the stewards of factory councils and expelling the most politicised workers, which represented the lynchpin of union mobilisation on the shop floor. From the moment the CIG-S was first announced, the FLM denounced the selection criteria of the company as a 'proscription list'.⁷⁹ The list of workers to be suspended was unilaterally decided by the company and clear statistics on the social and political composition of redundant employees were missing. FIAT refused to provide a detailed list - neither to the union nor to regional authorities - adding to the suspicion of patent discriminations. The

⁷⁷ Stefano Cingolani, 'I consigli sono in crisi? No, vanno riformati', *l'Unità*, 25/10/1980, FLM Torino, Rassegna Stampa, Torino, 25-26-27/10/1980, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b.1, f.1.

⁷⁸ Franco Bentivogli, 'Quali Lezioni dalla Vertenza Fiat', *Conquista del Lavoro*, 39, Torino, 27/10/1980, IPAG, Archivio CGIL, FIOM di Torino, b. 729, f. 3.

⁷⁹ Revelli, *Lavorare in Fiat*, p. 108.

piecemeal data collected by the regional CGIL-CISL-UIL in the aftermath of the agreement pointed to the existence of two levels of discrimination, on a political level, targeting the most militant workers and those registered in a union, and on a social level, targeting the less productive employees.⁸⁰

With the overall aim of downsizing production while increasing average labour productivity, the company targeted less skilled workers. According to the industrial labour evaluation system in place at the time, these accounted for 81.7% of all suspended workers, while representing only 60.5% of the total workforce. In contrast, the most qualified employees, accounted for only 3.8% of the workers selected for the CIG-S, but composed 21.5% of the total workforce. There was also a disproportionate amount of female workers, considered by the company to be less productive and more prone to absenteeism and sick leaves: 29% of those on short time were women, while according to the unions they 'represented no more than 18%' of the FIAT workforce in Turin. Regarding disabled workers, data on the health situation of the employees is scant and incohesive. At the time, the statistics in possession of the CGIL-CISL-UIL pointed towards the intentional expulsion of the disabled. For instance, in the accessories department of FIAT Lingotto, handicapped workers represented 49% of those made redundant.⁸¹

The aim of the company was not only to increase its productivity, but do so while recovering political and managerial control of its shop floor. The unilateral selection of the workers to be put on short time served as an expedient to single out and expel the most politicized ones, whether part of official unions or of more radical groups. The data collected by the unions in January 1981 shows that in Mirafiori the incidence of unionization among suspended workers was almost double than that of the total workforce. Table 5.1 shows that political discrimination was particularly high in those sectors where the average skill level of the workforce was lower and working conditions harsher, such as in the bodywork and press departments, while less militant white-collar departments were spared massive redundancy.⁸²

⁸⁰ Pierre Carniti, *Passato Prossimo* (Torino: Fondazione Vera Nocentini, 2009), p. 72.

⁸¹ CGIL-CISL-UIL, FLM Regionale, Chi sono i 23,000? Cicl. Via Bogino 9, Torino, -/11/1980, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 2, f. 2.

⁸² Data are taken from FLM, Iscritti FLM operai ed impiegati, (Fabbrica e CIG), 5a Lega Mirafiori, Torino, 01/01/1981, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 2, f. 1. Golden reports different data, estimating an average 60% unionisation rate among suspended workers in Mirafiori. Here it was decided to rely on primary sources data. See Golden, *Heroic Defeats*, p. 63.

Tab. 5.1 FLM density rate in Mirafiori (Total and in CIG)⁸³

	In production		In CIG	
Department	Workforce	Union density	Workforce	Union Density
Bodywork	13883	22.3%	4935	40%
Mechanics	13516	23.7%	2644	39.9%
Press	6746	25.6%	1300	48.8%
Press building	896	21.2%	147	28.6%
Cast Iron Foundry	3269	28%	419	30.1%
Foundry Car. All.	1900	22.3%	-	-
Foundry Borg.	459	60.6%	-	-
Forge To	1190	27%	485	21%
Central office	11184	20.6%	250	17.2%
Commercial	870	21.1%	20	20%
Corporate	950	6.1%	-	-
SEPIN	1005	15.5%	-	-
CRF	915	16.2%	-	-
Allis	1100	11.3%	-	-
SISPORT	84	44%	-	-
Engeneering	1011	13.9%	-	-
Total	58928	22.6%	10.200	39%

Short time suspensions befell specifically the stewards of the factory councils. They had provided the backbone of union activity during the past decade, and with their action had played a key role in channelling the demands of the rank and file towards both management and the union leadership outside of the factories. Slightly less than a quarter of all stewards were expelled from the plants of Mirafiori, Rivalta and Lancia, effectively disrupting the structure of worker representation. Table 5.2 shows that the most targeted stewards were those affiliated with the FIM - the metalworkers union that had often been accused of excessive rank-and-fileism and close to the tropes of industrial democracy – and those that were without formal affiliation, often linked to radical groups. Compared to FIOM and UILM, *Unione Italiana Lavoratori Metallmeccanici*, which lost 21.8% and 22.7% of their stewards, respectively, the FIM saw 39% of its representatives expelled.⁸⁴

⁸³ Ibidem.

⁸⁴ FIOM, Delegati in Cassa Integrazione, no date (beginning 1981), IPAG, Archivio CGIL, FIOM di Torino, b. 610, f. 1.

Tab. 5.2 union affiliations of CIG shop stewards⁸⁵

	Total stewards	Stewards in CIG				Total
		FIM	FIOM	UILM	Others	
Lancia (Total)	-					
Chivasso	114	12	6	1	15	34
Turin	-	2	-	-	-	2
Lingotto (Total)	79					
Press	27	-	5	1	2	8
Bodywork	52	-	1	-	-	1
Mirafiori (Total)	747					
Press	108	3	7	3	16	29
Mechanics	171	6	6	-	14	26
Bodywork	268	18	23	9	31	81
Foundry	41	-	-	1	3	4
Forge	-	-	3	1	3	7
Central Offices	96	1	1	-	-	2
Carmagnola	63	1	1	-	6	8
Rivalta (Total)	242					
Mechanics	-	-	7	-	1	8
Press	-	2	-	2	1	5
Bodywork	-	14	23	14	7	58
Total	1182	59	83	32	99	273

The massive redundancies and political discrimination allowed FIAT to regain the control of the shop floor. While union structures were left in a shambles, suspended workers were effectively ostracised from the workplace. The company set up an external administrative office in Orbassano to manage payments and all other interactions with them, reducing their interaction with the rest of workers to a minimum. The *cassaintegrati* were initially even prevented from attending paid assemblies inside the plants until the FLM negotiated their limited access.⁸⁶ This

⁸⁵ Ibidem.

⁸⁶ A group of CIG workers from the mechanics department of Mirafiori described this as FIAT attempting to create 'a neckline between between suspended workers and those that remained inside' FLM Lavoratori della Meccanica, Comunicato Sindacale dei delegati in cassa integrazione della meccanica, Torino, 17/11/1980, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 1, f. 3; see also Della Valle, 'Il mondo politico, sindacale e industriale', p. 152.

allowed FIAT to rein in worker conflict, tightening up discipline on piecework rates and lowering absenteeism. In February 1981, the PCI called a conference on the state of the auto industry, denouncing working conditions at FIAT:

'There is greater disciplinary rigour in the factory, but also a great increase in productivity and a drastic reduction of absenteeism [...] which was already at the European average a year prior and it is now below functional levels. [...] This situation sows distrust inside the factories [...] the divisions between workers and the delusion of many militants led union activity to stagnate'.⁸⁷

The same concerns were voiced by the FLM, which denounced the managerial heavy hand on the factory shop floor: 'everywhere the company resorts to unilateral decisions, with increased pressure on the exploitation of labour, [...] the multiplication of intimidatory initiatives, disciplinary actions and unjustified firings'.⁸⁸

The new manpower policies of FIAT were aggressive, but paid off, allowing the company to raise productivity by 20% in the first trimester of 1981 alone, and increase its European market share from 12.2% to 13.3% in the same time frame.⁸⁹ This positive performance became the excuse for FIAT to proceed to another round of temporary suspensions, resorting to ten days of CIG-O between March and July. Despite the substantial number of workers already expelled from production, the company continued to stress the issue of stockpiles, using it as a lever to threaten further rounds of suspensions and pressure organised labour. A shop steward from the bodywork department of Mirafiori described the positive feedback effect between stronger discipline and the threat of suspensions: 'people go to work even when they are ill: [...] compared to production quotas set by the company, [...] more cars are being produced, then sit in the warehouses and can be used by FIAT as blackmail to enforce the CIG'.⁹⁰ A report of the FLM from June 1981 highlighted that 'where workers resistance is stronger, there is an indiscriminate and exasperated use of the

⁸⁷ PCI, Federazione Torinese del Partito Comunista Italiano, Nota di discussione, Assemblea Nazionale dei Comunisti del Gruppo Fiat 13-14-15 Febbraio 1981, Torino, -/01/1981, IPAG, Archivio CGIL, FIOM di Torino, b. 729, f. 3.

⁸⁸ FLM, Nota per I delegati, Documento conclusivo del coordinamento nazionale TORINO, Torino, 23/24/4/1981, IPAG, Archivio CGIL, FIOM di Torino, b. 728, f. 2.

⁸⁹ Pino Ferraris, 'Senza argine l'esuberanza in Fiat e non per vuoto di strategia', *Il Manifesto*, 10/10/1981, IPAG, FIOM di Torino, b. 729, f. 3.

⁹⁰ Coordinamento FLM del gruppo FIAT, 'Cassaintegrato non è soltanto una nuova parola del sindacalese', *Fabbrica/Impresa* 0 (1981), 9-11, at p. 10.

messa in libertà, there is a refusal to negotiate on any matter and the firing of workers occurs at the minimum sign of resistance'.⁹¹

As the summer of 1981 grew closer, FIAT tried to go back out of the agreement of October 1980, renegeing on its commitment to avoid collective layoffs.⁹² The crisis of organised labour had gone well beyond the initial expectations of management, almost taken aback by the sudden collapse of the unions. This allowed the company to push for a re-negotiation of the initial agreement, postponing the reentry of redundant employees while increasing the number of workers to be permanently expelled from the factory. On the 13th of July, the FLM signed a new deal with FIAT management, worsening the position of suspended workers and prompting widespread protests. Despite its obvious detrimental effects, union bureaucracies accepted the new agreement for fear of being sidelined altogether. The new agreement extended the use of the CIG-S until 1983 and imposed inter-company mobility for 7,500 workers, with no possibility for reentry in FIAT. As partial compensation, management pledged it would not resort to further redundancies and guaranteed that by the end of the suspension period, 2,000 workers would be assured of reentry. Although the FLM noted how, 'as it had been made clear, there are no assurances that last forever if they are not built on the mobilisation within the factory on working shifts, overtime and labour organisation'.⁹³ Confronted with a crisis of democratic legitimacy and consensus, organised labour sought to strengthen its position by seeking the recognition of its negotiating counterparts, acting as an institutionally reliable partner.

In the three years following May 1980, FIAT lost slightly more than 43,000 employees of a national total of 188,000. The reduction of employment was particularly concentrated in the factories directly connected with automobile production, which lost 33,000 out of a total of 135,000 workers, close to a quarter of the entire workforce.⁹⁴ The curtailment of the workforce proceeded in parallel with a more coherent introduction of new technologies on the shop floor, and it is not by

⁹¹ FLM, Comunicato Coordinamento FIAT, Torino, 09/06/1981, IPAG, Archivio CGIL, Fiom di Torino, b. 729, f. 3.

⁹² FLM Piemonte, Lottiamo per Il Lavoro, Centro Stampa FLM Piemonte, Torino, 01/05/1981, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 2, f. 3.

⁹³ Coordinamento CIG-Fiat, Valutazione del Coordinamento dei lavoratori in cassa integrazione della Fiat sull'ipotesi di accordo, Cicl. C/o FLM Via Porpora 9 – Torino, 10/07/1981, IPAG, Archivio CGIL, Fiom di Torino, b. 729, f. 3.

⁹⁴ Arduino Baietto, La FIAT AUTO nel decennio 1980-1890, documento Fiom per il 5° Congresso Regionale, Borgaro Torinese, 1-3/07/1991, retrieved from <http://www.mirafiori-accordielotte.org/wp-content/uploads/2012/11/1991-Fiom.pdf>, 10/09/2018 at 10.30 GMT.

chance that redundancies hit in particular the less qualified workers. In May 1980, at FIAT there were almost 20,000 blue-collar workers in the lowest professional category, representing more than 10% of the total workforce. By 1983, this percentage had shrunk to less than 4%, with slightly more than 5,000 workers remaining. The process of redundancies at FIAT, thus, served not only to trim down the workforce, but also to change its social composition towards a higher skill level.⁹⁵

5.4 Alfa Romeo: a different model of industrial relations?

The redundancies at FIAT did not remain an isolated case. The aggressive manpower policies put forward by the Turinese company provided a model for many other companies that were grappling with the effects of the economic crisis, in the auto sector and beyond.⁹⁶ The submissiveness with which the unions accepted the CIG-S led other companies down the road of redundancy, triggering a domino effect that led to mass redundancies. The reverberation of events at FIAT reached well beyond the surrounding Turinese area, affecting other industrial sectors and regions.⁹⁷ Between 1980 and 1981, the total yearly hours subsidised by the CIG in the metalworking sector tripled from 82 to 231 million, affecting 328 million in 1984. The largest part of the increase was accounted for by the CIG-S, which quintupled from 41 to 224 million in the same time span. In the textile and chemical sectors, the growth was more contained, but nevertheless quite substantial: from 30 to 58 million in the former and from 39 to 52 million in the latter, between 1980 and 1984.⁹⁸ By the middle of the decade, large firms had seen their total employment decrease by 28%.⁹⁹

The productivity increase obtained at FIAT and the way in which the company had managed to deal a crippling blow to organised labour were emulated by many other employers. At the turn of 1981, Mario Schimberni, the president of Montedison, announced he would resort to 10,000 layoffs. This prompted the Minister of Public Industry, Gianni De Michelis to intervene, promising the development of a new

⁹⁵ FLM, 'Contrattazione 1984: sindacato e lavoro, organico, qualifiche e salario: i dati e una riflessione', *Informafiom* 3-4 (1984), V-VI, IPAG, Archivio CGIL, FIOM di Torino, b. 549, f. 3.

⁹⁶ According to Aris Accornero, 'the events at FIAT altered the power balance between capital and labour' in the country. See, Accornero, *La Parabola del Sindacato*, p. 148.

⁹⁷ Coordinamento CIG, 'Occupazione in Piemonte: Dati Riassuntivi Regionali', *La Spina nel Fianco: giornale dei lavoratori in cassa integrazione* 1 (1981), 3.

⁹⁸ INPS, *Rendiconti dell'Istituto Nazionale della Previdenza Sociale* (Roma: Inps, 1981-1985).

⁹⁹ Coltorti, 'Phases of Italian Industrial Development', p. 84.

national chemical sector plan to prevent massive redundancies that would have added to the already existing social emergency in Turin.¹⁰⁰ Despite this, in the autumn of 1982, the company declared the CIG-S for 3,300 employees, breaking the resistance of the FULC. In the steel sector, plagued since the end of the 1970s by a Europe-wide problem of industrial overcapacity, the FINSIDER, part of the IRI holding, resorted to the CIG-S in May 1981, when the sector's crisis was officially recognised by the government. A year later, in October 1982, the company suspended 6,000 workers in the plant of Bagnoli, in Naples, causing uproar in the city.¹⁰¹

Because of its close proximity and the widespread industrialisation of the area, Lombardy was the region most immediately affected in the aftermath of the events in Turin.¹⁰² In early October 1980, before the unions signed the agreement at FIAT, the FLM section of Milan denounced the way in which use of short time was 'growing enormously': In the first week of the month alone, there were 12,610 workers among 64 companies affected by the CIG. The light engineering firm Borletti had 500 of workers in CIG-S already and the steel-maker Falck requested 3,200 workers to be suspended.¹⁰³

In this context, the unions were particularly taken aback when Alfa Romeo also declared a large-scale redundancy at the end of 1981. The size and the public ownership of the auto company led organised labour to believe that Alfa held a social responsibility to guarantee and promote industrial employment. Furthermore, despite the high rates of industrial conflict, the management of Alfa had always sought a more consensual industrial relations environment, particularly when compared to the more hawkish stance of FIAT and the metalworker employers' federation.¹⁰⁴

Political clientelism and government pressures, however, influenced the business planning of the company and led it down the road of financial disarray.¹⁰⁵ In November 1979, the dip in the international car market forced Alfa's management to

¹⁰⁰ Marchi and Marchionnati, *Montedison, 1966-1989*, pp. 215-216. Rosabeth M. Kanter, Barry A. Stein and Todd D. Jick, *Challenge of organizational change: How companies experience it and leaders guide it* (New York: the Free Press, 1992), p. 258.

¹⁰¹ John Eisenhammer, 'Longwy and Bagnoli: A Comparative Study of Trade Union Response to the Steel Crisis in France and Italy', in *The Politics of Steel: Western Europe and the Steel Industry in the Crisis Years (1974-1984)*, eds. Yves Mény and Vincent Wright (Berlin: De Gruyter, 1986), 593-622, at pp. 613-614.

¹⁰² Istituto Regionale di Ricerca della Lombardia, *Ristrutturazione Industriale*, p. 25.

¹⁰³ FLM, 'Diamo una ferma risposta all'attacco del grande padronato e del governo, Milano, 01/11/1980, ADL, Alfa Romeo, CDF Portello, f.85; see also Redazione, 'appuntamenti della settimana sindacale', *Avanti*, 17/11/1980, 22.

¹⁰⁴ Locke, *Remaking the Italian Economy*, p. 121.

¹⁰⁵ Gianola, *Luraghi*, p. 142.

consider a comprehensive restructuring of Arese, presenting the factory council with a blueprint for the 'organisational innovation' of the factory to tackle absenteeism and low productivity. The plan was to rearrange the assembly line around teamwork and collective, rather than individual, production targets.¹⁰⁶ A definitive agreement for the introduction was reached only at the beginning of March 1981, allowing an increase in daily production at Arese and the introduction of internal mobility measures to cope with chronic absenteeism. Management saluted the agreement as a sign of the evolution of industrial relations at Alfa towards a more constructive environment, and even the factory council judged it positively, as 'it tackled concretely the problem of productivity on the basis of the company's commitment to develop its industrial policy'.¹⁰⁷

The concrete implementation of the pact, however, proved difficult. Almost immediately, the company lamented - through its Vice Director general, Giuseppe Medusa - the incapacity of organised labour to rein in conflict: in the months following the agreement, rates of absenteeism actually rose and violence inside the factory continued unabated, culminating in the kidnapping of an Alfa executive by a terrorist group in June 1981. As of September, the increase in productivity registered in Arese was only 4.1%, versus the 14% envisaged by the agreement. This prompted management to take action. The request made to the factory council was to 'obtain immediately' a temporary but drastic reduction of employment. State authorities were ready to second the redundancy: at the end of the year, it was the very Minister of Public Participation in Industry who threatened that if existing commitments were not complied with some plants risked foreclosure.¹⁰⁸

Management's plan was to use the CIG-O in Arese for a total of two months throughout the year, suspending the entire workforce for short periods. Additionally, 2,290 workers would be suspended permanently for a full year via the CIG-S, starting in March 1982. In the words of Ettore Massaccesi, Managing Director of Alfa, this served to allow the company 'to breath for a year', while working with the unions to find 'all possible solutions [...] to preserve employment and face the negative

¹⁰⁶ Giuseppe Medusa, *L'Impresa tra Produttività e Consenso: il caso Alfa Romeo* (Milano: ETAS, 1983), p. 14.

¹⁰⁷ FLM, Il Consiglio di Fabbrica dell'Alfa Romeo Arese-Portello, Mozione del CDF Alfa Romeo, Arese, 10/03/1980, ADL, Alfa Romeo, CDF Portello, f. 36.

¹⁰⁸ Alfa Romeo, Alfa Romeo Notizie, Quindicinale di Informazione, 18, 21/12/1981, ADL, Alfa Romeo, CDF Portello, f. 17; Redazione, 'Domani De Michelis risponde al sindacato sul "caso" Alfa', *l'Unita*, 16/12/1981, 7.

conjuncture'.¹⁰⁹ Alfa, however, announced the redundancy plan to the media even before summoning the FLM to the negotiating table. The selection process of the individual workers to be put on short time was carried out unilaterally, without consulting with the factory council. As at FIAT, it soon became clear that short time was aimed at certain specific categories of workers and served to exclude the most undesirable ones. In the wake of the end of negotiations, the FLM denounced the attempt to 'overturn the spirit of the CIG and make it a political instrument to expel workers, as opposed to a tool linking restructuring with the productive relaunch of the company'.¹¹⁰

Many workers were branded as 'chronic absentees' and expelled from the factory. The way in which the CIG-S was used to discipline the shop floor was underlined by the high incidence of factory stewards among the workers on CIG. A flier distributed by the Arese factory council referred to short time as a way for 'management to carry a real political vengeance [...] and scale down the union'.¹¹¹ While the data on Arese is not available, in the nearby factory of Portello - organised in the same factory council - the representatives targeted were those affiliated with the FIM led by Piergiorgio Tiboni, which was the most conflictual section of the Milanese FLM, and those linked to radical groups such as *Lotta Comunista* and *Democrazia Proletaria*.¹¹²

Indeed, in September 1982, the tribunal court of Milan accepted the appeal of a group of 134 suspended workers from Arese, who had sued Alfa for discriminatory practices, and forced their reinstatement. The management criticised the ruling for making 'the governability of the factory much more difficult'.¹¹³ The success of the lawsuit made clear the existence of political discrimination, but it also highlighted the deep rifts that were infiltrating into the cohesiveness of worker organisation at Alfa. The suit was initiated without the consent of the factory council or the FLM. By targeting the criteria with which the company selected the personnel to be put on CIG-S, the sentence also represented a blow to the negotiating capacity of the unions that

¹⁰⁹ Medusa, *L'Impresa tra Produttività e Consenso*, p. 135.

¹¹⁰ FLM, Comunicato Finale, Arese, -/04/1981, ADL, Alfa Romeo, CDF Portello, f. 37.2.

¹¹¹ L'Esecutivo del Consiglio di Fabbrica, La Commissione dei Cassaintegrati, A tutti I lavoratori dell'Alfa in CIG, Arese, 13/04/1982, ADL, Alfa Romeo, CDF Portello, f. 38.2.

¹¹² FLM, Situazione dei Delegati in Cig al Portello, Milano, 23/03/1982, ADL, Alfa Romeo, CDF Portello, f. 19.

¹¹³ Alfa Romeo Notizie, Quindicinale di informazione 33, 06/09/1982, p.1, ADL, Alfa Romeo CDF Portello, f. 17.

subscribed to and accepted that agreement.¹¹⁴ The most radical worker groups in Arese took this as an opportunity to criticise the FLM, lamenting the division established between the employees who remained in production and the *cassaintegrati*.¹¹⁵

The FLM had tried to devise ways to keep the *cassaintegrati* tied to the factory, preventing the wearing out of political and social ties. Suspended workers were invited to show up inside the factory, ‘auto-regulating’ their presence, and to collect time cards independently distributed by the factory council. This served to maintain the pretense that they were still part of the industrial workforce, albeit temporarily destitute. CIG workers were allowed to enter the factory only when official assemblies were called, but were prevented from taking part in other activities such as strikes, walkouts or even simple unauthorised assemblies. Suspended shop stewards, while legally allowed to participate into the political life of Arese, were often hampered in their duties. Still, at the end of 1984, this remained a thorny problem for the FLM: a letter addressed to Alfa Personnel Direction lamented the need for worker representatives in CIG ‘to attend all their daily duties [...] without detriment to their union activity’.¹¹⁶

During the first half of 1982, some workers on CIG showed a willingness to resist their marginalisation. In March of that year, a group of eighty suspended workers stormed the direction offices in Arese, demanding their reinstatement, and prompting management to complain about the need to ‘discipline more tightly access to the factory’.¹¹⁷ The rates of absenteeism, which had led the company to take action in the first place, were still showing an upward trend well into summer of 1982. In time, however, actual strikes and disruptions to production became more sporadic, organised by radical minorities that acted without direct control of the official union.¹¹⁸

By targeting the bases of worker shop floor organisation, the CIG severely curtailed the possibility for the factory council to oversee managerial manpower policies and resist further rounds of short time benefits. In October 1983, the company asked for a further expansion of CIG-S in light of the ongoing crisis of the car market,

¹¹⁴ Magistrature Democratica, ‘Presa di posizione sulle ordinanze di reintegro dei 134 lavoratori dell’Alfa Romeo’, *Questione Giustizia* 3 (1982), 710.

¹¹⁵ Medusa, *L’Impresa tra Produttività e Consenso*, p. 135.

¹¹⁶ FLM, l’esecutivo del CDF alla Direzione del Personale, Alfa Romeo Arese, Arese, 13/12/1984, ADL, Alfa Romeo, CDF Portello, f. 35.

¹¹⁷ Alfa Romeo Auto Spa a Esecutivo del Consiglio di Fabbrica Arese/Portello, e pc Segreteria Nazionale FLM, Arese, 23/03/1982, ADL, Alfa Romeo, CDF Portello, f. 33.

¹¹⁸ Alfa Romeo Auto Spa a Esecutivo del Consiglio di Fabbrica Arese/Portello e pc Segreteria Nazionale FLM, Allegato I, Arese, 29/06/1982, ADL, Alfa Romeo CDF Portello, f. 33.

with the complete suspension of 4,463 workers between the two factories of Arese and Portello.¹¹⁹ Still in 1985, the number of employees on full suspension at Arese was 3,414.¹²⁰

The effects of prolonged redundancy on the organisational resilience and mobilisational capacity of the union movement did not take long to manifest. The number of hours lost to strikes per year fell from the peak of 1,071 in 1982 to 778 in 1983, reaching an all time low of 152 in 1985. In the Alfa group as a whole, the number of hours lost to absenteeism came down from 6,423 in 1981 to just 1,936 in 1985, with a consistent reduction particularly in the factory of Pomigliano d'Arco.¹²¹

Alfa Romeo's experience shows that FIAT's new model of manpower policies did not remain an isolated case, but was replicated in other factories, including Alfa Romeo. The CIG-S served as a conduit for the expulsion of manpower, without engendering strife and bypassing the tight regulation on collective dismissals. The shifting power balance between organised labour and the employers made the highly discretionary rules governing the selection process of workers to be put on short time a powerful tool to discipline the factory shop floor. Management governed the CIG-S unilaterally, dislocating workplace union structures and marginalising the most politicized workers. The waning power of organised labour had its roots in the contradiction of its employment policy line of the late 1970s, which alienated the sympathies of labour market insiders while not doing enough for those without jobs. The extensive use of the CIG-S during the early 1980s provided a fatal blow. To face the crisis, the leadership of the CGIL-CISL-UIL - and to a lesser extent the FLM - decided to attempt to administer redundancies, going further down a path of corporatist institutionalisation that made them subaltern to the employers. Businesses, on the other hand, enjoyed a period of boom: according to the Bank of Italy, between 1981 and 1985, labour productivity in large enterprises grew by 8% a year.¹²²

5.5 The *cassaintegrati*: social identity and self-organisation

The redundancies of the 1980s struck at the heart of the model of industrial

¹¹⁹ Alfa Romeo Spa alle Rappresentanze sindacali della FLM dell'Alfa Romeo Spa degli stabilimenti dell'Alfa Romeo Auto di Arese e Portello, Arese, 26/10/1983, ADL, Alfa Romeo, CDF Portello, f. 33.

¹²⁰ Stefano Bocconetti, 'Alfa, la Fiat calca la mano', *l'Unità*, 14/04/1987, 9.

¹²¹ Richard M. Locke, 'The Demise of the National Union in Italy: Lessons for Comparative Industrial Relations Theory', *Industrial and Labor relations review* 45 (1992), 229-249, at pp. 240-241.

¹²² Banca d'Italia, *Relazione del Governatore sull'esercizio 1989, Assemblea Generale Ordinaria dei Partecipanti, Roma, 31 maggio 1990* (Roma: Banca d'Italia, 1990), p. 87.

democracy that dominated the shop floor during the 1970s. In the aftermath of the Hot Autumn, the structure of organised labour was reshaped to accommodate the bottom up demands of the rank and file, centering union representation on factory councils. These were designed to reflect the demands from various departments of a factory, linking industrial organisation with democratic worker representation.¹²³ The indiscriminate use of the CIG-S hindered their functioning. Redundancies altered the electoral majorities inside the various sections of the factory and - where factory stewards were targeted - deprived certain workers of their elected representatives.¹²⁴ The permanent nature of the suspensions made it difficult to locate redundant workers within the social continuum of the factory and establish their departmental affiliation. This made how to organise them collectively inside existing workplace structures unclear.

The problem of the representation of CIG workers was particularly thorny for organised labour. The 1970s witnessed the emergence of new social figures, from precarious workers to women and youth. The social fragmentation of the labour market questioned the ideological centrality of the male blue-collar industrial worker, around which the unions had built their political identity.¹²⁵ Up until the 1980s, workers on short time were not considered to be an autonomous social category. The temporary nature of the CIG did not alter the fact that momentarily suspended workers belonged to the core industrial working class. The prolonged CIG-S of the 1980s, instead, established a clear separation between the employees who remained inside and those cast out of the factories. This forced organised labour and public opinion to reconsider the social identity of this growing mass of assisted unemployed.¹²⁶ Redundant workers blurred the thin line between employment and joblessness. On the one hand, they formally remained on the company payrolls and were not accounted for in the statistics of the unemployed, receiving an income close to the average industrial salary. At the same time, however, CIG workers were forced into idleness, without the possibility of searching even for small jobs, pending the loss

¹²³ Franco Farina, 'le strutture della rappresentanza sul luogo di lavoro', *AE Agricoltura/Alimentazione/Economia/Ecologia. Rivista trimestrale della FLAI-CGIL* 16 (2013), 37-45, at p. 41.

¹²⁴ Consiglio di Fabbrica FLM, Cesare Cosi, 1982-1985 Mirafiori Meccanica. Analisi dello stabilimento della contrattazione e del C.d.F, Torino, 01/03/1985, p. 27. Retrieved from <http://www.mirafiori-accordielotte.org/wp-content/uploads/2012/11/1985-Mappa-Meccanica-Analisi1.pdf>, 26/09/2018 at 16.34 GMT.

¹²⁵ Aris Accornero, *Il lavoro come ideologia* (Bologna: Il Mulino, 1980), pp. 52-68.

¹²⁶ Eugenio Zucchetti, 'Leggere la Disoccupazione', *Studi di Sociologia* 29 (1991), 311-323, at p. 314.

of benefits.

Before the 1980s, there was no word to define redundant workers per se, as the CIG was still perceived as a transitory state guaranteeing the continuation of industrial employment. At the turn of the decade, however, industrial relations jargon and the press started to use the word *cassaintegrati* to give a collective definition to this new group.¹²⁷ As noted by Briante, ‘the originary mass of workers in CIG, which was stratified and not easily defined, became a new social category, characterised by its marginality’.¹²⁸

The condition of forced idleness had wider individual and political consequences for those involved. Since the pioneering study of Marie Jahoda and Paul Lazarsfeld on the unemployed of Marienthal in the 1930s, sociology and anthropology have investigated in depth the deleterious psychological consequences and material deprivation caused by involuntary joblessness.¹²⁹ As opposed to complete unemployment, however, the *cassa integrazione* did not compromise the economic livelihood of redundant workers. Rather, it severely damaged their public image and social standing.¹³⁰ Briante considers how the ‘archaic-rural cultural framework’, still dominant in many blue-collar rural migrants, made work a ‘central and totalising experience [...] a source of social recognition’. The CIG forced suspended employees into a state of perceived loss and guilt, not least because of an active defamation campaign in the national press, which branded them as slackers.¹³¹

As redundancies spread throughout the industrial system, journalists and public intellectuals rushed to discover a new social subject, producing panoply of inquiries and interviews.¹³² In the wake of FIAT’s decision in October 1980, for instance, Ezio Mauro of the *Gazzetta del Popolo*, interviewed a suspended worker from Mirafiori,

¹²⁷ The digital archives of *l’Unità* and *La Stampa*, for instance, show no trace of the word *cassaintegrati* and its variations before 1980.

¹²⁸ Gianni Briante, *Non lavorare stanca: una ricerca psicosociale sui lavoratori posti in cassa integrazione guadagni* (Torino: Tirrenia Stampatori, 1991), p. 9.

¹²⁹ Marie Jahoda, Paul F. Lazarsfeld and Hans Zeisel, *Marienthal: The sociography of an unemployed community* (New York: Routledge, 2017).

¹³⁰ Filippo Barbano, ‘Tempi dell’integrazione, tempo del lavoro. Contributo e presentazione di una ricerca’, in *L’Ombra del Lavoro, Profili di Operai in Cassa Integrazione*, ed. Filippo Barbano (Milano: Franco Angeli, 1987), 9-45, at p.13.

¹³¹ Briante, *Non lavorare stanca*, p. 15.

¹³² The most iconic long reportage of the decade was wrote by journalist Gad Lerner in 1988. Its subtitle read: ‘A journey inside FIAT. The life, houses, factories of a class that is no more’. See Gad Lerner, *Operai. Viaggio all’interno della Fiat. La vita, le case, le fabbriche di una classe che non c’è più* (Milano: Feltrinelli, 2010).

who described his situation as a ‘shame [...] I feel like somebody who has lost out’.¹³³ According to Antonio Citriniti, one of the suspended union stewards from FIAT, ‘working in the factory was ugly, it was tiring [...] but the factory was also a place of social aggregation’.¹³⁴

Among the mass of redundant workers, two categories seemed to suffer assisted joblessness the most: first, the highly politicised workers, ‘for whom the factory represented a strong political and organisational reference’, as ‘they live this move towards isolation in a traumatic manner’;¹³⁵ secondly, the women, because the gendered approach of employers to the redundancy process struck at their recently acquired job market emancipation.¹³⁶

The social malaise of the *cassaintegrati* reached worrying proportions. Between 1981 and 1983, more than 153 workers on CIG committed suicide.¹³⁷ This constituted a public health problem, prompting local authorities to take action, if anything to try and map the lives of these new disenfranchised. In the autumn of 1981, the labour market monitoring unit of the Piedmont region published a first enquiry into the human condition of workers on short time, with the stated aim of dispelling many ‘unfounded opinions’ about the *cassaintegrati*, but admitting that the identity of this new social subject was almost completely unknown.¹³⁸

In this context, the relationship between the *cassaintegrati* and the unions was not easy. Both organised labour and the traditional parties of the Left, in particular the PCI, undervalued the personal frustration of redundant workers, as well as their political and social marginalisation. The lack of suitable channels of representation within the existing institutions of the labour movement led suspended workers at both FIAT and Alfa to set up their own committees. These were formally constituted within the metalworkers federation, but immediately established a very dialectical relationship with it, characterised at times by harsh internal struggles and criticism.¹³⁹

At FIAT, the need to set up a coordinating structure for the workers on CIG-S

¹³³ Ezio Mauro, ‘La mia vita senza Fiat’, *la Gazzetta del Popolo*, 14/12/1980, 1-2.

¹³⁴ Antonio Citriniti, ‘Il congresso ha rimosso la sconfitta alla Fiat’, *Rinascita* 47 (1981), 4.

¹³⁵ Coordinamento FLM del gruppo Fiat, ‘Cassaintegrato non è soltanto una nuova parola’, p. 10.

¹³⁶ see the testimony of Ebe Matta, in Coordinamento cassintegrati, *L'altra faccia della FIAT. I protagonisti raccontano* (Roma: Erre Emme Edizioni, 1990), pp. 198-204.

¹³⁷ Bonazzi, ‘Italian Cassa Integrazione’, p. 579.

¹³⁸ Regione Piemonte, Indagine sulla Condizione Umana dei Lavoratori in Cassa Integrazione, Relazione Provvisoria a cura dell’Osservatorio sul Mercato del Lavoro, Torino, -/09-11/1981, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 2, f. 8.

¹³⁹ Gian Mario Bravo, ‘Introduzione’, in *I cassintegrati Fiat. Gli uomini, la storia, gli ambienti, le fonti documentarie*, ed. Gian Mario Bravo (Torino: Tirrenia Stampatori, 1989), I-XV, at p.XI.

emerged early on. In November 1980, some of the suspended union stewards intervened at a meeting of the National FIAT Committee of the FLM, claiming that suspended workers should have had a ‘positive role in political initiatives regarding labour market interventions [...] in order to frame the debate on the reduction of working hours with worker control inside the factories’.¹⁴⁰ Initially, the FLM did not support the autonomous organisation of the *cassaintegrati*, believing that the relationship with redundant workers should be managed within the existing structure of the factory council, without creating additional internal rifts in an already divided workforce.¹⁴¹ The first embryo of the FIAT Committee for CIG workers developed spontaneously: on the one hand, around the shop stewards of the FIOM affiliated with the PDUP, the *Partito di Unità Proletaria per il Comunismo* - at this stage the only party of the radical left that recognised the need for redundant workers to have ‘their own organization [...] to exploit their potential for energy and mobilisation’,¹⁴² and on the other hand, thanks to FIM stewards, for whom ‘it was necessary [...] to represent the specificity and subjectivity’ of the *cassaintegrati*.¹⁴³

The main committee of redundant workers was officially set up in Mirafiori in 1981, inside the offices of the local FLM, bringing together 140 suspended stewards. This acted to coordinate the rest of the groups of redundant workers in other FIAT plants, at Rivalta, Verrone, Carmagnola and Chivasso. In broad terms, ‘the main objective of the committee was to favour the relationship between factory councils, the unions and the *cassaintegrati*’, liaising between the suspended workers and organised labour.¹⁴⁴ In practical terms, the committee reached out and provided information to all workers on CIG, organising press campaigns through its own journal, *La Spina nel Fianco*, literally ‘the thorn in the side’, which highlighted the role of the committee as an overseer of negotiations between the company and the unions, which risked sidelining them.¹⁴⁵ Furthermore, it provided legal assistance.

¹⁴⁰ FLM, delegati in CIG Mirafiori, Intervento fatto a nome dei delegati di Mirafiori a Cassa Integrazione al direttivo del coordinamento nazionale FIAT, Torino, 25/11/1980, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 1, f. 3.

¹⁴¹ Coordinamento Cassintegrati, *l'altra faccia della FIAT*, p. 30.

¹⁴² Epifanio Guarcello, quoted in Cereja, ‘La Storia della Cassa Integrazione’, p.81; PdUP, Partito di Unità Proletaria per il Comunismo, Segreteria Regionale al Coordinamento Lavoratori CIG FIAT, FLM 5° lega Mirafiori, Torino, 25/05/1981, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 2, f. 2.

¹⁴³ Alberto Capatti, quoted in Cereja, ‘La Storia della Cassa Integrazione’, p.87.

¹⁴⁴ Coordinamento CIG, Documento dei Coordinamenti dei lavoratori in cassa integrazione alla Fiat di Torino, coordinamento nazionale Fiat, Torino, 19-29/03/1981, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 2, f. 1.

¹⁴⁵ Piero Baral, *Niente di nuovo sotto il Sole. I 61 licenziati FIAT preparano l'autunno '80 e le fortune*

Initially, the committee held bi-weekly meetings with all suspended shop stewards. In time, its organisational structure was better defined. In the beginning of 1982, elections were held among CIG workers, appointing 170 new delegates, while the setup of the committee was re-articulated, creating a plenary assembly of all the delegates and a smaller executive body.¹⁴⁶

At Mirafiori, initially the committee did not have the formal approval of the FLM, but could count on its benign neglect and some of its resources – first and foremost the cyclostyle with which to print its journal.¹⁴⁷ In some instances, however, the *cassaintegrati* organised without support from the unions or even in direct opposition to them. Some autonomous groups, often linked to radical workerist factions, developed in explicit opposition to the official CIG committees. In 1981, at FIAT Rivalta, a section of suspended workers set up a *Comitato di Lotta Operai FIAT*, ‘because the unions had practically abandoned the defence of worker interests, [...] proposing only *vertenze bidone* [“scam disputes”]’. The *Comitato* was opposed in principle to any form of mobility and layoffs, asking for the full reinstatement of all the workers in CIG-S.¹⁴⁸

At Alfa Romeo, a committee of CIG workers was set up at beginning of 1982, with suspended stewards from every department of the factories of Arese and Portello present.¹⁴⁹ The activities of the Alfa committee were similar to those at FIAT. Compared to FIAT, however, redundant workers at Alfa encountered more obstacles to their self-organisation and faced a deeply fractured labour movement. The committee did not have the same reach among the *cassaintegrati* and sustained strong contestation from other groups, which ‘tried to exploit the discontent, frustrations and fears among suspended workers to pit them against the factory council’.¹⁵⁰

At both FIAT and Alfa, the committees had to deal not only with internal fragmentation, but also with the tense relationship between suspended workers and

(?) *dell'automobile* (Torino: PonSinMor, 2003), p.141.

¹⁴⁶ Coordinamento CIG, FLM, Consiglio dei delegati dei lavoratori in Cassa Integrazione, 5° Cou, Torino, 29/01/1982, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 4, f. 1; see also Coordinamento Cassintegrati, *L'altra faccia della FIAT*, p. 241.

¹⁴⁷ Coordinamento CIG, ‘Lettera dei Lavoratori in CIG a Rosso Lancia, Chivasso, Notiziario per i Lavoratori Fiat in CIG’, *Rosso Lancia* 1 (1980), 4-6.

¹⁴⁸ Comitato di Lotta Operai Fiat, La Cassa Integrazione significa Licenziamenti, Torino, 30/03/1981, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 2, f. 2.

¹⁴⁹ FLM, Comitato dei Lavoratori in Cassa Integrazione, a tutti I lavoratori in CIG, Arese, 19/03/1982, ADL, Alfa Romeo, CDF Portello, f. 37.2.

¹⁵⁰ Il CDF Alfa Romeo, Comunicato del CDF Alfa Romeo, 05/04/1982, ADL, Alfa Romeo, CDF Portello, f. 37.2.

those still in production. When it was time to vote for new agreements, the two groups were often on opposite sides, leading to sharp tensions between workers that demanded wage increases and *cassintegrati* that pushed for their reinstatement. In 1982, the CIG committee at FIAT organised a public march for employment in the city of Turin, with the participation of 50,000 workers, *cassaintegrati* and unemployed.¹⁵¹ For the committee, the march was an opportunity to showcase the unity of the labour movement, but also put pressure ‘on the union and the left, for which too often the right to employment is reduced to a mere slogan’.¹⁵² The relationship between CIG committees and factory councils remained strained well into the mid-1980s, with the stewards of the factory council concentrating mainly on factory problems and those of the CIG committee focusing on employment and restructuring, amidst reciprocal accusations. Employed workers accused those who were suspended of radicalism, while the latter criticised organised labour for its lack of support.

The relationship with the confederal union CGIL-CISL-UIL was particularly absent, and mostly restricted to the organisation of national level demonstrations and consultations on labour market laws.¹⁵³ Fausto Bertinotti, leader of the Piedmont regional CGIL-CISL-UIL, was conscious of the rift opening up between the *cassaintegrati* and the official labour movement. While it is true that the union did not oppose the self-organisation of the *cassaintegrati* – Bertinotti admitted while speaking to *La Spina nel Fianco* – neither it was an active force behind the committees. The CGIL ‘did not understand that the bosses’ use of the CIG and the conditions of the *cassaintegrati* have deeply transformed. [...] Organised labour still works by compartments, but the key objective is the reunification of the world of labour’.¹⁵⁴

Despite the self-criticism, the CGIL remained impervious to the active participation of CIG workers into the political life of the union. Towards the end of 1981, the communist leaders invited only one worker from the CIG to the National Conference of the CGIL, propting one of the leaders of the CIG committee at FIAT to ask polemically ‘whether it is possible to unify the entire world of labour if the new subjects are all but excluded’.¹⁵⁵

¹⁵¹ Cereja, ‘La Storia della Cassa Integrazione’, p.96.

¹⁵² Coordinamento CIG Fiat, Perché la marcia per il lavoro?, Torino, 12/11/1981, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 2, f. 7.

¹⁵³ Coordinamento Cassintegrati, *L'altra faccia della FIAT*, p. 124.

¹⁵⁴ Fausto Bertinotti, Segretario Regionale CGIL-CISL-UIL, ‘Sindacato e Lavoratori in CIG’, *La Spina nel Fianco: giornale dei lavoratori in cassa integrazione* 5 (1981), 3.

¹⁵⁵ Citriniti, ‘Il congresso ha rimosso la sconfitta’, p. 4.

Redundant stewards of the Catholic wing of the labour movement voiced similar concerns. Intervening at the organisational conference of the FIM-CISL, in early 1984, FIAT suspended stewards underlined their disapproval for the unequal treatment of the *cassaintegrati* and the position of the union towards the unemployed:

‘often in Turin the unemployed attack workers in CIG, and these attack those in production, in constant pursuit of greater guarantees of income and jobs. [...] The union has important responsibilities, with its wrong choices, aimed only at defending those who are employed, offloading the contradictions on the weakest sectors of the labour movement’¹⁵⁶

By 1983, the tensions between the unions and the CIG committees reached a breaking point in connection with the expiry of the FIAT agreement that should have led to the reinstatement of suspended workers.¹⁵⁷ At the beginning of the year, FIAT announced for a second time it would not uphold the agreement, because it was in no condition to rehire the redundant workforce. Thus, in October, the FLM signed a new document, which again postponed the reentry to 1985. According to Arduino Baietto, the head of the regional FIOM industrial relations department, the re-negotiation was a painful but necessary choice. The decline in the unions’ organisational strength risked leading the company to marginalise organised labour altogether – ‘because we were weak and represented only a part of the workers’.¹⁵⁸

Such perspective was echoed also by Vladimiro Giatti, FIOM’s head of negotiations with FIAT, who explained how the unions ‘made a sort of political exchange’, allowing lower guarantees for CIG workers only so that they could be recognised as a negotiating counterpart. This caused an almost insurmountable rift with the CIG committee, which delegitimised the union by violently storming in during negotiations with the company. Giatti remembers how the union delegations had to be protected from the workers by the police. Eventually, the agreement was put to a vote and accepted with the crucial support of the workers who were still in production, while those on short time boycotted or voted en masse against it.¹⁵⁹

To compensate for the lack of space within official organised labour, the

¹⁵⁶ Coordinamento CIG, contributo dei delegati del coordinamento Lavoratori FIAT in Cassa integrazione, VI Conferenza di Organizzazione FIM – CISL Torino, 23-24/01/1984, IPAG, Archivio CGIL, FIOM di Torino, b. 456, f. 1.

¹⁵⁷ Coordinamento Cassintegrati, *L'altra faccia della FIAT*, p. 23.

¹⁵⁸ Della Valle, 'Il mondo politico, sindacale e industriale', pp. 213-214.

¹⁵⁹ *Ibidem*, p. 152.

committees of the *cassaintegrati* tried to bolster their position by coordinating among one another, going beyond their presence in single factories to create broader 'regional committees'.¹⁶⁰ The committee at FIAT tried to create linkages with other redundant workers groups in the province of Turin, but also get in touch with the CIG committee at Alfa Romeo Arese, to elaborate common strategies for the automobile sector. In 1983, the CIG committee of FIAT organised a national assembly, with workers from Alfa Romeo, Latium and a substantial representation from the FLM to launch the project of a national organisation to represent CIG workers. Ultimately, however, the project never saw the light of the day.¹⁶¹

5.6 A weak wind for reform: the state and social policies

The wave of redundancy of the 1980s opened delicate policy reform problems for the state, requiring an update of the existing legislation and the introduction of new welfare instruments. The issue was represented not only by social turmoil per se or by the growing mass of the jobless. Many of the plant-level agreements signed between employers and unions to regulate redundancy freely expanded on existing welfare mechanisms, forcing the institutional adaptation of the state and the introduction of new laws to make industrial relation clauses viable. Interviewed in the pages of *La Stampa* in the wake of the event of October 1980, the Minister of Labour, Franco Foschi ensured the government would lead a comprehensive overhauling of the Italian welfare edifice to accommodate industrial redundancies.¹⁶²

As argued by Valeria Fargion, in Italy 'the 1980s were at best characterised by a makeshift approach to welfare state restructuring. [...] The social protection system continued to respond primarily to the industrial labour force's core sectors, while the vast majority of the unemployed remained unprotected'.¹⁶³ This was particularly the case starting in 1981, when the rise of a five-party government formula (*pentapartito*) allowed increasing political authority to the PSI of Bettino Craxi. 'The neoliberal wind that was blowing in Thatcher's Britain, started also in Italy, and certainly

¹⁶⁰ Coordinamento Cassintegrati, *L'altra faccia della FIAT*, p. 164.

¹⁶¹ Cereja, 'La Storia della Cassa Integrazione', p. 97.

¹⁶² Sergio Devecchi, 'Intervista con il Ministro del Lavoro Foschi, Accordo Fiat: occorrono due leggi su prepensionamenti e mobilità', *La Stampa*, 26/10/1980, FLM Torino, Rassegna Stampa, 25-26-27/10/1980, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 1, f. 1.

¹⁶³ Fargion, 'Half Way Through the Ford', p. 313.

influenced the political debate'. However, attempts at introducing spending rigour 'were soldered with Italian policymakers' traditional difficulties in using equitable criteria for the distribution of costs and benefits'.¹⁶⁴ This resulted in a spree of public expenditure that served to bolster consensus and tackle immediate labour market problems, but was also characterised by a short term perspective that ended up aggravating the long term social costs of industrial restructuring and budgetary deficit.

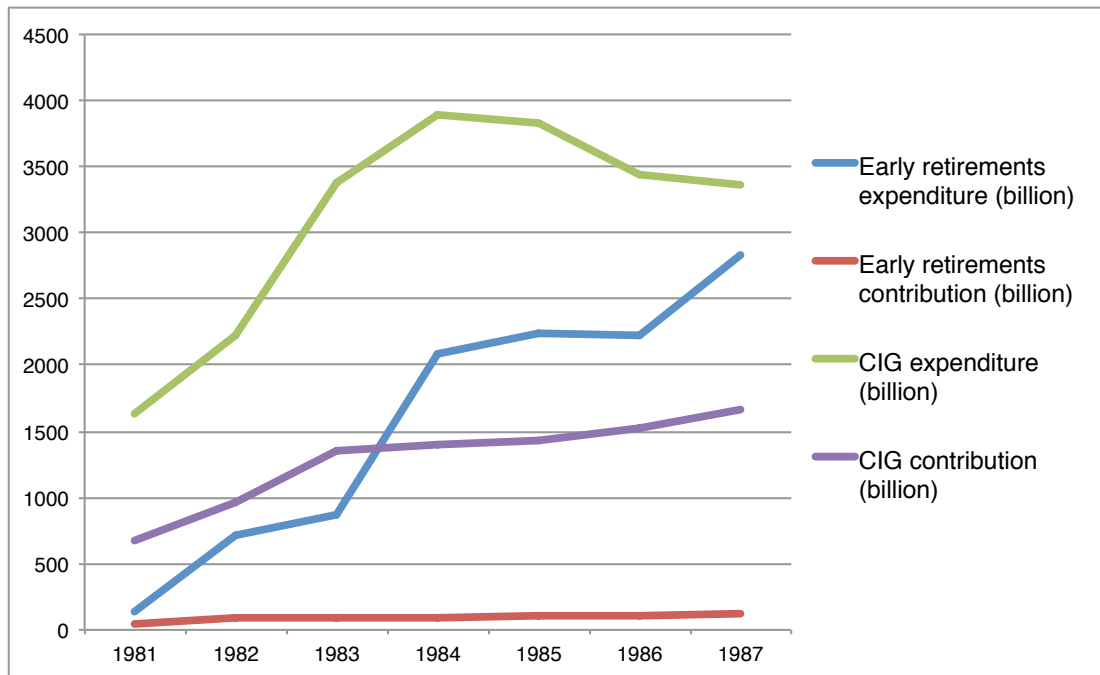
In April 1981, the Spadolini government had introduced an early pension scheme to cope with the immediate situation of elderly redundant workers. Law n. 155 allowed workers who had reached the age of fifty-five (fifty for women) to retire early.¹⁶⁵ This was in no way different from what had been implemented during the same period in France, Germany or Spain. However, whereas in those countries early retirement was used as a temporary instrument to cope with a momentaneous adverse shock in the labour market, in Italy it became a structural feature of passive labour market policy. Initially, its provision was limited to 1981 and was later renewed on a year-by-year basis, until 1987.¹⁶⁶ Early retirement served to discharge the cost of layoffs on the coffers of the state, but it also led to many abuses: many older workers were forced to accept early retirement so as to avoid firings, despite being ready to continue working in the informal economy. Between 1981 and 1987, public spending on early retirement schemes grew from 132 billion to 2,840 billion lire.

¹⁶⁴ *Ibidem*, p. 312.

¹⁶⁵ Legge 23 aprile 1981, n. 155, Adeguamento delle strutture e delle procedure per la liquidazione urgente delle pensioni e per i trattamenti di disoccupazione, e misure urgenti in materia previdenziale e pensionistica, *Gazzetta Ufficiale*, Serie Generale n. 114, 27/04/1981.

¹⁶⁶ Saveria Cappellari, 'Le politiche di pensionamento anticipato attuate in Italia negli anni '80', in *Le politiche del lavoro negli anni '80*, ed. Fabio Neri (Milano: Franco Angeli, 1989), 35-71, at p. 55-57.

Fig. 5.2 expenditures and contributions, CIG and early retirement (1981-1987)¹⁶⁷



The lion's share of public income maintenance for the unemployed was absorbed by the CIG. Total expenditure for short time support rose from 865 billion in 1981 to 3,367 billion in 1987, having reached a peak of 3,894 billion in 1984. Among western European countries, Italy used short time benefits the most, with almost 200,000 full-time equivalent workers on the scheme between 1980 and 1990. In Spain, the second highest user of short time work schemes, the scheme affected only 100,000 full-time equivalents.¹⁶⁸

Despite the scale of industrial redundancies across the country, short time schemes did not undergo any transformation or attempt at reform, with the institutional set up of passive labour market policy designed in the 1970s largely untouched. However, as the number of *cassaintegrati* increased, with a domino effect of redundancies following the downsizing of big companies, the massive expulsion of the industrial labour force brought the system under strain. At the end of 1983, the FLM wrote to the new Minister of Labour, Gianni de Michelis, to lament substantial slowdowns in the disbursement of CIG allowances. The problem was represented by the actual administration capacity of the INPS, which did not possess the resources to keep up with the growing number of redundant workers. Since the autumn of 1980,

¹⁶⁷ INPS, *Rendiconti dell'Istituto Nazionale della Previdenza Sociale* (Roma: INPS, 1982-1988)

¹⁶⁸ Mosley and Kruppe, 'Short Time Work in Structural Adjustment', p. 140.

the average length for the completion of the paperwork for the payment of the CIG had doubled from ten-to-fifteen to twenty-to-thirty days; for small and medium-sized companies, waiting time could reach up to eight or nine months.¹⁶⁹

The administrative problem added to increasing concerns regarding the excessive labour market rigidity caused by the overuse of the CIG-S. The continuation of workers' employment relations with the firm was a precondition to access short time work benefits, but also made the labour market excessively rigid, freezing a large part of the redundant workforce. Employees feared seeking new employment for the risk of losing the guaranteed allowance of the CIG-S. The experimentation with inter-company mobility allowances to favour worker relocation and re-employment did not bear the expected fruit. The *Confindustria* wanted to introduce tighter rules for workers on the CIG-S so as to sever their relations with companies after a certain amount of time and avoid their forced rehiring, offloading them permanently.¹⁷⁰ This position, in turn, was resisted by organised labour, which tried to lobby the Ministry of Labour to disallow the use of CIG-S when the possibilities of re-employment were uncertain. Organised labour's proposal, instead, was to lower the retirement age even more and to strengthen standard unemployment insurance.

A key demand of the unions was to further decentralise management of the extraordinary short time scheme, entrusting regional labour offices with greater authority, particularly over companies that wanted to renew an already approved application. This would have allowed a speeding up the bureaucratic procedures while lessening the degree of political intermediation behind the management of the CIG-S at the central level. Since the very beginning of the 1980s, the unions had identified in regional governments their 'main political interlocutor'.¹⁷¹ This was particularly the case in Piedmont and Lombardy, where local authorities had already experienced the management of redundancy during the second half of the 1970s.¹⁷²

The most radical proposal of the CGIL-CISL-UIL was the creation of the

¹⁶⁹ FLM, la Segreteria della IV Commissione, Consiglio Regionale del Piemonte, alla Segreteria Regionale della FLM Verbale della Seduta della Commissione Lavoro del Consiglio Regionale del 29 Novembre, Torino, 06/12/1983, IPAG, Archivio CGIL, FIOM di Torino, b. 502, f. 1.

¹⁷⁰ Garonna and Panizon, 'Riforma della Cassa Integrazione guadagni', p. 60.

¹⁷¹ FLM Piemonte, CGIL-CISL-UIL Piemonte, Segreteria Regionale, all'Assessorato dell'Istruzione e formazione professionale, all'Assessorato della Regione Piemonte, Corsi per i lavoratori in CIG, Torino, 19/03/1981, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 1, f. 2.

¹⁷² Barberis and Bottiglieri, *Crisi Industriale e Governo Regionale*, pp. 93-120.

agenzie del Lavoro, regional labour agencies, to substitute and integrate the normal job placement system.¹⁷³ The new agencies would centralise the different activities performed by local labour offices and provincial governments, including the gathering and analysis of data on local labour markets, searching for placement opportunities and promoting investments to create new employment, managing professional courses directly to adjust their content with actual job offerings and create a system of permanent consultation with social partners. The debate on the labour agencies was not new and had been going on among policymakers and union leaders since the mid-1970s.¹⁷⁴ However, it is only at the turn of the decade that the proposals for the *agenzia* took a more concrete shape: the first agencies were tested in Campania and Basilicata in 1981, to face the employment problems that followed an earthquake that affected these two areas.¹⁷⁵

Faced by opposing perspectives put forward by organised interest groups, the government had to compromise, on the one hand with the need to rein in excessive public spending and liberalise labour market regulation; and on the other with the need to keep providing income support to the redundant employees of large factories. During the first half of the 1980s, the framework of discussion among state officials and policymakers was represented by law scheme n. 760, firstly proposed by the Minister of Labour, Vincenzo Scotti in 1979.¹⁷⁶ The project, reconfirmed by Gianni De Michelis, foresaw the introduction of the labour agencies, but also a comprehensive liberalisation of the job placement system that the unions denounced as a ‘counter-reform’.¹⁷⁷

Organised labour was wary of the attempt to increase the possibility of employers resorting to nominal callings at the job placement office, sidestepping union control over the lists of the unemployed to be hired and increasing the risk of political discrimination. Furthermore, the law project sought to reduce the maximum

¹⁷³ Reyneri, ‘La politica del lavoro in Italia’, p. 266.

¹⁷⁴ Regione Piemonte, Progetto per la sperimentazione in Piemonte dell’Agenzia del Lavoro, -/07/1982, IPAG, Archivio CGIL, FIOM di Torino, b. 502, f. 1.

¹⁷⁵ Carlo Donolo, ‘Verso una politica attiva delle istituzioni di parte sindacale. Gestire il dopoterremoto’, in *Dopo il Terremoto*, ed. Luisa Zappella (Roma: Editrice Sindacale Italiana, 1981), 120-136.

¹⁷⁶ Camera dei Deputati, Disegno di legge, n.760, Presentato dal Ministro del Lavoro e della Previdenza Sociale (Scotti), di concerto col Ministro del Tesoro (Pandolfi), Effettuazione di esperimenti pilota in materia di avviamento al lavoro, presentato il 18 ottobre 1979, Atti Parlamentari, Camera dei deputati, VIII Legislatura, Documenti – Disegni di legge e relazioni (Roma: Tipografia della Camera, 1979), pp. 1-8.

¹⁷⁷ CGIL-CISL-UIL Piemonte, Nota per i Delegati, Collocamento, Mobilità, Cassa Integrazione, Centro Stampa FLM, Torino, 10/01/1981, IPAG, Archivio CGIL, Lavoratori FIAT in CIG, b. 2, f. 7.

length of both the CIG-O and the CIG-S to 36 months within every 5 year period, progressively lowering the wage replacement allowance afforded by short time, to discourage its prolonged use. The CGIL-CISL-UIL, however, was critical of such restrictions. The labour federation noted:

‘it is not possible to establish a priori and in a compulsory manner the time needed to carry out restructuring. If such a law were to be passed, there is a high chance that many ongoing industrial transformation processes might be halted [...] bringing back the CIG to a purely welfarist logic’.¹⁷⁸

The debate on the reform of short time work went well beyond government circles and organised interest groups. Soon, it also involved research institutions and academics, who all voiced in favour of a more universalistic form of unemployment support to bridge the divide between labour market insiders and outsiders. The most radical proposals came during the early stages of the discussion: In December 1983, the ISFOL, the Public Institute for Labour Market Studies, published a report on the state of Italian welfare, highlighting the need to introduce a guaranteed minimum income, to be offered for a limited period of time to all the officially unemployed and unoccupied. The report noted how the Italian social security system was ‘irrational and did not cover explicitly all the citizens [...] in a distorted way. [...] There is an unacceptable disparity of treatment between the unemployed and unoccupied youths, as well as between the same people who lost a job.’ Unifying the whole system of income maintenance for those without work would allow the ‘elimination of discretionality and clientelism, identifying welfare recipients more clearly while increasing the flexibility of labour supply’.¹⁷⁹

The proposal to introduce a minimum income system with retraining and job search conditionalities was broadly in line with the debate on active labour market policies that was developing in Europe during the early 1980s. Northern continental and Scandinavian countries already had a long tradition of high spending in active labour market policies. Even social democratic governments in many other countries started to consider the strengthening of employment activation as a way to bridge the

¹⁷⁸ Ibidem.

¹⁷⁹ Aviana Bulgarelli, Alessandro Cantaloni and Marinella Giovine, ‘Smig anche in Italia: la prima proposta concreta’, *Politica ed economia* 12 (1983), 23-32, at pp. 24-25.

growing inequality between labour market insiders and outsiders.¹⁸⁰ In Italy, however, the debate on active labour market policies remained marginal until the early 1990s and was not matched by state investments in social activation programs. In 1987, Italy devoted the least resources to active labour market policies among all members of the European Community, only 0.56% of its GDP.¹⁸¹

Following Tarantelli - who in 1983 suggested in an article in *la Repubblica* the introduction of a 'real unemployment insurance' – the Italian debate concentrated on the need to reform Italian passive labour market policies by strengthening assistance to the unemployed.¹⁸² In 1985, Amato and Benassi were among the firsts to suggest the abolishment of the CIG-S, to be substituted with an unemployment insurance scheme with a replacement allowance of 60% of previous wages, to last for a maximum of 18 months. In parallel, they suggested the introduction of a monthly allowance for first time job seekers. Only the CIG-O would remain. To encourage redundant workers to find new employment, when the new wage was lower than the money afforded by short time benefits, the CIG would continue to pay a bonus to those workers.¹⁸³

In 1986, Dal Co echoed this perspective, suggesting the abolition of the CIG-S and its absorption into the severely underpowered unemployment insurance. According to Dal Co, increasing the coverage and replacement rate of unemployment insurance would achieve a double objective: not only would it strengthen the guarantees of a social safety net outside of the workplace, but more importantly, eliminating the CIG-S would lower the degree of collusion between employers and organised labour, depriving them of the possibility of co-managing short time, 'it would increase the social costs of industrial restructuring [...] but it would also force employers and trade unions to find active and solidaristic solution to the problem of redundancy'.¹⁸⁴

During the same period, D'Harmant and Brunetta proposed a lighter reform:

¹⁸⁰ Timo J. Weishaupt, *From the manpower revolution to the activation paradigm: explaining institutional continuity and change in an integrating Europe* (Amsterdam: Amsterdam University Press, 2011), pp. 119-138.

¹⁸¹ Klaus Schömann, 'Active labour market policy in the European Union, Discussion paper', *Wissenschaftszentrum Berlin für Sozialforschung FS I 95-201* (1995), 1-35, at p. 8.

¹⁸² Ezio Tarantelli, 'Un vero sussidio di disoccupazione', *la Repubblica*, 14/10/1983, quoted in Michelagnoli, *Ezio Tarantelli*, p. 127.

¹⁸³ Amedeo Amato and Corrado Benassi, 'Cassa integrazione guadagni e indennità di disoccupazione: una proposta di riforma', *Rivista Internazionale di Scienze Sociali* 93 (1985), 333-360.

¹⁸⁴ Mario Dal Co quoted in Garonna and Panizon, 'Riforma della Cassa Integrazione guadagni', p. 62.

according to them, the CIG should not be looked at ‘as a self-contained entity in the labour market: by virtue of its fundamental premises, it must concern itself with all policies of active intervention in the field of employment.’ As such, D’Harmant and Brunetta proposed the introduction of another CIG fund, the Labour Mobility CIG, to intervene in the event of a structural surpluses of workers. This was in line with the new dispositions on inter-company mobility introduced during the late 1970s and would have allowed bringing the CIG-S back to its normal use, limited to business cases involving restructuring and re-employment of the workforce.¹⁸⁵

Despite the many voices claiming a reform of the short time work system, the measures implemented at the government level remained half-hearted, at least until the very end of the decade. While numerous law projects concerning labour market liberalisation continued to be discussed in parliament, *pentapartito* governments did not seem willing to rein in expenditure on short time, strengthening instead the welfarist character of the CIG-S. Marginal cuts on welfare spending were implemented mostly in health and old age benefits, whereas spending on short time work continued unabated.¹⁸⁶ Welfare retrenchment was hindered not only by the existence of vested interests by employers and organised labour, but also by the consensus ‘constraints of coalitions built on a wide range of parties’.¹⁸⁷

Towards the end of 1984, a reserved document from the Ministry of Labour showed that there was even a proposal for the introduction of a ‘Super CIG-S’ to act as an income bridge for workers who were close to the minimum age requirements of the early retirement schemes introduced by law n. 155. In the Ministry’s proposal, the measure would represent a one-off opportunity for companies to offload their older employees and restructure their plants. Workers between 50 and 55 years who had their job contract rescinded would receive treatment similar to that of the CIG-S, until they were eligible for retirement. The provisions would not be extended to the whole national territory, but applied on a selective basis, only for companies in those provinces where the relationship between CIG-S workers and total employment was above 1%, or those in which the total unemployment rate was at least 8%. Organised labour noted how ‘this limitation would inevitably give rise to discrimination between

¹⁸⁵ D’Harmant François and Renato Brunetta, ‘The Cassa Integrazione Guadagni’, p. 50.

¹⁸⁶ Ferrera, ‘The uncertain future’, p. 237.

¹⁸⁷ Martin J. Bull and Martin Rhodes, *Crisis and transition in Italian politics* (New York: Routledge, 2014), p.10

provinces, with assured disturbances to public order'.¹⁸⁸

Even public administration was repeatedly used as a reservoir of employment to absorb redundant workers. In August 1985, law n. 444 announced new hires by the public administrations of Piedmont, Lombardy, Liguria and Sardinia to replace retired employees, reserving at least 5,000 jobs for the *cassaintegrati* of those areas.¹⁸⁹

Instead, the reform of unemployment insurance advocated by many, arrived only in May 1988, when the expulsion of industrial manpower from Italian factories had substantially been completed. Presenting in front of Parliament during the approval of the law, the Christian Democrat MP Luciano Azzolini explicitly recognised not only the piecemeal nature of the reform, but also the fact that it intervened after 'the restructuring of the economic system had ended'.¹⁹⁰ Law n. 160 led to an important overhaul of the mechanism governing unemployment insurance, setting its allowance as a fixed replacement rate of the average national salary, instead of as a nominal sum. Since then, Italian unemployment insurance has begun a slow process of catching up with that of other core European countries, with parity only achieved in recent years. This, however, was a largely unintended consequence of the reform of the late 1980s: law n. 160 set the replacement allowance of unemployment insurance at only 7.5% of the average wage, less than a tenth than that afforded by short time.¹⁹¹

During the 1980s, the Italian short time work system completed its transformation into an all-out device for unemployment welfare, subsidising the massive expulsion of industrial manpower from large factories. This was largely the result of institutional inaction. As redundancies increased following the events of October 1980 at FIAT,

¹⁸⁸ FIOM, Riservato; Progetto Integrazione Guadagni Superstraordinaria, Archivio Ministero del Lavoro, Roma, 19/12/1984, IPAG, Archivio CGIL, FIOM di Torino, b. 609, f. 4.

¹⁸⁹ CGIL Ufficio Pubblico Impiego e Ufficio Mercato del Lavoro, Circolare ai Regionali CGIL, alle CdLT, alle Fed.ni Naz.li di categoria, Legge Gaspari per l'assunzione nella P.A., 9-11/09/1985, IPAG, Archivio CGIL, FIOM di Torino, b. 610, f. 1.

¹⁹⁰ Camera dei Deputati, Disegno di legge (Discussione): Conversione in legge, con modificazioni, del decreto-legge 21 marzo 1988, n. 86, recante norme in materia previdenziale, di occupazione giovanile e di mercato del lavoro, nonché per il potenziamento del sistema informatico del Ministero del lavoro e della previdenza sociale (2498), Seduta 10 maggio 1988, Atti Parlamentari, Camera dei deputati, X Legislatura, Discussioni (Roma: Tipografia della Camera, 1988), p.13748.

¹⁹¹ Legge 20 Maggio 1988, n. 160, Conversione in legge, con modificazioni, del decreto-legge 21 marzo 1988, n. 86, recante norme in materia previdenziale, di occupazione giovanile e di mercato del lavoro, nonché per il potenziamento del sistema informatico del Ministero del lavoro e della previdenza sociale, Gazzetta Ufficiale, Serie Generale n. 118, 21/05/1988.

the rules governing the CIG were left untouched. The highly discretionary decision-making framework developed during the late 1970s allowed the CIG-S to intervene to mask layoffs, stretching its income maintenance almost indefinitely. This served to stem the immediate effects of social crises and boost the political strength of an ample governing coalition in need of consensus. The many voices for a comprehensive transformation of the Italian system of unemployment assistance were silenced. When the reform of the insurance mechanism finally arrived, it did so with meagre resources and too late to aid the process of industrial restructuring.

In no small part, it was the very strategy of organised labour that caused the CIG to become the preferred form of labour market intervention during the 1980s. The weakness of the unions had already been exposed during the second half of the 1970s, as the first business crises forced organised labour with a choice between the protection of core workers and the creation of new employment. This led to growing distrust between the unions' leaderships and the rank and file, who were exploited by the employers to push through a more unilateral use of short time during the early 1980s. Facing the magnitude of industrial redundancies and with a shaky support base inside the factories, the unions sought to strengthen their position by acting as reliable negotiating partners, *de facto* accepting the indefinite use of short time as a surrogate of unemployment welfare.

This, however, proved extremely detrimental for the unions, leading to a sharp drop in their mobilisation capacity during the 1980s. Employers' free rein in the control of manpower policies transformed the CIG into a powerful tool to discipline the workforce, scaling back organised labour's control over the industrial shop floor. Political discriminations in the selection criteria for workers to be suspended - coupled with the sheer size of industrial redundancies - disrupted the venues for plant-level worker representation and wrecked union mobilisation capacity. The growing mass of *cassaintegrati*, instead, was marginalised and progressively ostracised by union political life.

The epilogue of FIAT's redundant workforce is highly emblematic. In 1987, after seven years during which many were fired or decided to resign, the company finally readmitted the last few employees on the CIG-S. The most politicised workers, however, were not allowed back on the shop floor. They were sent to the outskirts of Turin, in run-down detached warehouses in Robassomero and Orbassano, and

assigned to menial tasks. Many denounced such practices as a re-establishment of the dreaded *reparti confino*, the ‘prison department’ used in the 1950s to punish riotous employees.¹⁹² In thirty years, Italian labour history had come full circle.

¹⁹² Coordinamento Cassintegrati, *l'altra faccia della FIAT*, p. 63.

Conclusion

Starting in the early 1990s, the Italian system of protection against unemployment started a slow process of convergence with the continental welfare state model. The signing of the Maastricht treaty in 1992 and the creation of the European Economic and Monetary Union forced the country into a path of macro-economic adjustment. In order to redress the fiscal profligacy of the previous years and increase the targeting and mean testing of social policy, a series of institutional reforms were instituted to redesign the fabric of the welfare state.¹

The end of the Cold War, with the sudden collapse of the traditional parties and judiciary scandals that made a clean slate of the political elite of the First Republic, brought about momentous changes in the Italian political system, demolishing many patronage networks within the welfare administration. By 2010, the net replacement rate of Italian unemployment insurance was around 60% of the average national wage, broadly on par with that of other core European countries.² The coverage of unemployment benefits still remained one of the lowest in Europe, but the country made substantial progress towards the strengthening of insurance-based welfare instruments.³

Short time work benefits, however, continued to represent a key pillar of unemployment social policy in Italy. In 2008, the government of Silvio Berlusconi introduced the *cassa integrazione in deroga*, literally a CIG in ‘derogation’ of existing regulations. It applied to all companies that could not get access to either the CIG-O or the CIG-S and it was managed directly by regional authorities, on a discretionary

¹ Maurizio Ferrera and Elisabetta Gualmini, *Rescued by Europe? Social and Labour Market Reforms in Italy from Maastricht to Berlusconi* (Amsterdam: Amsterdam University Press, 2004), p. 9.

² Olaf Van Vliet and Koen Caminada, ‘Unemployment replacement rates dataset among 34 welfare states 1971-2009: An update, extension and modification of the Scruggs’ Welfare State Entitlements Data Set’, *NEUJOBS Special Report 2* (2012), 1-70, at p. 21.

³ Manos Matsaganis, Erhan Ozdemir and Terry Ward, ‘The Coverage Rate of Social Benefits’, *European Commission Research note 9* (2013), 4-39, at p. 22.

basis.⁴ The year after, short time work schemes underwent a sudden expansion to absorb the social aftershock of the international economic crisis and cushion employment losses. By October 2010, CIG suspensions affected 600,000 full-time equivalent workers, the highest number since the first introduction of the scheme in 1941.⁵

The massive use of the CIG in recent times underscores a strong degree of institutional continuity with the framework that regulated redundancies during the 1970s and 1980s, highlighting the importance of short time work schemes in the post-war history of Italian unemployment social policy. This thesis tracked the development of the CIG and showed how a device that was originally meant for industrial policy was progressively transformed to compensate for the weakness of standard unemployment insurance. The centrifugal pressures exerted on the state by organised interest groups were key in the evolution of short time work schemes. Employers and unions drove the expansion of the CIG to cope with their respective needs for manpower flexibility and job security. In the 1970s, as a wholesale reform of unemployment insurance was progressively pushed to the sidelines, this resulted in a welfare system that was narrowly targeted on labour market insiders. The core working class of large industrial companies was afforded redundancy benefits at the expense of other, more marginal, categories of workers.

Macro-sociological theories of welfare state development are ill suited to capture the dynamic at play in the evolution of Italian unemployment social policy. Power resource approaches, linking welfare development to the strength of working class constituencies, go a long way in explaining the initial weakness of unemployment insurance during the early decades of the post-war period. However, they cannot offer an explanation for the anomalous growth of the CIG. Employer-centred approaches, on the contrary, understand social policy as an instrument to solve labour market coordination problems and can account for the original labour-hoarding function of short time work, but do not provide an analytical framework for its peculiar evolution in post-war Italy.

⁴ Elisabetta Gualmini and Roberto Rizza, 'Attivazione, Occupabilità e Nuovi Orientamenti nelle Politiche del Lavoro: Il Caso Italiano e Tedesco a Confronto', *Stato e Mercato* 92 (2011), 195-221, at p. 203.

⁵ Stefano Sacchi, Federico Pancaldi and Claudia Arisi, 'Social Protection in Hard Times: Convergence or Enduring Divergence? A Comparative Analysis of Short-Time Work in Austria, Germany and Italy', *Rivista Italiana di Politiche Pubbliche, Rivista quadrimestrale* 1 (2011), 59-92, at p. 15.

This thesis shifts the focus of the debate, moving out of the domain of high politics to demonstrate the role played by unemployment social policy in local industrial crises and in factory social relations of production. This allowed it to show how employers and organised labour used the CIG in practice, exploiting its very discretionary rules to tackle industrial organisation problems and guarantee job security and avert social conflict. The development of the CIG did not follow a clear administrative blueprint, nor did it reflect the coherent social policy outlook of the country's political elite. Rather, short time was expanded incrementally, to tackle immediate labour market crises. This resulted into a flexible but highly stratified system of social policy. Institutional experimentation at the workplace level drove political reforms, with the evolution of industrial relations driving the policymaking of short time work.

In this context, the pattern of industrial conflict in post-war Italy is of key importance in explaining the peculiar nature of its unemployment welfare system. In the early post-war years, industrial relations were characterised by the organisational weakness of the labour movement. Organised labour was internally divided and marginalised from policy-making. The state, on the other hand, did not have the fiscal capacity or the political will to support unemployment insurance with ample coverage, due to structurally high unemployment rates. The CIG emerged as a leaner form of income maintenance for redundant workers, allowing the targeted intervention of social policy at a local level, where union constituencies were stronger. Throughout the years of the economic miracle and its aftermath, short time got entrenched in the Italian welfare edifice, ensuing a path dependent effect.

In the early 1970s, as the bargaining power of organised labour increased, its social policy demands concentrated on the strengthening of the CIG, rather than on unemployment insurance. The Italian labour market was near full employment and the workforce was decidedly more concentrated in the industrial sector, leading the unions to favour a system of protection focusing on already employed workers, linking welfare rights to industrial citizenship.⁶ The demands that emerged from the Hot Autumn of 1969 played no small part in the process. The growth of workplace democracy amplified bottom-up pressures for job security, while the rise of radical worker groups, championing the ideological centrality of industrial wage earning,

⁶ Maurice Roche, 'Citizenship, Social Theory, and Social Change', *Theory and Society* 16 (1987), 363-399, at pp. 386-389.

increased the dynamic of intra-left competition on the shop floor, further pushing the unions towards the protection of labour market insiders.

The expansion of the CIG at the crossroad of the 1970s was not only the direct result of bottom-up worker mobilisation. Employers made use of short time to stem labour strife and control the effects of strikes on work organisation. The concentrated nature of industrialisation in Italy and the relative delay with which Fordist manufacturing practices were introduced in the country help to explain the sudden burst of social conflict, but also offer important insights as to why employers exploited the CIG as a disciplinary tool to govern the factory shop floor. The economic slowdown of the late 1960s and the parallel increase in worker conflict undermined the main tenets of mass production organisation, at a time in which many companies - particularly in the automobile sector – had just implemented it or were still in the process of doing so. Management was in need of an instrument to cushion the economic and social crisis of Fordist regulation. Short time served to absorb the impact of labour strife on work organisation, targeting strikers, in the case of the CIG-O, and enforcing the demobilisation of the unions to favour industrial restructuring, through the CIG-S.

The economic slowdown that followed the oil shock of 1973 acted as a powerful catalyst for the dual pressure for the expansion of short time. The energy crisis bit into corporate finances, increasing the need for cost saving business strategies and the risk of industrial foreclosures. This engendered widespread protest by the unions and led to the renegotiation of the governance framework for industrial redundancies. The 1975 guaranteed wage agreement entrenched the CIG in the Italian welfare state, accommodating employers' needs for manpower flexibility while sanctioning the principle of seemingly absolute job security for labour market insiders. The unions hoped to exploit the new consultation mechanism over short time to achieve greater control over company employment levels and use it to obtain new investments to foster job creation. The return of unemployment threatened the basis of organised labour, forcing union leadership to devise new ways to maintain the needs of the employed and the unemployed.

During the second half of the 1970s, the management of redundancy was regulated by a corporatist arrangement based on an exchange between manpower flexibility and long-term guarantees for the defence and creation of new employment,

with the CIG at the centre of the system of unemployment protection. The pattern of negotiations, however, was characterised by a structural flaw: the incapacity of the state to act as the institutional overseer of the political bargaining between capital and labour. At both the local and central level, the consultation of organised interest groups was poorly formalised and public authorities lacked an enforcement mechanism to commit employers and the unions to upholding their sides of the bargain. Even public industrial policies failed to foster industrial development.

This proved to be a poisonous chalice for organised labour, as the unions were forced to compromise on manpower flexibility and wage moderation, while employment creation failed to materialise. The imperfect corporatist governance of short time drove a wedge, on the one hand, between union leaders and their constituencies, and on the other, between organised labour and the weakest categories of the labour market. At the workplace level, the unions were dragged into a codetermination of work-time reductions and suspensions that estranged the rank and file, while factory councils progressively grew into bureaucratic structures, seeding distrust among workers. On a wider level, the pervasive use of short time work froze the Italian labour market, increasing barriers to entry for first-time job seekers. The strong income maintenance afforded by the CIG - compared to the lack of alternative assistance for the unemployed - led to strong criticism against the unions and blue-collar workers of large factories, perceived by others as an overly-protected social class.

By the end of the 1970s, the tensions building up within organised labour undermined its organisational strength, both within the factories and in Italian society at large. Employers exploited the weakness of the unions to push through a more comprehensive restructuring of the industrial shop floor, downsizing production permanently and scaling back worker control over the organisation of production. During the 1980s, the massive use of the CIG-S disarticulated the functioning of plant-level union structures, impeding the unions from resisting further redundancies and disciplinary actions, ultimately driving down industrial conflict. Without effective supervision of organised labour, short time work became a way to bypass the otherwise tight regulation on dismissals and favour permanent workers layoffs, in practice configuring the CIG as an all-out surrogate of unemployment welfare. The demise of union power during the 1980s was an international trend, with changing

economic policy paradigms and the structural decline of industry mining the power of organised labour across advanced western economies. In Italy, the crisis of the labour movement was tied in with the transformation of the country's unemployment welfare system and the abnormal use of short time work schemes, which accelerated worker demobilisation.

In Italy, the relationship between the historical trajectory of industrial conflict and the development of unemployment social policy was not one of simple correlation, but a dialectical one. The ebbs and flows of the Italian labour movement – with its initial weakness during the post-war years, followed by its unchecked expansion – help to explain the peculiarities of the country's unemployment protection model. During the 1970s, the unions attempted to reform social policy to make it revolve around the needs of the industrial working class. The CIG was to become the lynchpin of a system linking long-term job guarantee to bottom-up worker control over the transformation of the economic system. Facing the onset of deindustrialisation, however, the very nature of short time work schemes became a driver of structural crisis for organised labour, entangling it into a system of negotiations over redundancies that eroded its organisational bases. The relationship between industrial relations and welfare state development was characterised by a set of mutually interacting forces.

The lack of state power played an important role in the demise of organised labour and the anomalous metamorphosis of the CIG. The institutional inadequacies of public authorities during the 1970s hampered the pattern of corporatist negotiation between organised interest groups, with the state unable to broker a balanced political exchange between capital and labour, failing to connect the use of short time work with a proactive industrial policy. The weakness of state institutions is a common trope in the historical sociology of Italy – and Southern Europe in general. This thesis proved how industrial relations strongly influenced unemployment social policy, effectively driving its reform. But this work also suggests that state, however, should not to be perceived as unitary actor, mechanically implementing the directives of capital and labour, as macro-sociological theories rooted in orthodox Marxism often argues. Rather, institutions were characterised by a 'relative autonomy' vis-à-vis organised interest groups, with a degree of internal inconsistency.⁷ The state

⁷ Poulantzas, 'The Problem of the Capitalist State', p. 74.

machinery operated like a network, with its different parts responding to different pressures and with different short-term goals.⁸ This dynamic operated, horizontally, at the central level, between different ministries, but also vertically, between national and local authorities, particularly in regard to the management of industrial policy.

This thesis also offers broader theoretical implications for the study of the welfare state in twentieth-century Europe, showing how the history of labour relations and industrial organisation can shed new light on the post-war development of social policy. Nesting the welfare state within the factory shop floor offers the possibility to relate more closely state policies and the world of work, opening new pathways to understand the mutual interaction between social policy, industrial relations and workers' everyday lives, beyond the narrow institutional viewpoint of existing analyses. This thesis has done so by concentrating on unemployment protection, the social policy instrument most closely related to the working of the capitalist labour market. Further research might explore other welfare mechanisms, offering a more comprehensive 'history from below' of the Italian welfare state.

⁸ Bob Jessop, *The State: Past, Present, Future* (Cambridge: Polity, 2016), pp. 164-186.

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