

Union Democracy and the Italian Labor Movement

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This paper is concerned with decision-making procedures within trade unions and, by extension, secondary associations as a whole. Its primary goal is to ascertain what impact, if any, direct democratic procedures (for example, workplace referenda) have on the collective choices and organizational behavior of labor organizations.

A time-honored literature, going back to Lipset's seminal work, suggests that membership control over union policy may be undesirable due to its potentially adverse effects on third parties and/or society as a whole. There may be a conflict between democracy in a partial society such as a trade union, and the interests, views, and goals of other members of the body politic, who do not participate in the internal democratic process and are thus unable to influence its outcomes, but are nonetheless affected by its externalities. In other words, society's interest in responsible unionism – where "responsible" stands for capable of "responding to the interests of the members, [...] dealing fairly with individuals and minorities within its ranks, and exhibiting a due regard for legitimate interests of those beyond its walls" (Bok and Dunlop, 1970: 86) – may be better served by energetic and dynamic union leaders than by democratic internal governance structures. In line with this thinking, it has been argued that union democracy might encourage higher propensity to strike (Parnes, 1956), greater intransigence in bargaining (Wolfe, 1985; Stepan-Norris and Zeitlin, 1995), and the emergence of particularistic organizations solely concerned with their sectional interests (Streeck, 1988).

These views are correct only if one assumes that members have systematically more "extreme" preferences than their leaders. In this case, direct rank-and-file control over organizational policy (through procedures like ratification of collective agreements or frequent reelection of union representatives) may lead to militancy and/or unwillingness to compromise –

which, in turn, might produce undesirable socioeconomic outcomes like higher inflation and/or unemployment rates, and higher levels of industrial conflict than in comparable circumstances. This situation, however, is far from the norm. Indeed, the opposite state of affairs is conceivable, namely one in which leaders have systematically more extreme preferences than their members and in which the introduction of democratic decision-making produces opposite consequences from those stated above. This line of thinking seems to have motivated the union governance reforms of the Thatcher and Major's era in the UK (e.g. compulsory balloting prior to strikes) (see Undy and Martin, 1984, and Undy et al. 1996).

Apart from these rather extreme circumstances, there are other, more nuanced situations in which the absence of democratic procedures may favor the adoption of more militant strategies within labor organizations while their presence may produce opposite results:

1) When democratic procedures are absent, leaders may systematically misinterpret the preferences of workers. Absent electoral mechanisms for registering worker preferences, leaders may not know exactly what these preferences are and may therefore base their choices on the preferences of a sub-sample of the entire working population, e.g. those workers who participate in strikes (Pizzorno, 1978; Lohmann, 1993).

2) Along similar lines, the absence of democratic decision-making procedures may alter the internal balance of power within trade unions in favor of factions pursuing more militant agendas (Sabel, 1981). Suppose there are two factions in the union and that the moderate faction represents the preferences of the majority of workers even though its claim to representation has not been validated through a worker vote. The more extreme faction organizes a protest movement against the moderate policies pursued by the other. Workers with more intense preferences (a minority of the working population) participate in the protest, while the others (a

majority) choose not to act on their preferences and stay at home. In a situation like this, adoption of a decision-making principle like majority rule serves to validate the "representativeness" of moderate union leaders and the legitimacy of their bargaining policies. The mobilization potential associated with the claim to truly represent the workers' will is dispelled. Also, adoption of a majoritarian rule levels out the different degrees of intensity in the members' preferences (Dahl, 1956). In other words, the vote of workers who are ready to engage in collective action counts as much as that of more quiescent workers in determining collective decisions.

3) When deliberative mechanisms are at play, union democracy may lead to internalization of third parties' legitimate interests even when workers have systematically more extreme preferences than their leaders. Both of the above-mentioned examples underline the importance of democratic procedures (voting) in enabling the accurate representation of workers' aggregate preferences. Democracy is, however, more than just aggregation of pre-existing preferences. It often shapes or changes preferences, as often argued in the literature on deliberation (Habermas, 1996; Gutmann and Thompson, 1996; Cohen, 1996; Bohman, 1996). In several circumstances workers do not have well-defined, let alone fixed, preferences about alternative policy options. They rely on their leaders to evaluate the alternatives they are faced with (especially when this evaluation requires expert, technical knowledge unavailable to rank-and-file members). The communicative processes associated with union democracy give union leaders ample opportunities to influence the members' process of preference formation.

The remainder of this paper illustrates the stylized scenarios presented above with evidence drawn from the Italian labor movement. Debates about union democracy represent a recurrent feature of Italian industrial relations. Beginning with Gramsci (1921a; 1921b; 1921c;

Spriano, 1965), the historic militancy and radicalism of the Italian unions has often been linked with their internally democratic organization. Even recently, at a time in which the Italian unions have provided tangible proof that they are able to change strategy and embrace the cause of cooperation with the other “social partners,” a legislative proposal aimed at institutionalizing worker elections and workplace referenda has failed to be approved by Parliament because various social and political actors were convinced that its implementation would encourage irresponsible wage demands and rank-and-file unrest. Yet, if one took a closer look at the history of the Italian unions, one would notice that in the period when they were animated by radical, transformative intents, they were not so internally democratic after all (at least in the sense of respecting the basic democratic principle “one head, one vote”), and that their recent strategic transformation has been facilitated by organizational reforms that increased the weight of rank-and-file workers in organizational decision-making.

Following a critical examination of the literature emphasizing the undesirability of democratic arrangements within trade unions, I present three case studies. In the first, I re-analyze the famous Fiat strike of 1980 and re-interpret it as a case of democratic failure, namely as a situation in which union leaders misinterpreted the preferences of their constituents because they did not rely on electoral mechanisms for ascertaining what the workers wanted. In the second case study, I examine how the absence (first) and presence (later) of voting mechanisms influenced the battle between moderate and radical union factions in Italy concerning the desirability of union involvement in centralized bargaining. In the third case study, I compare “aggregative” and “deliberative” democratic procedures. The employees of two very similar factories were faced with essentially the same trade-off between short-term gains and long-term goals. In one factory, workers were simply asked to vote on these alternatives; in the other, the

vote was preceded by extensive public debate. While the former group chose the short-term option, the latter came up with the opposite choice. Using insights from Habermas' theory of communicative action, this case study illustrates how deliberation re-shapes preferences and also how the implicit rules of public discourse impose stringent requirements on the moral credibility of speakers. The empirical research for section 3 on the Fiat strike is based on secondary sources, especially recently available memoirs by some of the protagonists. Section 4 and 5 are based on 149 field interviews between 1996 and 1999 as well as analysis of a variety of secondary sources (e.g., union periodicals, national and local newspapers, internal union documents and collective bargaining agreements).

2. Is Union Democracy Desirable? An Analysis of the Literature

Research on union democracy reached a peak in the 1950s and 1960s and then declined. Although this line of research is now virtually extinct – probably due to the decline of unions in the Anglo-Saxon countries – the relevance of its findings goes beyond unions and extends to other secondary associations as well.

Most studies, beginning with Lipset et al.'s seminal Union Democracy (1956), investigated under what conditions democratic procedures could be sustained over time. It appeared, in fact, that in a world dominated by the “iron law of oligarchy” (Michels, 1962), democratic governance could only survive in a few, “deviant” unions like the International Typographical Union (ITU) in which the presence of a cohesive and segregated “occupational community” promoted an unusually high degree of rank-and-file involvement and participation in union affairs – a condition that, as the authors themselves were quick to acknowledge,

“[could] not be met most of the time in most unions or other voluntary groups.” (Lipset et al., 1956: 403).

This literature on union democracy did not explicitly examine the relationship between the unions’ internal organization and their collective choices and behavior. When it did (usually in passing), it assumed that internal democracy was undesirable for society as a whole. Pushed by the rules of electoral competition, union officials would bow to the short-term, myopic demands of their members even when these demands conflicted with the long-term interests of the organization, the legitimate rights of minorities, and broader societal interests. Lipset himself (1962: 431-2; my emphasis) acknowledged this point:

“Institutionalized [organizational] democracy is not a necessary condition for democracy in larger society, and may in fact at times even weaken the democratic process of civil society. The various secondary associations independent of the state which Tocqueville saw as necessary conditions of a democratic nation have been in both his day and ours largely one-party oligarchies. [...] An organization under direct membership control may become irresponsible from either the vantage point of its needs or those of the society. The members may want their ‘selfish’ objectives pursued even if achieving them will hurt others or endanger the organization. Employers know well that the more democratic a union – that is, the more opposition in it to the incumbent leadership, the more factions, the more turnover in office – the more irresponsible the union will be. [...] It is noteworthy that the conditions which seem most plausibly related to membership participation and hence to internal democracy in trade unions and other voluntary associations [...] are the same conditions which seemingly weaken democracy within the larger society.”

Various American industrial relations scholars elaborated on the supposed incompatibility between internal democracy and the public interest. Bok and Dunlop (1970: 86), for example, reviewed the record of the ITU, allegedly the most democratic of the American unions, in light of its bargaining behavior, and argued that democratic procedures had led this union to tramp on minority rights and assume a dubious stance vis-à-vis other groups outside of their traditional boundaries. For example, they noted that:

“Neither party in the union advocated work-sharing, wage cuts, or other steps to assist unemployed members during the 1930s, since each concluded that the political advantage to be won from jobless constituents would be more than offset by opposition from the much larger group of employed members. During the same period, a minority of members employed as

mailers received so little recognition for their special interests that they eventually seceded and formed a separate organization.”

In a similar tone, Walton and McKersie (1991[1965]: 287, citing Parnes, 1956) argued that union democracy may lead to an escalation of bargaining demands, since union members tended to be more short-term oriented, myopic, and impulsive than their leaders:

“In the majority of cases the rank and file is often more, rather than less, ‘extreme’ than the leadership in pressing for contract demands ... The problem is less often one of arousing the membership and convincing them of the righteousness of the demands, than it is one of restraining the rank and file from pressing for terms which the leaders’ wider experience and greater knowledge tell them are either unwise or indefensible.”

To be effective, as Jack Barbash (1967: 129) remarked, these union leaders should be as remote as possible from the grass-root level because “the closer the union leadership is to the job, the more the leadership reflects rank-and-file concerns with the minute details of job shifts and job conditions, and the less it appreciates the economics of the enterprise which make changes necessary.”

The European neo-corporatist literature of the 1970s and 1980s reiterated and even radicalized these themes. Neo-corporatist theory and practice emerged as a response to the spectacular labor mobilizations of the late 1960s-early 1970s and the ensuing problem of stagflation. To increase the governability of advanced industrialized countries, neo-corporatist scholars looked at the European corporatist societies of the 1920s and 1930s as a source of inspiration and advice. In these societies, interests were not allowed to organize freely. They were channeled, instead, into functionally differentiated, compulsory organizations – true and proper administrative branches of the state – in which a (forced) synthesis of the inevitable heterogeneity of societal interests was accomplished. This synthesis was preliminary and

complementary to the “supreme synthesis” which remained the prerogative (and the duty) of the national state (see Hegel, 1991, especially the paragraphs on civil society: 182-256).

The leading idea of neo-corporatist theory was that it was possible even for the non-authoritarian regimes of the post-war period to replicate certain traits of the old corporatist systems without blatant infringements of liberal rights and liberties – except, perhaps, freedom of association (Schmitter, 1979; 1983). This required the active intervention of the state in shaping the associational environment. Indeed, the state was assigned the role of selecting from the universe of groups those with greater capacity for encompassing representation and helping the leaders of these organizations to “lock-in” their members through measures like legal recognition, compulsory membership, automatic collection of dues, and direct access to public funds (see Offe, 1981). This hierarchical and non-democratic internal structure was absolutely essential. Indeed, neo-corporatists shared with American industrial relations scholars, and in general, with theorists of the “elite theory of democracy” (see Schumpeter, 1950: 260-1), a general distrust of members and a parallel appreciation for the responsibility and clairvoyance of unions leaders (see Streeck, 1982). It was assumed that left on their own and absent material incentives or coercion, group members would establish a plurality of small, narrow-minded organizations engaged in a systematic spoliation of public resources (Tarantelli, 1986; Crouch, 1984).

Among neo-corporatist theorists, Wolfgang Streeck (1988: 312-3 and 1994: 11, respectively, emphases and translation mine) perhaps best articulated the inescapable trade-off between efficiency and (organizational) democracy and the consequent need for oligarchic labor organizations:

“There can be no doubt that corporatists were willing, in the name of a general interest of collectively acting groups being discovered and effectively pursued, to accept barriers of access to political markets, compulsory or semi-compulsory membership, and internal discipline. *Too*

much' democracy – or, if one wanted to fudge the issue, the 'wrong kind' of democracy – was shown to be detrimental to the collective interest.”

“Although in neo- or liberal corporatist systems non-entry or exit was normally (but not always) easier than in authoritarian corporatism, the difference was in no way categorical in this respect – not to be a union member in Sweden is far from simple. And although the internal life of the quasi-sovereign associations of the neo-, liberal, or democratic corporatism certainly allowed for more voice than the Italian corporations under Mussolini, the literature on associations has shown time and again that in democratic interest associations things not always and necessarily proceed democratically. What is liberal about liberal corporatism, and possibly about liberal democracy in general, is, therefore, essentially freedom of entry and exit, not of individuals vis-à-vis their associations, but rather of associations vis-à-vis state policies and attempts at implementing social concertation. For the difference between authoritarianism and democracy, freedom of collective action vis-à-vis the state appears more important than freedom of the individuals who participate in collective action vis-à-vis their associations.”

As argued above, these views on the adverse effects of union democracy, albeit diffuse, are only partially correct. Indeed, they assume that union members are always more short-sighted and/or militant than their leaders. The opposite view, i.e. that reasonable trade union members are held captive by their politicized, conflict-prone organizational leaders, is, in line of principle, equally plausible and has been entertained by politicians, if not scholars.¹ Even in cases in which leaders do not necessarily try to substitute their own goals to those of the membership but are animated by a genuine intent to represent their members' will, the absence of democratic procedures may still prompt them to adopt militant strategies when in fact the majority of workers have moderate policy preferences. The next section illustrates how this might happen in practice by re-examining a turning point in Italian industrial relations: the Fiat strike of 1980.

3. The Fiat Strike of 1980

In the late 1970s, Fiat shared many of the same problems facing other large auto manufacturers in the Western world: rising fuel costs, more stringent environmental regulation,

¹ This belief seems to have inspired the British industrial relations reforms of the 1980s and 1990s. For more on this, see Undy and Martin (1984); Undy et al. (1996).

increasing labor costs, and shrinking (as well as more competitive) markets. In the case of Fiat, these problems were exacerbated by highly dysfunctional labor relations (Locke, 1995: ch. 4).

Worker unrest initiated with the Hot Autumn of 1969 (and continued throughout the 1970s) had not only dramatically increased wage costs and strike activities (Locke, 1995: 107), but had also severely curtailed management control over shop floor activities. Supervisors and managers were often vilified, threatened, or physically attacked by workers. In some cases, they were even the victims of terrorist acts. Between 1977 and 1979, the Red Brigades attacked six foremen, two managers, and two security guards (Cavallini, 1978: 13-75). They killed one Fiat manager and severely wounded another. Although the unions forcefully condemned these acts and organized demonstrations in support of the victims (Galli and Pertegato, 1994), it was clear that some terrorists had been able to infiltrate the Fiat workforce and (perhaps) recruit some members.

One of Fiat's major concerns at the end of the 1970s was re-establishing internal discipline and increasing productivity. This required settling old scores with the local unions and relaxing the stringent work regulations they had been able to impose. In September, 1979, Fiat fired 61 workers. The motivations for this decision were left deliberately vague. Officially, these 61 workers were accused of breaching the corporate code of discipline. Management also spread the rumor, however, that the workers in question were connected with terrorist organizations. The unions reacted by offering legal assistance to 56 of the 61 workers – those who accepted to sign a petition condemning terrorism – and by organizing a strike in their support. Interestingly enough, worker turnout in this strike was remarkably low (Galli and Pertegato, 1994). This was an important sign that a gap was opening between the attitudes of the workers and the choices of the union leaders. This early sign was, however, ignored.

In early 1980, the company secretly initiated negotiations with the unions to address its productivity problem (Carmignani, 1984). It requested an increase in the pace of work and cuts in the duration of the workers' breaks. Perhaps more importantly, it demanded free rein in the selection of several thousands workers to dismiss (Bertinotti, 1991: 26). The unions divided internally on these requests. While the national union confederations were inclined to grant concessions, the Turinese unions and the national metalworking federation (under whose jurisdiction the Fiat case fell) were much more reluctant to recognize that FIAT was in a state of crisis. They proposed to deal with the problem of overstaffing by using attrition only. The position of some members of the Factory Council was even more extreme: informed of the existence of these "secret" negotiations, they issued a "note of censorship" in which they publicly condemned negotiations underway (Carmignani, 1984). Due to these disagreements, this first round of negotiations ended without any agreement.

In July 1980, the company changed its top management. Umberto Agnelli, considered a "dove," stepped down from the position of CEO, and Cesare Romiti – a professional manager with a well-known reputation of "toughness" – assumed full control of the company (Romiti, 1988). In early September, the management of Fiat announced its intention to fire 14,469 workers. The unions immediately responded by calling a strike. No strike vote was organized to make sure that the workers supported the leaders' decisions. Initially, however, the plant was not picketed and, for example, white-collar workers and managers continued to have free access to the company premises. In addition, workers were not asked to engage in a head-to-head battle yet, but in relatively short strikes of six hours per shift.

From the very first days of the strike, moderates and radicals within the Turinese unions and the Factory Council debated whether it was necessary to adopt more radical tactics like the

occupation of the company premises. In late September, Fiat agreed to withdraw its decision to fire 14,500 workers and announced that it would lay-off 24,000 instead. Unlike dismissals, layoffs were (at least in theory) temporary. When, a few days later, FIAT posted on the company's bulletin boards the names of those who would be laid-off – the lists included several union members and various categories (e.g., women, youth, physically impaired) that management considered unfit to the new, more challenging work loads it intended to introduce (Galli and Pertegato, 1994: 172) – the radicals inside the union prevailed and the decision was taken not only to occupy the company but also to organize around-the-clock picket rounds outside the factory gates so that nobody could access the workplace.

The moderate faction (a minority within the Factory Council and the Turinese unions) believed that the local unions should acknowledge the need for the company to reduce its headcount and regain competitiveness, but simultaneously push hard to obtain recognition of the need for rotation in layoffs, so that all employees would be equally affected by economic duress and management would be unable to discriminate among workers. This faction also thought that the occupation of the factory was a mistake and that the workers should engage, instead, in “articulated” strikes, i.e. strikes of brief duration carried out by different groups of workers in sequence. The radical faction, however, rejected these proposals and decided to engage in an all-or-nothing battle with Fiat. At no point in the bargaining process were the workers consulted on these bargaining proposals. It was simply assumed that they supported the position of the radical faction.

On October 9, for example, a group of 600-800 workers organized a silent demonstration in front of the picket lines at Rivalta (one of Fiat's plants) in support of their “right to work” (Baldissera, 1984). On October 14, the same kind of demonstration occurred; this time, however,

on a much larger scale: 40,000 people silently marched through the center of Turin to assert their right to return to work. Some of the banners carried by the demonstrators asked for a worker referendum on whether the strike should be continued or suspended. Not just white-collar workers, middle managers, and foremen participated in this demonstration, but also many blue-collar workers, shop-owners, and even private citizens (Baldissera, 1984).

This episode brought the 35-day strike to an end and, with it, the whole Hot Autumn era of Italian industrial relations. That same day a Turinese judge issued an executive order which allowed the police to break the picket lines in case workers who wanted to return to work were prevented from doing so. That same night the national unions signed in Rome a collective agreement that basically accepted all of Fiat's requests. Despite some feeble attempts at presenting the agreement as a success (because permanent dismissals had been avoided and substituted instead with temporary layoffs), it was clear to everybody that the unions had suffered a serious defeat – one that dramatically altered the balance of power between labor and management and marked the return of managerial unilateralism at FIAT. Unions were increasingly marginalized and became unable to control the restructuring process under way. Unionization rates fell considerably, while company strikes virtually ceased (Locke, 1995).

Several indicators (available at that time to union leaders) suggested that the majority of the Fiat workers did not favor radical bargaining tactics. Unionization rates had historically been much lower at Fiat than in the rest of the metalworking industry. In 1980, for example, unionization rates were as follows: 30 percent at Mirafiori (Fiat's largest plant), 33 percent in Fiat's Turinese plants as a whole, and 53 percent in Italy's metalworking sector (Golden, 1988: Tables 30, 19, and 15, pp. 240, 180, and 176, respectively). In the early months of 1980, the Istituto Gramsci (a cultural institute affiliated with the Communist Party) had conducted a survey

of the Fiat employees. The picture that emerged from this survey was that of rank-and-file workers generally inclined to cooperate with management but led by a much more militant leadership (Bonazzi, 1984). One of the questions that were asked was: “What do you think of collaboration between workers and bosses?” The answer to this question was as follows (Accornero et al., 1980):

“It is necessary because it is to everyone’s advantage” (44 percent);
“It is possible but should be collectively bargained” (29 percent);
“It is impossible because labor and management have opposite interests” (26 percent).

Yet, the Turinese leaders paid no attention to these indicators. They thought perhaps that, in the heat of the fight, they would be able to mobilize their otherwise rather apathetic base. Consequently, they boycotted all attempts at reaching a reasonable compromise. During the negotiation process, and well before the final showdown, the Minister of Labor offered to mediate between the parties and asked labor to show goodwill by accepting management’s request for layoffs while simultaneously asking management to accept the principle of rotation as requested by the unions. The Fiat management ended up rejecting this mediation proposal. Even before they did that, however, the Turinese unions sent their delegation to Rome (where bargaining negotiations were being held) to block the incipient compromise (Galli and Pertegato, 1994: 118). In the last stages of the strike, some prominent national leaders proposed to organize a referendum to verify whether workers in the factory approved of picket lines or preferred a more articulated organization of strikes. This suggestion was, however, ignored (Trentin, 1994a: 11). Reflecting of these events, a former unionist observes:

“The Turinese vanguard has indisputable historical merits. Without it there would have been no opposition to Fascism, no saving of plants on April 25 [1945], no defense of authentic unionism during the tough 1950s, and no subsequent union renaissance. This recognition, however, cannot prevent us from noticing that over the course of the ‘35-day’ strike the Turinese vanguard was isolated and not in the position of establishing a truly democratic relationship with all workers as well as a correct relationship with the union leaders of the FLM and the confederations. During

the 35 days, the Turinese vanguard was unable to interpret the true attitudes of the workers and this negatively affected the choices of union leaders.” (Boni, 1990: 243)

Even some of the people that supported the more intransigent line, admit that the relationship between union leaders and workers was less than democratically transparent.

Consider, for example, the following remarks:

“It could happen that the leadership of the unions came up with particular decisions to strike. The leadership was convinced that these decisions were right – and sometimes they truly were right – but because the workers had neither been involved nor consulted, they did not feel committed to actions that were dropped on their heads from above” (Galli and Pertegato, 1994: 100).

Another radical leader notes that particularly after the decision to engage in around-the-clock picketing, the “people of the picket lines” (*popolo dei picchetti*) (composed by both workers and outside political activists), and no longer the worker community, became the social reference point from which the Turinese unions took their clues for action. It was in their name that decisions were made.

“[At some point] the workers transform themselves in a gigantic pressure group which is exhorted to support with their mobilization the people of the picket lines. Previously, [...] workers were always present ... Now, they disappear as permanent reference points and are substituted, in name of the defense of their own interests, by this community of the picket lines. The workers are called upon to support this community which becomes the center of the whole fight ... In this way, the mass vanguard legitimated its own behavior. It considered itself the sole possible interpreter of the workers who, in the meanwhile, had been forced by the boss to leave the field.” (Bertinotti, 1991: 44-6)

Still another of the protagonists of the strike comments on the social isolation of the “people of the picket lines.”

The [...] division among the workers was clearly visible by standing in front of those gates and looking at the picket lines, barely populated by those who were about to be laid-off with the support of somebody from outside. On the other side of the street stood silent the blue-collar workers, three or four times as numerous, waiting only to get in and work” (Trentin, 1994b: 109).

The Fiat strike is a clear example of how, absent clear procedures for worker consultation, union leaders may lose touch with the preferences of their constituents and embrace militant strategies that are ultimately disastrous for both workers and the organization as a whole. The next section will provide another illustration of how the absence of democratic decision-making may favor the adoption of militant strategies, this time by tilting the internal balance of power within unions in favor of factions that although in minority, have greater mobilization capacity than their opponents.

4. The Italian Unions and Centralized Bargaining

Beginning with the late 1970s, essentially two union factions fought each other in Italy. They had fundamentally different visions of what a union is and what it should do. One believed that unions should act as agents of social and political dissent; the other that they should be partners in the process of economic change. The former included those sections of the Italian labor movement that had been most active during the Hot Autumn mobilizations of 1969-70, i.e. the metalworker federations and the Factory Councils of some of Italy's largest industrial plants (Golden, 1988; Mershon, 1986; Pizzorno et al., 1978). The latter centered on the national union confederations. These were inter-sectoral organizational structures that sought to mediate among several industry federations characterized by different bargaining traditions and different degrees of militancy.

The internal battle between the two opposing factions was not directly shaped by their respective sizes or the amount of organizational resources they controlled. Indeed, from the very beginning, it was clear that the radical faction was numerically a minority, although one that exercised, thanks to its superior mobilization capacity, a true and proper hegemony over the rest

of the Italian labor movement. In 1981, when they were close to their peak, the metalworking federations had slightly above 1 million members. They represented 11.6 percent of the unions' total membership (Romagnoli, 1982: 177). Even assuming that all Factory Councils shared a militant approach to collective bargaining – which is clearly not true for those in industrial sectors like textile/apparel as well as those in the service, public, and transportation sectors – there were in the late 1970s 32,000 of these councils. They represented 5.5 million workers (Regalia, 1982: 217). In the same years, the number of workers in Italy was 20 million.

a) *The Early Phase of Centralized Bargaining*

In response to unfavorable macroeconomic conditions (e.g., slowing down of economic growth, rise in inflation and unemployment) and the growing difficulty experienced by the Italian labor movement in representing particular segments of the workforce, particularly youth and unemployed, the three major union confederations officially embraced in 1978 the so-called “EUR-policy” – a policy that exchanged wage moderation and quiescence with a series of structural reforms. This strategic shift was, however, short-lived and with negligible practical consequences. The shift was contested and ultimately stalled by the powerful metalworker union federation and by the Factory Councils of some of the largest industrial factories in the North of the country. These successfully mobilized against the Eur policy, which they perceived as a betrayal of the unions' true mission, that of promoting structural transformation (Golden, 1988).

After the second oil shock of 1979, the economic policy debate in Italy became even more focused on the problem of how to put a brake on rampant inflation than in the past. After long and drawn out negotiations, a tripartite agreement was reached in 1983 (involving government, business, and labor), which cut wage indexation, introduced a series of “wage ceilings” on sectoral collective bargaining, and banned plant-level negotiations for 18 months. In

1984, government proposed a new tripartite pact against inflation but this time the unions split along partisan lines. Because the CGIL, Italy's largest confederation, refused to sign the agreement, the government (which could count on the support of the other two labor confederations) implemented its policy proposal through an executive order anyway.

The CGIL was itself under attack by some internal groups. Indeed, while negotiations were still underway in Rome, some of the most militant Factory Councils in Northern Italy had initiated the so-called "autoconvocati" (self-summoned) movement. Four major industrial cities were especially prominent in the movement: Brescia, Milan, Turin, and Genoa. The South was almost entirely absent (Vento, 1986).

Procedural demands for more union democracy figured prominently in the autoconvocati campaign. It was argued that the policy of wage restraint adopted by the confederal unions did not really represent the preferences of the "working class" – it only reflected the self-serving goals of union bureaucrats, interested in increasing their influence and visibility at the national level. To buttress their claims, the dissidents pointed to the hundreds of thousands workers they were able to enlist in demonstrations and strikes against the confederal unions' bargaining policy. In the end, the autoconvocati gained the support of the Communist Party and, to a lesser extent, of the CGIL as well. The PCI promoted a national referendum so that all citizens could express their views on the government's decree.

The results of the referendum were favorable to government and its allies within the union movement: 54.4 percent voted in favor of the government decree; 45.7 percent voted against. Interestingly enough, the number of votes against the decree was especially high in the South, a region left almost untouched by grass-root mobilizations. Vice versa, it was surprisingly low in those areas of the country in which the autoconvocati had been most active. In Brescia,

perhaps the capital of the autoconvocati movement, only 35.8 percent of the people voted against the decree (Agosta, 1987). The tensions and inter-organizational frictions created by the referendum contributed to render national tripartite negotiations a rather risky business. Indeed, no further experiment was attempted for the rest of the 1980s.

Besides changing the scenario of Italian industrial relations and favoring collective bargaining decentralization (Locke, 1992), the (dis-)agreement of 1984 also stimulated a spirited debate over the need to restore union democracy in Italy. This debate was as much a political debate about union strategy as it was a debate about the appropriate decision-making methods. A sizeable proportion of union leaders, particularly (but not exclusively) within the CGIL, disliked the accommodative, cooperative strategy the confederal unions had adopted beginning with the late 1970s and the EUR strategy. With an impeccable Michelsian and neo-corporatist logic, these leaders argued that only non-democratic workers organizations could engage in this kind of policies. By accepting voluntary wage restraint, the unions betrayed their institutional role of representing the workers' interests and substituted to it the goal of promoting the personal interests of union leaders (Bertinotti, 1992; Cremaschi, 1993).

In response to these internal attacks, the union confederations engaged in a series of organizational innovations aimed at increasing internal democracy. These innovations included the electoral renewal of workplace representatives, the weakening of legal/institutional privileges enjoyed by the established union confederations on the basis of their presumed (i.e., non-verified electorally) "representativeness," and most important, the institutionalization of worker referenda on all major collective bargaining agreements. These organizational innovations changed the internal politics of the Italian labor movement. In contrast with what the more militant faction perhaps expected, however, they ultimately strengthened, not weakened, the confederal

leadership. The 1993 incomes policy agreements and the 1995 accord on pension reform illustrate how this happened.

b) *Centralized Bargaining in the 1990s*

On July 31, 1992, eight and a half year after the (dis-)agreement of 1984, the rapid deterioration of Italy's macroeconomic conditions led the social partners to sign a new tripartite accord – one that, among other things, abolished wage indexation and banned plant-level bargaining for one year. This accord stirred deep internal turmoil and the Italian union confederations went very close to replicating in 1992 their previous 1984 split. Similar to 1984, the majority of the CGIL initially opposed the accord. Similar to 1984, protesters focused their complaints less on the content of the agreement (which of course they rejected) than on the decision-making process. Indeed, just like in 1984, the union leaders had failed to consult the workers prior to signing the agreement.

Fausto Bertinotti, the leader of the internal leftist faction “Essere Sindacato,” clearly articulated why the agreement was both substantially wrong and (most important) procedurally illegitimate (Il Manifesto, Aug. 12, 1992):

“It has been subtracted to the workers, without their mandate, a right and a power: these have to be given back to them. In any case, workers have to be offered at least the possibility of declaring their opinion, in a manner that is binding for the union, on an accord that has such momentous consequences for them. The decision whether or not to organize a democratic consultation among all workers on the accord of end-July is, at this point, an issue that touches on the democratic structure of the country ... If it is not done, it will be a disaster, an abrupt acceleration of the union's tendency to cut its ties with the workers and become state.”

Protest against the July 1992 accord spread quickly. Bruno Trentin, the leader of the CGIL, was physically attacked by demonstrators in Florence; other union leaders were violently confronted in other Northern cities. These protests soon led to the renaissance of the *autoconvocati* movement in various Northern factories. Once again, many of *autoconvocati*'s

demands were purely procedural: among them the institutionalization of the workers' right to regularly elect their plant representatives and to approve/reject both bargaining platforms and agreements through referenda figured prominently.

As in 1984, the *autoconvocati* were quite successful in capturing political attention and influencing the strategic posture of particularly the CGIL. Following the first grass-root mobilizations, the CGIL decided to support the *autoconvocati* movement officially, thus creating frictions with the other union confederations. Most important, it decided to endorse one of the *autoconvocati*'s key demands, i.e. that the ban on plant-level collective bargaining included in the July 1992 accord was to be considered invalid. Hence, some local unions (especially in the Brescia and Milan areas) managed to break the block on plant-level collective bargaining and force management to sign plant-level collective bargaining agreements. The mobilization of the *autoconvocati* continued until the spring of 1993. In the meantime, the union confederations continued to negotiate with management and government at the national level. After a long and often complicated bargaining process, the parties reached a new agreement in July, 1993. This agreement confirmed the abolition of wage indexation and institutionalized the unions' participation in macroeconomic policy as stated in its yearly budget. It also specified that company (and territorial) bargaining could only take place on issues not already regulated by national contracts.

For the first time in Italian labor history the July 1993 tripartite accord was followed by a binding referendum among the workers. Indeed, although a tentative agreement was reached on July 3, 1993, the agreement was actually only signed on July 23, 1993. In the intervening 20 days, the confederal unions set up approximately 30,000 assemblies in all major plants and offices throughout the country (CGIL, 1993). About 1.5 million workers participated in the vote

and 68 percent of them approved the deal. The referendum proved to be a powerful legitimating device for the union confederal leadership. Only 3 sectors out of 50 (automotive, air transportation, and universities) rejected the incomes policy accord (CGIL, 1993). The percentage of favorable votes was in general higher in the South than in the North. In the metalworking sector support for incomes policies was, not surprisingly, much lower than the national average (58.9 percent vs. 67.9 percent). However, while only 47.9 percent of the metalworkers approved the July, 1993, accord in Lombardy, 79.7 percent of them voted in favor in Calabria.

The consultation confirmed the existence of sometimes large pockets of dissent. The employees of some historical automotive plants like Alfa Arese near Milan, Fiat Mirafiori in Turin, or OM Iveco in Brescia voted (often overwhelmingly) against the accord. Two of the strongholds of the *autoconvocati* movement, i.e., the cities of Milan and Brescia, rejected the agreement, too (CGIL, 1993). In Milan, not only industrial workers but also the white-collar employees of the Milanese City Hall and of the Palace of Justice voted against. This time, however, the *autoconvocati* did not mobilize. Not because they liked the agreement – the *Essere Sindacato* faction within the CGIL, for example, declared well-before the conclusion of the negotiation that the forthcoming compromise looked “awful” and that “it would be a mistake to reach an agreement” (*Il Sole-24 Ore*, June 18, 1993). Similarly, the Labor Chamber of Brescia publicly expressed its opposition against the July 1993, agreement, and promised “a new Hot Autumn” (*Il Manifesto*, July 10, 1992). They did not mobilize because of the peculiar mix of wage restraint and union democracy that was delivered to them with the 1993 accord. The agreement contained two important responses to the “methodological” criticisms previously raised by the *autoconvocati* movement and other dissident union factions: first, it included as one

of its constituting parts an organizational reform that institutionalized the regular re-election of plant representatives. Second, it was accompanied by the promise of a binding consultation. Although they clearly disagreed on the content of the agreement, the radical groups concentrated their energies not on the organization of grass-root protest but on trying to persuade the workers to vote against the agreement.

Some of these groups had in the end something to say about the fairness of the process – a few, for example, complained that “in the assemblies, only union leaders who were in favor of the agreement [were] allowed to speak.” (Il Sole-24 Ore, July 23, 1993) Yet, none contested the fact that, with the consultation, the majority of Italian workers had clearly expressed themselves in favor of the July, 1993, agreement on incomes policies.

Following approval of the July 1993 incomes policies accord, the Italian confederal unions continued to combine centralized bargaining with capillary worker consultations. In 1995, they confederations negotiated with government a reform of the Italian pension system that not only introduced stricter rules for eligibility and less generous criteria for the determination of pension benefits but also promoted a transition from earnings-based to contribution-based pensions. This policy change reduced pension expenditures in the long run and also contributed to redress several inequities associated with the old system.

Similar to incomes policies, implementation of pension reform was facilitated, not hindered, by democratic decision-making procedures. Just like incomes policies, pension reform met with the fierce opposition of particularly middle-aged industrial workers in Northern factories. That of middle-aged industrial workers was a critical constituency for the Italian unions. Many of these workers had participated in the Hot Autumn wave of strikes. Now they

were finally approaching (early) retirement and were ready to mobilize against any attempt at touching their future pension benefits.

The confederal unions organized a massive wave of assemblies (approximately 42,000) in all major plants and offices followed by a secret ballot referendum. Four and a half million workers participated in this vote and 64 percent of them approved the reform. Retired workers voted overwhelmingly in favor (91 percent). This is hardly a surprise since the reform limited benefits for future retirees only. Active workers approved the reform as well, although with a lower percentage (58 percent). The majority of workers in Lombardy and in other industrial areas voted against. On a national basis, two important union federations, the metalworkers and the school teachers, turned down the accord.

In the past, opposition from the metalworkers alone, leaving aside the Lombard employees and the school teachers, would have been enough to doom reform (see Golden 1988). Yet, because the decision-making process was perceived as open and procedurally fair, and because the vote clearly showed that most Italian workers supported pension reform, even these dissenting groups accepted the majority's decision and did not mobilize against it.

The introduction of worker consultations brought to the surface a series of worker groups (like public/service sector workers and workers in small firms) that did not share the militant bargaining style of the metalworkers and other industrial elites and favored instead compromise and moderation. Previously, systematic mechanisms aimed at determining the workers' attitudes vis-à-vis union policy had been missing. Union choices had been influenced by an imperfect proxy like workers' participation in strikes with the consequence that groups capable of mobilizing large number of workers had been able to shape the unions' agenda (Pizzorno, 1978). With electoral mechanisms in place, however, workers with very intense preferences, i.e. ready

to mobilize in support of their demands, found themselves having exactly the same impact on collective decisions as other, more quiescent workers.

Democratic decision-making procedures did not just aggregate preferences but also played an important “preference-shaping” role. In both 1993 and 1995, union leaders did not just asked workers to vote but spent a considerable amount of time and resources before the vote setting up assemblies and trying to persuade the workers that endorsing the proposed agreement was ultimately in their best interests. Some dissenting groups complained that they had not been allowed sufficient space to articulate their reasons in the assemblies. Clearly, there was a diffuse perception that the process of debate preceding the vote mattered. Indeed, workers in very similar structural conditions approved or rejected particularly the pension accord based on the way the accord had been presented to them by organizational leaders (see Baccaro, 1999: ch. 4 for more on this).

The next section seeks to analyze the effects of “aggregative” vs. “deliberative” decision-making procedures more systematically by comparing events in two matched-paired Fiat factories, Termoli and Modugno, both located in Southern Italy. Unions in these two plants were faced with exactly the same collective dilemma but dealt with it in different ways: in Termoli, the employees simply expressed their preferences through a vote, while in Modugno the vote was preceded by extensive debate. We shall see what consequence this difference might have for collective outcomes.

5. Flexibility vs. Jobs: The Cases of Modugno and Termoli

Established both in the early 1970s, the Termoli and Modugno factories were auto component plants: Termoli produced engines and transmissions; Modugno fuel-injectors. With

2,750 employees vs. 650, Termoli was bigger.² Apart from their different sizes, these two plants shared the same ownership and management (FIAT), same unions, similar technologies and work organization, and similar composition of the workforce (predominantly blue-collar). Also, they were embedded in very similar socioeconomic environments (the Italian *Mezzogiorno*). Perhaps more interestingly, at the end of 1994, the employees of these two factories were faced with exactly the same social dilemma: they could either vote in favor or against a particular collective bargaining agreement that exchanged new investments and jobs for a more flexible organization of working-time based on six as opposed to five days per week.

Confronted with an unexpected surge in demand, Fiat had approached the unions in both factories and proposed a reorganization of working-time that extended the number of weekly shifts from 15 to 18 while leaving the total number of weekly hours per person unchanged. With the new schedule, Saturday became a regular working day. Workers, however, benefited from a sliding day off (Monday, Tuesday, etc.) in the course of the week. In exchange, Fiat promised to introduce new production lines in the Termoli and Modugno factories (devoted to the manufacturing of a new 16-valves engine and an innovative fuel-injector, respectively).

The *quid pro quo* was clear. On the one hand, the proposed collective agreement forced existing employees to work on Saturdays at standard hourly rates and limited their capacity to work at premium overtime rates during the weekends. On the other hand, the agreements introduced new, state-of-the-art investments and hence, improved the workers' prospect for improved job security. Both agreements created new jobs (409 in Termoli, and 170 in Modugno – 90 of which on fixed-term contracts) in areas characterized by endemically high unemployment rates, especially among the youth.

² Modugno was formally part of Magneti Marelli, a fully-owned subsidiary of Fiat.

To strengthen its bargaining position, the company threatened to move the investments elsewhere in case the unions refused its proposal. In the case of Termoli, management designated as alternative locations first the Polish plant of Tichy (where labor costs were much lower than in Italy), and then, the Turinese plant of Mirafiori. In the case of Modugno, management threatened to move the investment to its French plant of Argentin.

In both factories, the unions reached a tentative agreement with management and the workers were asked to vote on this tentative agreement. While 60 percent of the Modugno employees voted in favor of the agreement, 64 percent of the Termoli employees voted against. Yet, in both Termoli and Modugno there had initially been considerable worker resistance to the flexibility agreement – resistance strictly linked to the widespread diffusion of overtime. Also, the two agreements were very similar in content. In both cases the company had refused to compensate the workers with significant wage increases.

There were, however, substantial differences in the decision-making process adopted by the local unions in Termoli and Modugno. While the process in Modugno was deliberative, the Termoli process was only aggregative. The Termoli employees never had a chance to publicly debate (and hence, ponder) the consequences of alternative collective choices or even consider the seriousness of Fiat' threat of relocation. They were called in at the last moment for a final ordeal, i.e. a referendum, which registered their naked, unreflected preferences. Although union leaders in Termoli were intimately convinced that flexibility was though to swallow but necessary, they failed to persuade their members that this was indeed the case. For example, they never organized either general or department-specific assemblies. Due to lack of transparency and information, many workers in Termoli matured distorted ideas about the negotiation underway. Many thought that their regular working week would become of 48 as opposed to 40

hours per week as a result of the agreement. Still others thought that they were going to lose their shift allowance – an important component of worker pay. Many were not even aware of Fiat's threat of relocation. Among those who were, few seemed to believe that Fiat would seriously carry it through. After all, Termoli was one of the most automated and efficient engine plants in the world. Of course Fiat would want to invest there! These people probably ignored or did not remember that Fiat had not hesitated to shut down other plants when unions and workers had showed signs of standing in the way of industrial restructuring.

Internal union processes were much more participatory and deliberative in Modugno. Here, union leaders took a clear, public stance in favor of the agreement by arguing that working-time reform was not only ethically right (since it created job opportunities for others), but also expedient because it increased the likelihood that the current employees would keep their jobs in the future. The process of internal discussion lasted three months – a period in which provincial and plant-level unionists held at least one general assembly every week, often supplemented by department-specific assemblies.

In the course of this process of internal deliberation, union leaders used a combination of ethical and pragmatic discourse to persuade their constituents (Habermas, 1993). They sought to show that acceptance of the new working-time regime was justified by both adherence to the ethical value of solidarity and by pursuit of the workers' "best" (i.e. long-term) interests. One of the arguments that resonated most often in these assemblies had to do with plant survival. Only a factory that was capable of attracting new, state-of-the art investments had reasonable prospects of survival in the long-term. Given the rapid obsolescence of technology in the auto component industry, lack of investments meant slow but sure death. Another argument touched on the workers' identities as parents with unemployed children at home. This argument had a deep

impact of the workers. Workers demanded, however, that in exchange for their “sacrifices,” their children be favored in the hiring process – something that the Modugno management, just like their colleagues at Termoli, was willing to grant.

Although loss of overtime pay was clearly the most important source of resistance, very few workers said it explicitly in public. Many more preferred to justify their opposition through appeal to something that resonated with larger themes. Some, for example, argued that the Saturday off had been one of the historic conquests of the Italian workers' movement in the late 1960s and should not be given up so easily. Union representatives responded to this objection by pointing out that the Saturday off had, in practice, already been given up since most employees in the plant were systematically working on Saturdays. This sacrifice could be used for a nobler cause, namely bringing job opportunities to the youth.

The process of debate in Modugno resonates with Habermas' distinction between communicative and strategic action and underscores the stringent rules regulating deliberation as well as the constraints that these rules impose on the arguments and behavior of speakers. According to Habermas (1984), people engaging in deliberation exchange arguments for either “communicative” or “strategic” purposes. They can be genuinely convinced that what they propose is best for everybody, and be ready to change their mind in case better arguments are proposed, or they can have a hidden agenda and use arguments selectively to advance their self-interests. For strategic manipulation to be possible at all, one has to assume that at least some people in a deliberative assembly are motivated by reasons and not just self-interest (Habermas, 1984). Indeed, if everybody were motivated by pure self-interest (and this were common knowledge), people would simply refrain from using principled arguments or even discussing issues at all since this would have no consequences on individual choices.

A person engaging in communicative action implicitly declares herself ready to redeem three validity claims: 1) a claim to propositional truth of the argument; 2) a claim to normative validity; and 3) a claim to sincerity of communication. “Redeeming validity claims” means that the speaker is prepared to offer reasons in support of her claims in case she is asked to do so. If the hearer accepts the validity claims proposed to her (i.e. does not challenge them with counter-arguments or requests of further clarifications), this means she has recognized the truth, rightness, and sincerity of those claims and is ready to be by them motivated; in other words, ready to coordinate her actions with those of the speaker. However, in debates like the ones taking place in Modugno (and, I would surmise, in most real debates), being able to redeem the first two types of validity claims does not necessarily imply being able to motivate others. The hearer still cannot tell whether the speaker has the hearer’s best interests at heart or is using knowledge and information selectively to deceive her. Therefore, she might simply ignore the speaker’s speech acts as “cheap talk.”

The Modugno leaders argued that it was in the workers’ best interests to vote in favor of the flexibility agreement because otherwise Fiat would stop investing in the plant and sooner or later, their own jobs would be at risk. There was implicit in this pragmatic argument a fairly complicated probabilistic model of what the company would do in case of rejection (and how other events would unfold in the future). Surely this argument could be critically appraised based on past experience or factual evidence (although I doubt that the controversy could be unambiguously resolved). However, workers with limited knowledge and also limited time to gather independent information might be unable to assess these claims critically. In other words, workers would have no clear way of finding out whether leaders were making things up or

expressing probabilistically accurate forecasts they had better take into account. Lacking independent criteria of validation, they might just ignore the leaders' claims.

The Modugno leaders also argued that voting in favor of the flexibility agreement was ethically appropriate because it created new job opportunities for several unemployed youth, including the workers' own children. However, the choice to vote against the agreement could also be construed as ethically appropriate (i.e. generalizable). For example, one could argue (as did some workers) that it reflected the need for workers to stand up to management and perhaps also the need to counter management's attempt at pitting employed and unemployed against one another. I do not think there was a clear way of deciding which of these two arguments was more ethically appropriate.

The litmus test for the Modugno union leaders was their claim to sincerity of communication, i.e. that they did not pursue some hidden, self-interested agendas. In both Termoli and Modugno, rumors of corruption and malfeasance had spread quickly. In Termoli, union leaders were accused of having received several million Lira worth of bribes from Fiat to ease implementation of the new working-time schedule; in Modugno, of having secretly negotiated with Fiat a secret pact that exchanged union complacency with the privileged hiring of the unionists' children, relatives, and/or protégés. Only to the extent they could redeem their claim to sincerity were their pragmatic and ethical arguments informative at all. This claim, however, cannot be redeemed through argument only (since every argument can be suspected of strategic misrepresentation). It requires consistency between words and acts. The employees of Modugno explicitly asked for such proofs of consistency.

For example, in the course of discussions over the need to sacrifice the Saturday, many workers said publicly to the plant delegates: "we'll see whether we'll really see you here on

Saturdays” (interview with a plant representative). Due to special medical or family conditions, in fact, some employees could be exempted from the most physically-taxing shifts. Thanks to their familiarity with management, plant delegates sometimes faked these conditions and obtained exemptions. As a result of this public challenge, all of union delegates in the Modugno plant, except those with serious problems, rotated on six days per week just like regular employees. In another case, the union leaders themselves felt the need to send a clear signal to the workers that they did not stand to gain anything from the proposed working-time re-arrangement. Plant delegates of the FIOM-CGIL, the majoritarian union, set up a meeting and openly discussed the issue of hiring family members. With “death in their hearts,” since many of them had unemployed children, they decided that their family members would not send in their applications (interview with a plant representative).

On this issue of moral credibility, the local union leaderships of the Termoli and Modugno plants diverged considerably. Local unions in Termoli were, as one of the informants self-critically put it, the “unions of petty favors.” Each unionist had a cohort of *clientes* behind him and perceived his role as one of intermediation between these individual workers and plant management. This was confirmed by one of the plant's Industrial Relations manager (interview):

“When a worker fails to reach his production target, the company warns him. In such situation a normal union delegate (for example, a union delegate in Turin) asks to verify workloads (maybe they are too tough), or the workers’ health conditions, or whether there have been jams. The delegate of Termoli ignores all of this and goes straight to the foreman or the HRM manager. He says: ‘Come on, turn a blind eye, I’ll talk with him. You’ll see, tomorrow I’ll have him make up for lost production.’ He tries to reproduce in the factory a kind of familial management.”

Most of the Termoli delegates did not rotate on shifts. They should have, but thanks to management acquiescence, they had all come up with different justifications/excuses (medical conditions, family problems, etc.) and got exemptions. These people lacked the moral legitimation needed to demand sacrifices from the workers in the name of solidarity with the

unemployed. They knew that the workers' likely response would have been that those who always did the sacrifices were the workers, while union leaders always managed to avoid them. This probably explains why they refrained from organizing assemblies and simply asked workers to vote on the proposed agreements.

A final note on the leaders' motives. We do not know what their true motives were. Perhaps they did have the best interests of the unions qua organization at heart, perhaps not. We do know, however, that their choices and arguments were powerfully shaped by the implicit rules of deliberation. Because they felt their motives could be perceived as self-serving, the Termoli leaders refrained from persuasive communication altogether. The Modugno leaders, in turn, had to offer tangible proofs they did not stand to gain anything in personal terms from the principles they advocated. Only to the extent they could approximate the model of a speaker with "communicative intents," were their arguments persuasive at all.

6. Concluding Remarks

This paper has provided a reconstruction of three key events in Italian labor history – the historic Fiat strike of 1980s, the trajectory of centralized bargaining in the 1980s and the 1990s, and the debate over working-time flexibility as a way of creating new jobs and reducing the schism between "insiders" and "outsiders." These case studies have been looked at through the prism of union democracy with a view to illustrating three points: 1) Absent mechanisms for registering the preferences of all workers, union leaders may, as in the Fiat strike of 1980, think that their constituencies are much more militant than they really are. This, in turn, may lead to serious strategic mistakes. 2) When electoral procedures are absent, factions pursuing more militant/radical agendas may be advantaged. Vice versa, implementation of moderate bargaining

policies becomes easier, as demonstrated by the 1993 incomes policy accord and the 1995 pension reform, when these policies are accompanied by worker referenda (if the median voter favors moderate policies). The sheer counting of votes delegitimizes dissenting groups claiming to represent the true will of the working people. Also, due to the intrinsic characteristics of majority rule, the preferences of workers ready to mobilize count as much as those of more apathetic workers in determining the outcome. 3) Full rank-and-file control over union policies does not necessarily lead to extreme outcomes – even in cases in which workers have systematically more extreme preferences than their leaders – nor does it necessarily reduce the leaders’ control over their constituents. Leaders can persuade workers that outcomes that internalize the systemic effects of union action are either in the workers’ best self-interests or in line with collectively-shared ethical values. As shown by the Termoli/Modugno comparison, this process of persuasion imposes, however, stringent requirements on particularly the moral credibility of leaders.

What implications do these findings have for interest representation in general? First, there seems to be no special reason why these findings should only apply to trade unions and not to other interest organizations in similar circumstances. After all, just like other interest organizations, trade unions, too, “are organizations designed to protect and enhance the social and economic welfare of their members” (Tannenbaum, 1965: 710). Second, and perhaps more important, the conclusions of this paper seem to speak to one of the key problems in the literature on interest representation, i.e. the tendency of groups to pursue private gains at the expense of the “common good” (and national treasury) (Olson, 1982; Lowi, 1969; Buchanan, 1980). Upholders of what I have referred to as the “traditional view,” i.e. American industrial relations scholars and European neo-corporatist theorists, produced a distinct approach to the potential conflict

between group interests and general interests. They proposed to limit the democratic process within these groups and concentrate the decision-making power in the hands of a limited number of responsible leaders. In contrast with these views, this paper has argued that democratic procedures are not only compatible but might even be conducive to groups capable of “responding to the interests of the members, [...] [while] exhibiting a due regard for legitimate interests of those beyond [their] walls” (Bok and Dunlop, 1970: 86).

American industrial relations scholars and European neo-corporatist theorists had a case when they warned that democratic governance in partial societies such as trade unions and other secondary associations might lead to undesirable consequences. It was, as I have tried to show, a special case, not a general one, because it assumed that workers were systematically more short-sighted, irrational, and/or militant than their leaders. Nonetheless, these authors pointed to a real problem: what should society do when, like in Termoli, the collective decisions of group members have important consequences for third parties and yet these third parties are not represented in the democratic process? In the case of Termoli, for example, Fiat received 6,700 applications in few days for 409 blue-collar jobs. Some of these applications were from college graduates living 200 miles away – a clear sign, I think, that several people were willing to accept the working conditions that the Termoli employees had refused. Yet, the Termoli employees democratically voted and decided to turn their back to those people and jobs. What could we do to avoid a conflict between the choices of internally democratic partial societies and the legitimate interests and rights of outsiders?

The answer that American industrial relations scholars and European neo-corporatists gave to this question – limit the democratic process and empower responsible leaders – is, I think, wrong. Active participation in non-governmental associations is desirable per se: it helps

develop a host of skills (e.g., competence, confidence, sense of efficacy) which, in turn, favor responsible and effective participation in political institutions as well (Almond and Verba, 1965; Tocqueville, 1969). Also, organizational oligarchy is not only difficult to sustain, at least in formally democratic societies, it also tends to generate a host of unpleasant consequences like corruption and even gangsterism, as shown by the history of some American unions (e.g., the Teamsters). Finally, it is absolutely not true, as argued in this paper, that democratic associations are systematically more militant and/or shortsighted than oligarchic ones. The reverse often seems to be true.

Perhaps the cure to the ills of democracy is more democracy, intended not just as voting but as public discussion about alternative courses of action, not just within but also across associations (Cohen and Rogers, 1995; Mansbridge, 1992). In some cases, like Modugno, deliberation within associations is sufficient for the organization to internalize the legitimate interests of outsiders. Union leaders in Modugno effectively voiced the interests of the unemployed. In other cases, however, deliberation within associations may not be enough. Participants in the deliberative process may lack the skills, the moral credibility (like at Termoli), or simply the desire to be attentive to the legitimate interests and rights of third parties. In similar circumstances, deliberation across associations may be helpful. We do not know what the choice of the Termoli workers could have been had they engaged in public discussion with representatives of the unemployed, the students, and the local community prior to the vote. They could have voted differently. Even one voice can produce significant change in a deliberative assembly. This is a proposal that policy-makers committed to the ideals of participatory democracy may want to consider.

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