Return to Contents page

CHAPTER 29

THE DECENTRALISATION OF FIAT'S PRODUCTION – 1974 – A WORKERS' INQUIRY

[Translated from *Lotta Continua Bulletin*]

Half of FIAT's production takes place outside FIAT itself. It's a known fact that there is a myriad of smaller factories extending around Mirafiori, the biggest single concentration of workers in the world, and around the other big factories of the Turin area. These smaller factories supply FIAT on a day-to-day basis with the majority of the 6,000 parts needed for the construction of a car or truck. It's also a known fact that FIAT's power cannot be defined simply within the limits of the structure and administration of FIAT itself as a company. Leaving aside its position as a multinational structure of finance capital (through the industrial finance house, IFI), FIAT's power has to be seen in relation to these other situations of production.

All this is known, but until now, for a variety of reasons, we have not paid sufficient attention to it.

PROPOSALS FOR WORK AROUND THE CYCLE OF THE MOTOR CAR

For our part, it has been objectively difficult for us to intervene in, and even study, a situation like this, which is so wide-ranging and fragmented that it requires an commitment that we have not so far been able to make. Also, for the official labour movement and the trade unions, similar problems have existed (although obviously in lesser measure) – but they too have tended to limit their political intervention to the situation of the larger factories, avoiding political work in these other situations.

The result is that, although we have a general awareness that the problem exists, that's about as far as it goes. We do not know how many people are employed within FIAT's global cycle of production. We have not been able to map out the cycle and flows of production. We have only a fragmented and casual understanding of the conditions and the struggles of the working class employed in this sector. And up till now very little has been done to study the relations between FIAT and their suppliers.

We can no longer postpone this work. The debate on the future of the motor industry is in full swing. In Italy in particular this is linked to a reconversion of this sector towards a hypothetical new mode of capitalist accumulation. We have the repercussions ot the so-called "energy crisis" and the restructuring of production. On the one hand, this means the real issues of full utilisation of plant, a blockage on new starters, and the block on any plans for new development in the Turin area. On the other hand, we have the ideological (and equally anti-worker) talk of the "new way of making motor cars". We cannot shirk the tasks of both study and intervention in this sector. If we fail in this, we run the risk of serious errors of judgement, as well as abandoning a vast sector of the working class.

For this reason, we shall try to make some proposals for work around the FIAT cycle of production, as well as a number of possible starting points for an analysis.

Photo: ………………

CONCENTRATION OF PRODUCTION, AND THE BUILDING OF THE FIAT WORKING CLASS

The main characteristic of the development of FIAT's system of production, as it has developed over decades, has been the constant tendency towards a large concentration of the final production process of the motor car within enormous factories. This has been accompanied by a converse process of dispersion, particularly in Turin and the surrounding region of Piedmont, of the satellite industries which are concerned (upstream) with supplying production parts and (downstream) with all the processes concerned with sale of the product, repairs, and alteration of the final product. According to Agnelli, if you use this yardstick to calculate the numbers employed in sectors relating to the motor industry, you get a final figure of about 2,000,000 workers.

The technical reasons for building such a structure of production are fairly easy to understand. The creations of gigantic industrial concentrations like Mirafiori and Rivalta allows an organisation of work to be developed that eliminates a lot of transportation expenses. It also allows an intensification of direct exploitation: it was accompanied by the introduction, during the 1950s, of full assembly line working. The political reasons for the choice are also clear: the choice to concentrate industry in the North, on the backs of emigrating workers from the South, creates mobility of the working class, and a real reduction in costs. As regards the working class outside FIAT, it also creates a clear division within Turin itself, between a working class that has a secure job, and is kept peaceful by combined policies of paternalism and repression, and a working class outside FIAT that is discriminated against in terms of wages, and is the first to be hit by ups and downs in the market for cars. In Turin this means the working class in the companies that supply FIAT with parts etc, a sector that can be expanded or constricted as the occasion demands.

THE GROWTH OF THE FIAT WORKING CLASS OUTSIDE FIAT

During the 1950s, the period in which the Union and the Communist Party had been driven out of the factory, FIAT proceeded to model the labour market of the Turin region precisely on this basis. From 1951 to 1958, FIAT's production of motor vehicles rose by 159% (compared with 60.10% nationally), but employment at FIAT itself increased by only 6.9%, whereas employment for the working class of Turin as a whole increased by 23% for industrial workers and 43% for white and blue collar workers associated with sales, services, credit, at the same time as employment in textiles and chemicals was falling off. So, for the big engineering/metalworking sector in general, we can say that employment in the big factories increased only a little, whereas there was an explosion of smaller and medium-sized factories. And while production at FIAT grows at a massive rate, thanks to the developed introduction of the scientific organisation of exploitation, the strength of FIAT workers was limited, precisely by their position within the labour market. FIAT workers enjoyed job security, higher wages than other Turin workers, and a whole range of social services and benefits provided directly by the company. But the price of all this was their isolation from the rest of the working class. And furthermore, they could only maintain these difficulties in a climate of social peace, and in the face of an industrial reserve army ready to take their jobs.

AN EQUALISATION OF CONDITIONS, TOWARDS A UNIFICATION WITHIN THE CLASS

The 1960s saw a total reversal of this process. Employment at FIAT increased by 50%, compared with the 6.9% of the preceding ten years. This was related to FIAT's move into foreign markets. At the same time, a section of FIAT's supplier industries completed the technological leap that transformed them into medium-sized concerns, with an organisation of work similar to FIAT. This was accompanied by a drastic reduction of employment in the textile, food and mineral-extraction industries.

At the end of this process, which coincided with the explosion of struggle at Mirafiori in 1969, the strength of the working class is considerably greater than it was during the 1950s, because the gulf between FIAT workers and workers in the rest of society had been dramatically reduced. A whole stratum of low-paid and precarious workers found higher wages and increased job security (faced with a shortage of manpower – a relative shortage – the employers of the medium-sized companies were forced to raise wages so as to prevent an outflow of their workers seeking higher wages within FIAT). This makes it easy to understand how the struggles and the demands of workers at Mirafiori could – and did – spread to that whole series of factories that have within them the same antagonistic contradictions as FIAT: a working class that was "necessary" and could not be eliminated; an organisation of work that tended to reproduce the same egalitarian demands that were arising at FIAT (e.g. equal wage rises for all); and the easy extension of forms of resistance to work (e.g. absenteeism).

But at the same time that a stratum of medium-sized companies moves upwards in scale, this does not at all mean that the rest of the firms supplying the motor industry disappear – in other words, the stratum of small and very small firms, some employing only a few people. In this stratum we find the part of the working class that has been thrown out of the scientific organisation of exploitation. The older workers who can no longer take the pace of FIAT's work speeds; women, who are too prone to absenteeism and whose productivity is too low; and unemployed youth, who have qualifications, but who are considered undesirable because many of them have played a leading role in the struggle in the schools. The relationship between these two strata is constant, and in practice the second stratum functions as a sort of "lung" for the first: it can be controlled and regulated according to the needs of production. – [Note: The creation of these "lungs" is fundamental to the present reorganisation of production – the creation of areas of production that are flexible, and can be used to ride out periods of crisis. The introduction of more stockpiles inside the individual factory is just one example.] In fact, we can talk of a continuous movement downstream from FIAT to the medium-sized suppliers, and a veritable flood downstream from them to the very small supplier companies, which includes the whole situation of out-work done in the home – a flood that grows in proportion to the growing strength of the working class in the big industrial complexes.

DECENTRALISATION AND DISPERSAL

We must stress that this structure is not a leftover from the past. It is not an immature form of capitalism, but the other, indispensable face of "progressive" capital. It is a serious simplification to divide these two forms of capitalism in Turin, as if they were antagonistic. Even though the term is not used in Turin, we can compare it with the structure of contractors and sub-contractors (*appalto* and *sub-appalto*) in the South. If we bear in mind the labour turnover that is imposed by FIAT, of the order of 10% per year, we can see for a start how the circulation between the different sectors is continual and functional.

Furthermore, from the employment statistics for Turin and its outlying areas we can see another important aspect of the FIAT cycle of production. Workers in the engineering industries are being driven out into the outskirts of Turin; the surrounding towns are being expanded as centres of employment; and in those zones we are seeing an expansion of medium (and small) industries.

OTHER CHANGES

There are also other changes taking place in the Italian motor industry, which began with the crisis of that sector as from 1970. This is not a crisis of demand, as we can see from the continuing growth in the demand for motor cars at a worldwide level and the widening of that market, which makes it possible to avoid, or at least reduce to a minimum, the crises of the domestic market. Instead it is a crisis of restructuring – an attempt to rebuild a high level of profits in the sector, which can only be achieved by launching a frontal attack on the strength of the workers that brought about a reduction of profits. The so-called "energy crisis" gives FIAT the opportunity to greatly accelerate this process.

Photo: …………

We already know some of the moves they are making: the blockage of new starters in the big factories; increased repression against workers' forms of resistance to work; and the automation of certain jobs in the factories. That's one side of the coin. The other side is a parallel development towards a spread of contractor firms, sending work out to contractors, increasing "black" working, and increasing the level of "precarious" work and outwork. We can see this in the present big increase in the numbers of smaller workshops, and in the constant process of sending work out of the big factories into the smaller concerns. But the difference with the 1950s is that capitalism in the motor industry is no longer capable of recreating social peace within the large factories through a policy of high wages (because of its poor economic state, and because there is no guarantee that this would stop the struggle inside the larger factories). The only alternative is to decentralise both production and the working class, by fragmenting the working class out into the small and very small suppliers, where workers' strength is far weaker. This amounts to a dispersal of workers' strength. But at the same time, the generalised attack of inflation means that we are bound to see an extension of struggle in these areas too. So the dispersal can be seen as a laboured response to workers' struggles until such time as a more general political solution can be found in the national context.

AN ANALYSIS OF FIAT'S SUPPLIER FIRMS

What follows is a first assessment of the relation between FIAT and their supplier industries. This is a sketchy view, and needs more in-depth study.

[a] Overseas suppliers

FIAT obtains a fair proportion of component parts from abroad. The suppliers number about thirty, and they provide FIAT with mechanical parts with a very high technological content (particularly for the larger models). FIAT prefers to acquire these abroad rather than manufacture them themselves, because it would require expensive machinery and skilled personnel. (For example, the German ZF company and the American Warner Gears for automatic gears; the German Seeger for particular rings; the French Nomel for special washers; the German Lobro and Swiss Birchfields for couplings; the Belgian Champion for spark plugs; and about thirty other firms.) In this respect we should remember that FIAT has the lowest technological level of all the big world motor manufacturers. For instance, some relevant figures: the production of engines, particularly of cylinder blocks, is 98% automated at Volvo and General Motors, but only 37% at FIAT. The same goes for gear boxes etc. (This shows that FIAT's high productivity is not due to technological innovations, but comes from more intensive exploitation of the workforce.)

The majority of these firms are German, French and Swiss. They are generally large companies, independent of FIAT. However, foreign supplies are also imported from the FIAT factories in Yugoslavia (FIAT-Zestava); from SEAT in Barcelona, according to the needs of a given moment; and soon from FIAT-Polski. The Polish factory will soon be able to provide the majority of FIAT 125 engines needed, not only for assembly in Poland, but also for assembly in Italy, which will mean an important reduction in the importance of the FIAT-Termoli plant in the Abruzzi. Poland, Spain and Yugoslavia provide the kind of control over the working class that FIAT cannot achieve in Italy.

This second stratum of suppliers is completely different from the first. They are simply the international extension of FIAT's cycle of production, designed to reduce the vulnerability of this integrated cycle to struggles in Italy, to make it more elastic. In this light we should also see the negotiations that FIAT is conducting to import from Bulgaria and Rumania the plastic and simulated leather products that are at present supplied by medium-sized Italian firms.

[b] FIAT and FIAT subsidiaries

Among Italian suppliers, a large section are FIAT companies or subsidiaries. This means Ages, Autobianchi, OM, the Carmagnola Foundries, Mirafiori, Borgaretto, Ferriere, the factories at Marina di Pisa, Avigliana, the component factories in Florence, Bari, Vado Ligure, Sulmone, plus the metals, lubrication and railways sections.

Another section is made up of companies in which FIAT and IFI hold shares: Magneti Marelli (89%), IVI (100%), Stars (100%), Borletti (33%), Babotti and Weber (100%), INVES, Lancia (100% partnership), Moto Fides (100%) and others such as INPES, from the IFI group. Then there is a relationship with the big tyre factories, both in Italy and in France. In practice, production programmes are jointly studied together with the big Italian suppliers (Pirelli, CEAT, Michelin-Italy). This same relationship is still flourishing with Michelin (Citroen-owned) and was not cancelled when the FIAT/Citroen agreement fell through. It is worth noting how FIAT manages to use these international dealings as a way to avoid paying taxes and import duties.

[C] Medium-sized Italian suppliers

There is a third stratum of Italian suppliers which have advanced considerably in their technology and organisation of work, as well as in the breadth of their operations. These function virtually as part of FIAT, since their production depends on FIAT. They include lighting manufacturers like Carello and Altissimo, wheel producers like Cromodora, and a host of other factories supplying especially rubber, plastics, accessories and spare parts. However, some of these companies are becoming less dependent on FIAT, because they have been coming under the control of foreign capital (particularly of ITT). Carello has been sold to American capital, and Face-Standard, Gallino, and more than 20 other factories in the Turin region have been bought up by ITT. In the long term this will mean an expansion of this sector, and a reduced dependence on FIAT, as they begin to become large industrial complexes able to supply different motor manufacturers and able to establish oligopoly in this sector of the auto market. (In particular we should be studying the penetration of US capital into the industry of the Turin region).

Still as regards the big suppliers, as well as the process that has strengthened many of them and taken them out of FIAT’s direct control, there has also been a process of rationalisation and centralisation by FIAT. This has entailed the formation of a consortium of factories, known as the “Rossi Group”, which merges about 11 factories engaged in producing mechanical parts and accessories. The group will be . based in the south-west suburbs of Turin. In the machine-tool sector also, FIAT is engaged in a process of concentration which will entail taking over some of the machine tool sector of Olivetti, under the aegis of IFI. FIAT is hoping, in this respect, to copy American capital in its relations with auto subsidiaries. Namely, to become a supplier of other sections of the motor industry – supplying machinery and designs (note the formation of FIAT-Engineering) for the construction of factories. This will be based in particular on its present work within the Soviet Union.

FIAT has also announced an expansion and restructuring of the spare parts sector. This is expected to yield big profits, in part because people are now keeping their cars for longer (therefore will need more spares), and partly because spare parts is a notorious source of super-profits, particularly when a company has a monopoly of parts, and when it has a network of dealers and repairers such as FIAT is at present setting up not only in Italy, but in all the markets where they are currently selling.

[D] The small suppliers

This brings us to the small and very small suppliers, who represent numerically the majority of manufacturers within the auto cycle of production. As we have seen, this structure was bom within FIAT itself, and continues to exist as a safety valve for FIAT. It is a flexible sector, and maintains low production costs.

These are generally factories producing parts in steel, plastic and rubber, for the engines and body-work; bolts and screws, and other small components. They are often small foundries, or stamping shops with small presses. This sector is absolutely dependent on FIAT, for a number of reasons:

– Their raw materials are generally provided by FIAT.

– Their machinery is often old machinery from FIAT, made obsolete by the introduction of new machinery.

– The planning and design of the pieces to be made is done in FIAT's own technical offices.

– Their credit is provided wholly through FIAT's finance house.

– The ownership of these places is generally in the hands of "FIAT men", i.e. foremen who are nearing pension age, or skilled workers, who receive financial assistance from FIAT to set up little workshops.

– Production plans and schedules are dependent on what FIAT needs at the given time. At present production schedules are being revised every fortnight!

Clearly, FIAT uses this supplier system as a way of offloading costs. But it does more than this. It also removes from the factory the jobs that are the most dangerous and hazardous to health (stamping, foundries, chrome painting, paint-spraying, etc). In some cases the work requires skilled workers, and FIAT prefers to have this done in situations where wages are much lower than at FIAT itself, where safety measures are ignored, and where the strength of the working class is much reduced, either by the smallness of the workshops, or by the "special relationship" that the small boss sets up with his workers (who, as we have seen, are often the workers who have, precisely, been thrown out of the bigger factories).

The resistance to work that we see in the big and medium factories is far harder to sustain in the smaller factory. Overtime is the order of the day, speed-up often goes unchallenged, and you find piecework bonuses and moonlighting are commonplace. When there is a big demand for cars at FIAT, the effects are felt right down through this structure, with orders being passed down through these companies to the smaller workshops with only a few workers and a few cheap machines, as well as outwork done at home.

At present it's impossible to assess the number of workers in this sector, because it is not stable: it varies according to the needs of FIAT and the market. Also, in many cases, the workers in these places are doing two jobs – sometimes even coming to work after eight hours working for FIAT itself. There is a whole labour racket built on the bars and cafes of working-class areas of Turin, which brings into production women, older people, apprentices, and workers who already have other jobs. From this it is clear that we are not talking about some division between "backward" and "advanced" capitalism in this situation, but of a development that is wholly integral to the needs of big capital.

Another example of this is the so-called "new way of making cars". FIAT has been talking of introducing island-production into parts of the factories it owns. If it ever happens, it will only concern the final stages of assembly of the vehicle. As such, it will still require the supply of component parts. Of course, the manufacture of these parts (monotonous, fragmented, alienating work) will not take place in these "islands", nor even in the factory itself. It will be contracted out, and will probably be done in the small workshops we have described. Even if these islands are not introduced, we know for a fact that certain jobs have already been moved out of Mirafiori, and the recent block on new starters testifies to this. This is Agnelli's plan – to build the same number of cars (or possibly more) at Mirafiori, with fewer workers, and force the rest of the workers to leave the factory and go into lower-paid jobs. A plan not notable for its "humanity"!

OTHER MOVES BY FIAT

Photo: …………

We are also seeing an administrative restructuring of FIAT itself, as well as a reorganisation of suppliers. Agnelli has said that FIAT is to be divided into 3 "technological divisions". These will have autonomous managements, administration and production. A plant like Mirafiori, for example, will be divided into 3 parts: Body Plant, Mechanical Plant and Presses, each of which will have a director who will be responsible for the whole cycle of production in his sector, including purchasing and final output. This will give greater power to middle management, and greater possibilities of control within the plant. FIAT will also become even less accountable, and will be even more able to manipulate and create "crises". It will also tighten up costing, which in itself will put a lot of pressure on supplier companies. FIAT has already shown that it is capable of exercising its monopoly position to keep the suppliers in line. In times of crisis, they threaten to withdraw credit facilities from the suppliers who depend on FIAT financing. They can use this mechanism in order to prevent suppliers putting up their prices.

As regards the suppliers, the formation of the Federmeccanica, in which FIAT suppliers are a large presence, has meant that FIAT has been able to tie this sector to its own interests, and uses it as a reactionary force so as to impose FIAT's policies within the employing class as a whole.

The supplier companies are particularly vulnerable to workers' struggles, as we saw during the strikes of the rubber and plastics workers in recent months, over their national contract: a struggle that played havoc with the production schedules of the big factories, first with the staggered strikes in the tyre factories, then with the blocking of the gates at Pirelli and Michelin, but most particularly with the actions and hard struggles at Stars Villastellone, at Ages, and at other smaller factories.

We have tried to draw up a list of these FIAT suppliers, but in many cases we know neither their names nor where they are. We are hoping that comrades will do the work of finding out what and where these factories are, what has been their history of struggles, and what their structure is. In addition, we need to know what they produce; the nature and composition of their working class; the history of their struggles and what they are doing at present; the structure of wages and gradings; whether the union is present, and if so, what its role is; and all other elements that could be useful for a wider analysis. This is work that we must do in the coming months. It is also work that will only be fruitful insofar as it is done with workers.

[Lotta Continua – *Bulletin of the National Commission on Workers' Struggles*. February 1974]

Translated by Ed Emery

Extracted from: THE BOOK OF FIAT: Insurrection, insubordination, occupation and revolutionary politics at the FIAT motor company – 1907-1982

Published: Red Notes / May Day Rooms

First published in 2020