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Manufacture, Institutions and  
Local Development in Turin

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## *Manufacture, Institutions and local development in Turin*

### 1. From a political to an industrial capital

In 1864, Turin had 218,000 inhabitants, of which 50,000 people engaged in manufacturing, four fifths working in artisan workshops, mostly in the garments and foodstuffs businesses. Luxury garments stood out as they served to the presence of the Royal Court and the needs of representation: tailors and silk, sweets and liqueurs. The main enterprises that emerged from the pulverized artisan town were tied to State ventures: the Royal Tobacco factory employed the greatest number of workers, some 2,000; the most important industry however was linked to warfare, with the Arsenal and the Weapon Factory, both connected to the Royal School of Artillery.

Four years later, in 1868, because of the economic difficulties due to the transfer of the country's capital from Turin to Florence, the town's population diminished to 191.000. The town's elites that was tackling such difficulties consciously pursued industrial leadership, establishing a special purpose committee led by Germano Sommeiller, the Engineer later involved in the Frejus tunnel. The committee produced a four-language text entitled "Appeal to Foreign and National Businessmen", published by the Municipality in 1865 in several newspapers in various European countries. It presented the advantages for investors in new plants at Turin: tax and revenue rebates, area availability, low-cost hydraulic power, a developing railway network, and last but not least the presence of cultured and highly skilled workers, thanks to traditional apprenticeship as well as to several vocational training institutions.

Take off was slow, though Turin's industrial structure continued growing. Some of the leading companies were established between 1880 and 1890, namely the Mazzonis, Valdocco, Wild and Abegg cotton mills, the mechanical and metalworking plants of Nebiolo, Savigliano, Ansaldo, Moncenisio, Ferriere Piemontesi, Emanuel, Elli Zerboni. The population reached 335,000 inhabitants in 1901, thanks to immigration mostly from the regional rural and mountain territories.

During the last third of the 19<sup>th</sup> century Turin thus acquired a critical mass of resources necessary and sufficient to trigger off a leap forward in the development process as soon as favorable conditions made it possible, that is to say simultaneous Municipality supply of low cost electrical power and the 1895-1907 internationally expanding trade cycle.

### 2. Take off during the Belle époque

Turin's industrial development accelerated dramatically in the first decade of the 20<sup>th</sup> century thanks to the leading business of the Second Industrial Revolution, namely metalworking, mechanics, chemicals, and electricity. The automotive industry developed very fast and in a few years played a central role in the town's economic life. In 1911, the year of the first industrial census ever taken in Italy, the metalworking business was the first in town as for the number of employees, with 30 per cent of the grand total, more than the textile industry that was still the first in the Province but only 10 per cent in town. The typically artisan activities such as garments, foodstuffs, woodworking, leatherworking and the like engaged overall some 25 per cent of the total workforce. In 1911, Turin hosted the International Exhibition held for the 50<sup>th</sup> Anniversary of the Kingdom of Italy, showing to Italy and the whole world what progress its industries had achieved, and outlining the fundamental role, the town had played in the process of the country's unification.

Great factories to that era standards started being successful, supported by smaller size business producing accessories and components. Fiat established in 1899 with 50 workers, to reach 4,000 on the eve of Italy's entry in WW1. Besides Fiat, the town hosted about 20 car companies, of which the most renowned were Junior, Krieger, Diatto-Clement, Rapid, Itala, Scat, Spa, Lancia, Aquila, Italo-Ginevrina. They produced engines and frames for luxury cars, which had elite sport features. In most cases, the body builders were separate companies, who customized the body to the desire of the client, utilizing traditional craft skills in wooden horse carriages. With over 15,000 employees, Turin's automotive production engaged half the town's metalworkers at the end of the *Belle époque*. Turin was not just the automotive but also the film industry capital of Italy. Cars and films were the new frontier of technology and became the symbols of modern life, speed, body and image movements, real and fantasy trips. Several motorcar businessmen were also partners of film making companies and this marriage was transposed into the choice of the same name for cars and film business, as Itala and Aquila.

The advent of electrical power remote transmission and electrical motors, that Galileo Ferraris and the meanwhile establishing Politecnico had made great contribution to, allowed industrial plants so far confined to the northern area where they used the hydraulic power supplied by the river Dora canals, to extend south and west along the railway line close to the 1853 custom barrier torn down in 1912.

The local administration supported the town's industrial development through a set of initiatives, ranging from vocational training to the establishment of Municipality owned enterprises whose aim was providing infrastructures in local transport, electrical power, social housing.

The town's population grew to 418,000. Most immigrants went to live in the areas outside the 1853 custom barrier. A series of boroughs grew up close to custom access gates to the urban area. Suburban growth was also favored by the moving of working class families previously living down town in view of lower cost of custom-free goods, lower rental rates, and proximity to the new factories.

The formation of great layers of industrial proletarians fueled industrial conflict, as well as social and political struggles. Economic strikes and political protests increased in numbers, with a worker movement influenced by the socialist party, constantly balanced between reform and revolution. On the eve of WW1 the image of Turin was that of a town divided into two parts, with a red belt surrounding the bourgeois town center. At the outbreak of the war, the conflict became even sharper by the fighting between pacifist blue-collar workers and nationalist students.

### 3. War economy in WW1 and economic power from an Oligarchy to a Monarchy

War production led to a remarkable increase of industrial workers, whose number grew to 150,000, equivalent to 30 per cent of the town's population. State production orders enhanced in particular metalworking business that engaged 55,000 people in 1920, close on 40 per cent of the entire industrial labor force. Concentration also accelerated as never before. Fiat accounted for 80 per cent of the Italian automotive production and went from being the 30<sup>th</sup> to the 3<sup>rd</sup> of all the Italian joint stock companies in terms of capitalization. The number of Fiat employees increased up to 40,000 in 1918 to decrease slightly to 30,000 at the end of the war. Turin started to be defined the industrial capital of Italy (even if Milan's industrial structure was larger). Intellectuals close to the workers movement, such as Antonio Gramsci and Piero Gobetti, exalted the town's special rational and simple social composition with the structures of power immediately perceivable, with industrialist and workers facing each other while other social components seemed to be negligible. This helped to create the stereotyped image cultivated for so long by the local political left that exalted Turin, its industry, and its working class as a laboratory of vanguard experiences, the most advanced in Italy because of the homogeneous, concentrated in big factories, and compact working class engaged in the most modern and up to date industrial framework.

After the working class struggle of the two red years of 1919 and 1920 ended up in factories armed occupation in September 1920, the workers movement lost ground during the 1921 economic crisis even before the attacks by the Fascist squadrons.

Turin's industry continued growing through the 1920s, even with the deflationary brake imposed by the revaluation of the lira in 1926-27 that damaged Fiat exports as

well as Snia, one of the leading world producers of artificial silk. In the first half of the 1920s four large industrial groups dominated Turin's economic world. They were tied to one another by cross share-holdings and the presence of the same personalities on the Boards of the various companies: Giovanni Agnelli's Fiat, Gian Giacomo Ponti's Sip, Rinaldo Panzarasa's Italgas, Riccardo Guarino's Snia. These groups pursued gigantism, also thanks to the connivance with the banking system. This trend was unable to withstand the great crisis of 1929-1934. Only Fiat resisted the dramatic crisis while the other three companies became SOE. Fiat remained at the very center of the town's economic power all by itself, but became a monopolist company protected by the State. Fiat underwent a dramatic reduction of its export, from two thirds of its cars in the 1920 to one third in the 1930s. State orders substituted export.

The mechanical business at large benefited the military expenditure for the Ethiopian war, the Spanish adventure, and WW2 preparations, reaching 95,000 employees on the eve of WW2, 55,000 of which were Fiat employees. In addition to Fiat only Lancia survived in the process of concentration in Turin car production.

The town continued expanding despite the obstacles created by the anti-urban policies enacted by the Fascist regime. Immigration continued feeding the population increase, up to 700,000 in 1940.

#### 4. Reconstruction and economic miracle

At the end of WW2 the situation of Turin industries was disastrous, because of the disarticulation of the transportation system and the sales markets, the lack of raw materials and power supply. Organizational disorder and uncertainty reigned supreme inside factories, company hierarchies were disbanded partly due to the forced removal of managers of connected with the Nazi-Fascist regime, but an even more decisive factor was the action of militant workers galvanized by their experiences as protagonists of strikes in 1943-44 and partisans in the Resistance.

The economic reconstruction was run in a climate of forced cooperation between the labor movement and employers. After the defeat of the popular front in 1848 national elections and the outbreak of the cold war harsh conflicts started, the communist led union opposing both companies' managements and the Christian union. The division within the workers' movement favored the defeat of the leftist union by mid 1950s.

Economic disorder, social and political tensions slowed down economic recovery and return to pre-war production level was only achieved in the late 1940s. Led by the automotive industry and thanks to the ERP aids, which Fiat enjoyed largely, Turin's economy started moving fast in 1955, the year of the launching of the Fiat 600, and

accelerated in 1857, the year of the new Fiat 500. These two models were produced according to Fordist methods, and thanks to the division between the socialist/communist and the Christian unions Fiat succeeded in imposing a severe working discipline, speeding up the pace of work and making extensive appeal to overtime.

Mass car purchasing was the mainstay of development for the whole country. Fiat pursued its strategy allied with State industry, particularly Italsider and Eni: steel, oil, petrol, highways and motorcar led the definitive transformation of Italy into an industrial country. Beside cars and trucks, Fiat produced a sizeable portion of Italy's aircraft, marine engines, rolling stock, ball bearings, and machine tools. Taking into account rubber, paints, plastic, electrical devices, brakes, some 80 per cent of Turin's industrial production gravitated around the automotive business. Fiat became a giant, employing 150,000 workers by the end of the 1960s just in Turin area.

Other important companies were present in Turin, like Pininfarina (bodyworks), Savigliano, Moncenisio, Nebiolo, Elli Zerboni, Graziano, Morando (machine tools), Microtecnica (film making units), Westinghouse, Magnadyne, Indesit (domestic electrical appliances). Located in Turin's province there were Olivetti (office machinery) and Riv-Skf (ball bearings). In those years Turin generated ideas and creativity from industrial to advertising design (the Testa studio), from applied telecommunication research (Cselit) to the study and dissemination of managerial skills (Ipsosa, Italy's first business school).

The overwhelming weight of Fiat made the city look like a company town. Nevertheless, other large and medium size companies carried on high scale production of not only ball bearings, typewriters and computing machines, but also cloths and chocolate, biscuits and roasted coffee. Therefore, compared to the other two big towns of the so-called *Industrial triangle* (Milan and Genoa), Turin resembled the Italian capital of mass production. In Turin there was the larger implementation of Fordist production methods, while Milan had a much more diversified economic structure (finance, trade, services in addition to numerous medium size business in several manufacturing branches), and Genoa was characterized by iron, shipbuilding, big mechanical machines and equipment. The presence of the giant company Fiat with its tens of thousands of employees, mostly blue-collar workers, and the large influence of the communist party triggered a harsh industrial conflict destined to explode in the 1970s, with long-lasting consequences in the difficult relationship between local economic élites and popular layers.

Conflicts came from the tensions induced by the enormous migration flows to a town unable to manage its population explosion from 720,000 inhabitants in 1951 to 1,200,000 in 1974. All urban territorial space was saturated, so that in the 1960s the municipalities of the belt around Turin experienced the highest demographic increases. Lack of houses, transports, social sanitary and educational services especially hit newcomers, who had to adapt to overcrowded living conditions. Within the factories, managers' efforts were directed at increasing production volumes to grasp all the opportunities offered by expanding markets and payed too little attention to the tensions induced by the severe productive discipline, as they were convinced that improvements in revenue guaranteed by economic growth would be enough to loosen any tension. The advent of affluent society and the persistence of working and living conditions such as to restrain workers at the threshold of full access to mass consumerism was one of the main components of the complex mixture that triggered off the years of protest that came at the end of the Italy's economic miracle.

#### 5. The challenges of the post-industrial era

From the second half of the 1970s the leftist local administrations tried to ameliorate the social dimensions of the peripheries, providing services to the suburbs. Less attention was paid to the incipient crisis of the Fordist system and the need for diversification of the local economy, too dependent on the automotive industry.

Since the 1980s the automotive industry has been invested by restructuring and technological innovation, that drastically reduced its employment base: Fiat employees in the Turin area have now reduced to 10,000. Turin's economy, which in the boom years had benefited from the successes of the national champion company, subsequently suffered from its excessive dependence on a business characterized by endemic production overcapacity at global scale, thus particularly exposed to harsh global competition.

Turin has slowly surrendered population to the metropolitan area, with a thirtieth year of dripping that led the inhabitants to 900,000, a dripping stopped only with the 2006 Winter Olympics. The industrial reorganization of the last twenty years has led to a sharp decline in employment in the big industry, accompanied by the fall of the entire industrial sector on the whole of the active population. However, still in the province of Turin, the tertiary sector overtook industry only at the end of the eighties, with fifteen years of delay with respect to the whole country. Meanwhile, some medium-sized companies have demonstrated dynamism and capabilities for competing in niche products in global markets.

Car components suppliers have been getting rid of an excessive dependence on Fiat, so that the automotive business remains an indispensable asset of the local economy. Turin followed the path of the knowledge economy, with a university system involving some 90,000 people, including staff and students.

The transition of economic paradigms changed the reality and the image of the town, from a grey industrial city to an attractive former small European political capital capable of attracting tourism thanks to its monumental center, its rich museum collections, its great river park. The change has been accompanied since the 1990s by center-left local administrations, whose balanced action provided support for restructuring and fostered, through social dialogue, the emergence of the new in the awareness of the importance of the manufacturing tradition.