EUI WORKING PAPERS

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THE ORGANISATION OF BUSINESS INTERESTS
The Case of the Italian Textile and Clothing Industry

by

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ITALY

THE ORGANISATION OF BUSINESS INTERESTS

(The case of the Italian textile and clothing industry)

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INTRODUCTION

This work is part of a much greater comparative international research project on the organisation of business interests in ten industrialised countries directed by A. Martinelli, P.C. Schmitter and W. Streeck.

The basic question which inspired the research was how the entrepreneurs' "need" to form an association arises. In other words, the question is how and in what areas do common interests arise which lead to forms of co-operation. The core of the research is therefore the way in which entrepreneurs organise their common interests in economic, industrial relations and political fields. Obviously, this is a complex and demanding matter given the highly stratified and heterogeneous nature of entrepreneurs' interests both from an economic, political and ideological standpoint and a spatio-temporal standpoint.

The mere existence of common interests does not mean they are automatically turned into collective action, as Mancur Olson has clearly demonstrated. An organisational structure and political entrepreneurship are also required. They must be able to stimulate individual commitment to the collective well-being and offset the phenomenon of "free riding". An organisational structure can intervene in matters of common interest by redefining them , reshaping them and strengthening them. Moreover, the interests are not fixed or given once and for all by the economic structure, but are determined in a complex way by a number of factors: socio-economic, historical, political and intra-organisational.

Placing the discussion about (formal and informal) organisation at the centre of the analysis means that we must examine intra-organisational and inter-organisational problems. Certainly, the degree of autonomy achieved by a representation system is crucial. Our problem is therefore to assess the degree of autonomy properly.

The emphasis placed on representational autonomy is justified by another requirement underlying this international comparative research, namely, assessing whether there are also trends towards corporatist structures and systems among entrepreneurial organisations. This holds true both for industrial relations and political exchanges with the State and for mechanisms (as regards input and output) regulating the market and sector.

In the case of Italy, studying the territorial power relationships between centre and periphery in the organisation of entrepreneurs' interests, or rather between sectoral associations (functional, vertical representation) and territorial associations (horizontal representation) is of paramount importance. Is there a real division of tasks between these two forms of association, or is there a confusing overlap of functions? Is the strength of associations partly mitigated by the slow and laborious development of sectoral associations or not?

The sector we have chosen to analyse is interesting for both production and organisational reasons. From a production standpoint, after the crisis in the Sixties and Seventies, the textile and clothing sector is currently undergoing an economic revival thanks to the introduction of new technologies, new commercial techniques, styling innovations and great strides in the decentralisation of production. Hence the interest in assessing how far the association structure (both sectoral and territorial) is related to these changes. Has it encouraged them? Has it hindered them? Or has it played no significant role at all?

From an organisational standpoint, a significant innovation occurred in the Seventies, namely the birth of the Federtessile. This appearance raises the important question of why and how a second-order sectoral association takes shape and achieves organisational autonomy from the member associations.

The textile and clothing industry is characterised by a high territorial concentration into "system areas" with a very high degree of specialisation. Very often there is a de facto overlap between sectoral associations and territorial associations which makes interesting observations and assessments on the relations between centre and periphery in the associations' structure possible.

Since we did not have sufficient resources available to carry out a blanket survey of the sector, a number of decisions had to be taken. We decided, first of all, to consider only member associations of the Confindustria system, given their centrality in the representational system of sectoral interests. As regards national sectoral associations, in addition to the Federtessile, we analysed the four affiliates (cotton, wool, knitwear and hosiery, clothing) which as regards their significance within the Federtessile (they make up 80% of the contributions paid into the Federtessile and hence 80% of votes in its decision-making bodies) and as regards the number of employees and percentage of total sectoral gross product, are the bulk of the Italian textile chain.

As regards territorial associations, excluding knitwear and hosiery, which is the sector that is most territorially dispersed, we decided to look at Biella (wool), Prato (wool), Vicenza (clothing) and Brescia (cotton). As well as being fairly representative, territorially-speaking, of the sectors chosen, this decision makes it possible to compare organisational realities in three highly-contrastive areas as regards social background: central and peripheral industrial areas, Catholic and Communist subculture areas.

The research which took place between June 1983 and June 1985 was essentially based on an analysis of the sources made available by the associations and by 50 in-depth interviews with officials of the sectoral and territorial associations. The information gathered has given sufficient data to provide the first overall assessment of the action undertaken by both national sectoral associations and territorial associations in the organisational, economic, political and industrial relations fields in the period between 1961 and 1983.

The research was financed by the Italian Ministry of Education (40% fund).

CHARACTERISTICS OF THE ITALIAN TEXTILE AND CLOTHING SECTOR

Any discussion on the economic and structural characteristics of the Italian textile and clothing sector requires first of all some consideration of the changes in the international division of labour which marked the sixties and seventies. In this period there was a reduction in the size of the total textile and clothing industry as compared with the total world manufacturing production. Added to this process was a heavy tendency for the textile and clothing industry to become based in underdeveloped countries, and to a lesser extent, in Eastern European countries. Industrialised countries thus ended up losing large quantities of world exports to the advantage of developing countries, particularly as regards clothing and cotton fibres. Growth in these countries of the textile industry is partly the product of the development of a national textile industry and partly the effect of direct investments of multinational enterprises (in particular American, Japanese, German and British) i.e. the effect of production decentralisation in countries with lower labour costs than industrialised countries. Another characteristic of the international development of this sector is the steady replacement of natural fibres by chemical fibres and, in particular, by synthetic fibres.

In the technological field, the production cycle is becoming shorter (by the merging of a number of operations), in particular in the spinning and hosiery fields. It is possible to imagine that, in the long run, the international division of labour in the textile and clothing industry will be marked by different types of specialisation among industrialised countries and developing countries. The latter will to turn towards heavily-standardised mass-production (as regards clothing and tailored articles) and towards traditional textiles. Industrialised countries, on the other hand, as regards clothing will tend to specialise in highly diversified items not produced by mass-production and as regards textiles, as well as in production which permits a high degree of diversification, will tend to specialise in the new sectors which are opening up (textile production for technical and industrial uses, particularly synthetic leather and so-called "non-cloths", for example, filters and wall coverings).

The rise of new aggressive and unscrupulous competitors on the world market has led to the "disorganisation" of industrialised countries' markets and serious problems of employment. The De Bandt (1) report, drawn up by the EEC in 1969, reached the conclusion that the textile sector was ready to be dismantled and left to developing countries. Despite this, with a view to ensuring "an orderly and fair development" (2) of international trade in textiles, the AMF (Multifibre Agreement) was stipulated on December 20th, 1973. This was a multilateral agreement signed by virtually all the countries in the world interested in this trade. The AMF which was an expression of GATT and its permanent institutions, was the successor to the "Long-term agreement on international commerce of cotton textiles" (ALT) which was signed on 1/10/1962 and renewed three times in the period 1962-1973. The new agreement maintained the main concepts of ALT, but extended its application to other textile products (yarn and textiles made with natural and chemical fibres), knitwear and clothing. The agreement, which came into force on January 1st, 1974 and which lapsed on December 31st, 1977, provided for the establishment of bilateral agreements between producer and purchasing countries on the maximum yearly quotas for imports of specific products labelled "sensitive".

During the period when the agreement was implemented the EEC was hit by an explosive increase in the importation of "sensitive" products because, unlike the United States, it was unable to draw up a sufficient number of bilateral agreements in a short space of time, whereby the supplier countries agreed to voluntary limitations on their exports (particularly developing countries with low-cost production).

During the negotiations for the renewal of the agreement (which was signed on 31/12/1977, came into force as from 1/1/1978 and lapsed on 31/12/81), the Community explicitly stated to the GATT Textile Committee (Geneva) that it would make its agreement to renew the Multifibre Agreement conditional on the signature of a large number of bilateral agreements with exporter countries satisfying its particular requirements including special provisions for particularly sensitive products, and on a minimum annual growth rate of 6% of imports established under the AMF. When the bilateral negotiations reached these objectives, the EEC dropped its reservations.

The third AMF was renewed on 31/12/1981, came into force on 1/1/1982 and lapses on 31/12/1986.

But let us now turn to the textile and clothing industry in Italy presenting a few data from censuses of local production units and number of employees.

LOCAL UNITS	1961	1971	% Change	1981	% Change
TEXTILES:	22,086	26,559	+20.3%	29,397	+48.3%
Wool	9,984	12,506	+25.7%	14,944	+19.5%
Cotton	3,139	2,458	-21.7%	2,329	- 5.2%
Silk	1,641	591	-64.0%	1,237	+109.4%
KNITWEAR AND HOSIERY	22,365	21,600	-3.4%	30,665	+41.9%
CLOTHING	118,703	82,328	-30.6%	76,447	-7.1%
EMPLOYEES					
TEXTILES:	473,975	344,454	-27.3%	315,089	-8.5%
Wool	147,717	117,963	-20.1%	101,232	-14.2%
Cotton	178,252	115,086	-35.4%	78,663	-31.6%
Silk	50,406	16,874	-66.5%	28,840	+70.9%
KNITWEAR AND HOSIERY	124,590	162,201	+30.2%	178,334	+9.9%
CLOTHING	339,084	363,868	+7.3%	426,167	+17.1%

Source : ISTAT, Industrial and commercial census for 1961, 1971, 1981.

As one can see, in textiles, against an increase in the number of local units, both in the 1961-1971 period and in the 1971-1981 period there was a decrease in employment and a consequent drop in the average number of employees per local unit. This is true in particular for wool, but also for cotton and silk where the fall in local units is accompanied by a more than proportional reduction in employees (for silk between 1971 and 1981 there was an increase in local units, but a less than proportional increase in employees confirming the tendency for the average number of employees to fall per local unit). The fall in employment derives from a reduction in employees working for medium-sized and large local units (more than a 100 employees), which is not sufficiently compensated for by an increase in employment that has, on the contrary, taken place in units belonging to lower classes.

In the decades running from 1961 to 1971 and 1971 to 1981, there was a decrease in the number of local units in the clothing industry, but an increase in employment and hence an increase in the average number of employees per local unit. If, however, we exclude from the sector "tailor-made manufacturing" (i.e. microunits of 1 or 2 employees, made up of tailors whose numbers have been drastically reduced in the last decade) and if we consider only the performance of the industry in the strict sense, in the period 1971 to 1981, there was a 28.6% increase in the number of employees and a more than proportional increase in the number of local units equal to 193.5%. Hence, there was a sizeable reduction in the employees-to-local units ratio. Typical local-unit dimension changed from between 100 and 499 employees to between 10 and 49 employees (3).

In the decade between 1971 and 1981, knitwear and hosiery tended to decrease the ratio of employees per local unit. Alongside the increase in local units, there was a less than proportional increase in employees.

The census data therefore show that there is a tendency to decrease the average size (per employees) of local units. They show, moreover, that the "vast majority of local textile units and even more so in clothing belong to the 1-to-9-employees class (craftsman's activities), while the number of employees which relates to this is naturally much smaller... The technological concentration is much higher in the textile sector than the clothing sector, while we find that among the textile sectors the higher ratio is for cotton, followed, in order by chemical fibre products, wool, knitwear and hosiery, silk..... Clothing is territorially much less concentrated than textiles.... The most territoriallly concentrated sectors are wool, followed by silk. The least concentrated sector is the knitwear and hosiery sector" (4). We are therefore faced with a prevailingly small-to-medium sized industry with a strong territorial concentration, in particular in local areas with a high degree of specialisation. Lombardy, Piedmont, the Veneto, Tuscany and Emilia-Romagna, in the 1981 industrial census accounted for 85% of textile employees and 66% of clothing employees. Within these regions there are monocultural areas: Biella (wool), Prato (wool), Busto Arsizio (cotton), Como (silk), Carpi (kitwear) , Vicenza (clothing).

The 1981 industrial census also reveals that the textile and clothing industry occupies about 13% of total employees in the manufacturing sector. In the twenty year period 1961-1981 employment levels remained remarkably stable as compared with other EEC countries where there was a sizeable decrease, in particular in Belgium, Holland, Great Britain and Germany.

The textile and clothing sector's GDP is about 10% of total manufacturing GDP which held up well in the 1961-1981 period (unlike other EEC countries). The distribution of textile and clothing GDP in 1981 in the various sectors was: clothing 31.5%; cotton 17.5%; wool 14.7%; knitwear and hosiery 14.2%; other textiles 11.4%; chemical fibres 4.7%; silk 4.1%; linen-hemp 1.9%.

In 1981 knitwear and hosiery played an increasingly central role in export structures (28.9% of total value of exports in the textile and clothing sector) followed by clothing (24.3%), chemical fibre cloth and yarn, while natural fibre yarn and cloth lost ground. As compared with other EEC countries, textile exports were much lower but knitwear and hosiery much higher. 35% of the textile and clothing sector products are exported. The EEC takes 65% of these exports, EFTA 11% and the USA 4%. There is, in addition, growing competition from Third World countries, China and Eastern European countries.

Also in 1981, raw textile materials took pride of place in imports with 37% of the total value of imports in the textile and clothing sector, followed by cloth (19.3%) and yarn (16.1%) made from cotton and other chemical fibres. As compared with other EEC countries, Italian textile imports were higher than average for raw materials but less than average for knitwear, hosiery and clothing. 52% of imports come from the EEC, 9% from the USA, 8%

from South East Asia and 5.5% from Eastern Europe.

The balance of trade was favourable and growing in the Sixties, favourable but declining (in costant terms, growing in current values) in the the Seventies for textiles, favourable and growing in both the Sixties and Seventies for clothing. Technological innovations (in particular upstream in the textile chain), commercial and design innovations and processes of production decentralisation (in particular downstream) made this generally better performance of the Italian textile and clothing industry possible as compared with other EEC countries.

The State's intervention in the textile and clothing industry became particularly significant from the Sixties onwards and from 1969 onwards in particular, i.e. from the time when the sector ran into a crisis. State involvement became very marked in the period 1973-1975 when the economic situation was very adverse because of the oil crisis.

The State intervened in support of the sector with both direct and indirect instruments. The indirect instruments were the 1971 "Legge tessile" and the 1978 "Programma finalizzato per il sistema della moda". The direct instruments were TESCON and GEPI (5).

The "Legge tessile" of 1/12/1971 no.1101, which was partly refinanced in 1976, bringing the overall finance to 225 billion Lire, provided for three types of incentive: 1) special finance for textile industries which carried out restructuring, reorganisation and rationalisation at a 4% interest rate for a maximum period of 15 years; 2) subsidised finance for industrial initiatives in the textile areas, with the same conditions as above; 3) tax reductions.

The financing was, in actual fact, concentrated in particular in the cotton, wool and clothing sectors. Because of the way in which the statute was drafted, it would seem to have favoured capital-intensive sectors, i.e. spinning and weaving.

The "Programma finalizzato per il sistema della moda" was approved by the CIPI on 21/12/1978, in compliance with article 2 of Statute 675 of August 12th, 1977 (Contributions for industrial restructuring and rationalisation, a statute which was divided into "Sectoral Plans" for a total of 3745 billion Lire which was refinanced in May 1983, bringing the total to 5300 billion Lire). This "Programma" was designed to strengthen production's competitive position in the older textile areas, to satisfy employment needs and to increase the industrial base in Southern Italy. With a view to increasing the system's capacity to compete and to increase exports, the "Programma" laid down that the Finance and Foreign Trade Ministries should encourage careful control of imports and implement the Multifibre Agreement, defend Italian exports, and encourage investments designed both to promote foreign market penetration and to create trading structures abroad. As regards industrial policy, it was decided that the Italian Ministry of Industry should draw up proposals with a view to making unit cost per product competitive with other European countries by making the current reduction in social security contributions for female wages permanent, strengthening research structures, activating initiatives designed to promote "made in Italy" products and setting up a commission with the task of proposing more appropriate solutions for a more correct policy as regards State tenders.

Among direct State interventions we should mention: IRI's purchase in 1957 of Manifatture cotoniere meridionali, the purchase, again by IRI, in 1960 of Fabbricone in Prato, ENI's purchase in 1962 of the Lanerossi group. ENI's purchase of Lanerossi created the most important State "textile pole" in the Seventies.

In 1969, State intervention acquired the proportions of a rescue operation. In 1969 and 1970 Lanerossi incorporated a number of textile industries which had fallen on hard times, as again happened in 1974 and 1975 with the arrival of new crises. All this complex of industries was grouped together in 1974 in the Partecipazione Manifatture tessili e confezioni Tescon, which was broken up in 1978.

At the beginning of the Seventies, with a worsening crisis in many sectors and many industries, the traditional rescue system, whereby State-financed companies took over private companies, became less and less satisfactory. In 1971 the GEPI (6) was set up. This is a State holding with the task of bailing out companies in difficulty, reorganising them and restoring them to the private sector. GEPI's intervention was largely directed towards the textile sector and in particular the clothing sector. Its intervention in the textile sector took place in 1971-1972 period, in the clothing sector in 1974, a great crisis year for that particular sector.

As regards the degree of industrial unrest and strife in the sector, we may use the conclusions reached by a careful study on strikes in Italy: "While in 1959 the conflict revolved, besides the engineering workers, also around the two traditional sectors of agriculture and textiles, subsequently their contribution was not only relatively lower but tended to decrease as compared with the previous years. 'Other' sectors, the tertiary sector in particular, took advantage of this. The tertiary sector,in particular, in the last cycle albeit with great differences within it, shows it was the most exposed and most open to contagion by industrial disputes" (7).

The textile and clothing industry, therefore, from being a traditional sector with a high propensity to strike was overtaken handsomely by the engineering sector and in the Seventies lost ground compared with the tertiary sector (in particular, public employment).

SECTORAL ASSOCIATIONS

ECONOMIC AND ORGANISATIONAL ACTION

The birth of the Federtessile was an interesting organisational innovation which turned the common interest of textile entrepreneurs towards a new kind of co-operation into collective action. The Federtessile was set up in Milan on July 2nd 1975 as a federation of the ten national associations of the textile and clothing industry. It is a second-order association with both labour relations and economic tasks.

Various factors led, in the first half of the Seventies, to the creation of a new formal association representing the whole of the "textile chain", in particular, the worsening sectoral crisis (especially, in the 1973-75 period, at the time of the oil crisis) already underway in the Sixties and the growing competitiveness of the products from Third World and Eastern European countries. Closely linked with these processes was the direct and indirect presence of the State which, as we have seen, became significant only from the beginning of the Seventies. This presence required organisational innovations which led to the creation of a body which was able to act as a valid single negotiating partner as regards domestic State intervention and, as regards its interventions in the EEC, to defend the sector against other countries' competition and from the risk that the ideas put forward in the De Bandt report became dominant.

It should be stressed that the Delegazione Alta Italia della Confidustria supported the plan to set up a second-order sectoral association because it was in keeping with the Pirelli

Reform and its ideas about rationalisation (Raggruppamenti di categoria).

The incidence of striking activity in the sector does not seem to provide a particularly useful explanatory variable. The wave of worker disputes between 1968 and 1972 saw the sector lose ground as compared with others in the propensity to strike.

Onto this basic data, we can add a crucial variable typical of each phase of the constitution of a new organisation, namely the presence of entrepreneur-organisers whose task it is to define the characteristics of the organisation, its identity and make the organisation work in practice. These entrepreneur-politicians came from the strongest first-order associations: Guido Artom (cotton association), Giancarlo Lombardi (wool association); Angelo Pavia (knitwear and hosiery). A significant role was also played by Mario Boselli who, though not coming from a strong association (throwsters) proved an able politician and organiser.

The Federtessile brought together the following first-order associations: Associazione cotoniera italiana; Associazione dell'industria laniera italiana; Associazione serica italiana; Associazione italiana industriali tintori, stampatori e finitori tessili; Associazione nazionale del lino, della canapa e delle fibre dure; Federazione italiana industriali dei tessili vari e del cappello; Associazione italiana dei torcitori della seta e dei fili artificiali e sintetici; Associazione italiana della filatura serica; Associazione italiana produttori maglierie e calzetterie; Associazione italiana degli industriali dell'abbigliamento. The Federation excluded industries producing chemical fibres which belonged to the _Aschimici_. This exclusion was the result of historical conflicts between Italian chemical fibre producers and the textile transformation industry. The _Federtessile_'s blueprint of July 25th, 1975 (8) explicitly accuses chemical fibre producers of pursuing "development strategies often conflicting with the long-term interests of the textile transformation industry" (9) because of the monopolistic policy in Italy and the cartels created at a European level. In other words the chemical fibre producers were accused of high-pricing policies and controlling supply, made possible by their stronger position compared with the small- and medium-sized textile industries.

The percentage of contributions paid by each affiliate association (calculated by taking both the number of employees and total revenue into account) compared to the total contributions paid to the Federation is a good indication of the degree of centralisation of interests within the _Federtessile_ and is thus indicative of the relative decision-making strength of the various associations (distribution of votes within the _Federtessile_).

VOTES AND PERCENTAGES OF REVENUES FROM ASSOCIATIONS FEDERATED TO THE FEDERTESSILE
(Based on contributions and employees on Dec. 31 1976 & Dec 31 1982)

Association	EMPLOYEES Number		% (A)		REVENUES LIRE		% (B)		PERCENTAGES A + B		VOTES	
	1976	1982	1976	1982	1976	1982	1976	1982	1976	1982	1976	1982
Cotton	81,000	57,000	26.45	25.219	824,000,000	2,064,000,000	37.00	36.164	31.70	30.69	32	31
Wool	60,958	47,822	19.90	21.158	465,175,628	903,000,000	20.85	15.822	20.35	18.49	20	18
Clothing	57,656	40,383	18.85	17.867	203,131,718	808,795,000	9.10	14.171	14.00	16.02	14	16
Knitwear & Hosiery	48,508	40,178	15.85	17.776	278,084,581	756,346,000	12.50	13.252	14.15	15.51	14	15
Dying	14,005	12,079	4.60	5.344	115,514,919	340,180,000	5.20	5.960	4.90	5.65	5	6
Misc. Textiles	17,023	11,000	5.55	4.876	107,292,916	268,657,000	4.80	4.707	5.15	4.79	5	5
Silk	9,800	8,600	3.20	3.805	114,800,000	285,500,000	5.15	5.003	4.15	4.40	4	4
Linen & Hemp	12,000	5,500	3.90	2.433	78,439,000	208,133,000	3.50	3.647	3.70	3.04	4	3
Throwsters	3,500	2,259	1.15	1.000	31,541,244	50,672,800	1.40	0.888	1.30	0.95	1	1
Silk Spinning	1,700	1,200	0.55	0.531	10,070,000	22,000,000	0.50	0.386	0.60	0.46	1	1
TOTAL	306,150	226,021	100.00	100.00	2,228,050,016	5,707,283,800	100.00	100.00	100.00	100	100	

Source: Federtessile

No significant changes took place in the 1976-1982 period in the degree of centralisation of interests: about 80% of total _Federtessile_ contributions came from four associations (cotton, wool, clothing, knitwear and hosiery). There was a slight improvement in clothing and knitwear and hosiery which took a few percentage points (and 3 votes) from cotton and wool. The cotton industry's very strong position is very obvious (32% of total contributions in 1976; 31% in 1982) essentially because of the higher amount of contributions it manages to obtain from the firms in the sector.

The following table gives the total contributions paid to the _Federtessile_, divided into each major item of expenditure for various years:

ITEM OF EXPENDITURE	1976	1978	1980	1982
Common structures	120,169,355	56,195,480	91,117,953	170,626,092
Chairman's Comm.	16,567,056	94,023,634	36,941,544	96,381,574
Labour Coun.	2,330,212	15,617,940	16,830,408	27,655,041
Economic Coun.	1,904,000	13,534,767	44,730,815	60,202,914
TOTAL	140,970,623	179,371,821	189,620,722	354,865,621

Source: _Federtessile_. Final accounts

As can be easily seen, we are faced with a limited balance sheet, even though at current costs it more than doubled between 1976 and 1982. Moreover, the _Federtessile_ is a recent body with very little personnel. In the 1976-1982 period, there were only 7 staff members, 3 full-time staff (with just one graduate) and four part-time workers (all of them graduates). This staff's salaries accounted for a figure which started at 20% of total Federtessile funds in the first years but rose to 28% by 1982.

The Federtessile decision-making bodies include the Chairman's Committee, the Economic Council and the Labour Council. They are made up of a representative (an entrepreneur) from each association, with the exception of the cotton industry which under the Federtessile's constitution was given two representatives on the Chairman's Committee and the Economic Council. The Chairman's Committee is made up of the Chairmen of the individual associations belonging to the Federtessile. It has the task of drawing up the Federation's overall policies and to co-ordinate the Economic and Labour Councils' activities. The Economic Council is responsible for studying common economic problems, while the Labour Council is responsible for labour problems affecting the entire textile and clothing industry.

Under the Federtessile's constitution, decisions are taken by a two-thirds qualified majority of the votes in the Chairman's Committee and a simple majority in the Economic and Labour Councils. However, as can easily be appreciated, the decisions of these bodies are, in fact, taken unanimously. This means that these official bodies are a place where decisions taken elsewhere are debated and ratified rather than a place where the crucial decisions are actually taken. The unanimity practice is particularly evident in the Chairman's Committee, meetings of which generally take place once a month. The crucial decisions are in fact, taken in permanent working groups of the Councils and in particular in the Chairman's Executive, an informal body, not laid down under the constitution, and made up of the chairmen and co-chairmen of the Chairman's Committee and the Labour and Economic Councils.

Much of the Economic and Labour Councils' work has been delegated to specialised standing committees or working groups: five such groups for the Labour Council (labour organisation; industrial relations; plant-level bargaining; working environment; statistics) which were reduced to three in 1984 (labour legislation; industrial relations; working environment) and four groups for the Economic Council (tax problems; statistics and economic research; scientific and technological research; promotion).

The assignment of control over the working groups (Chairmen) obviously takes the relative strength of the associations into account. This is true in a particularly significant way in the distribution of the chairmanships and co-chairmanships on the Chairman's Committee and the Labour and Economic Councils, as the following table demonstrates eloquently.

POSITIONS HELD IN THE FEDERTESSILE

YEAR	CHAIRMAN'S COMMITTEE		ECONOMIC COUNCIL		LABOUR COUNCIL	
	CHAIRMAN	CO-CHAIRMAN	CHAIRMAN	CO-CHAIRMAN	CHAIRMAN	CO-CHAIRMAN
1975-79	Guido ARTOM (Cotton Assn.)	Angelo PAVIA (Knitwear & Hosiery Assn.)	Mario BOSELLI (Throwster Association)	Ivo BETTINELLI (Cotton Assn.)	Giancarlo LOMBARDI (Wool Assn.)	Alberto COLLI (Cotton Assn.)
1979-81	Mario BOSELLI (Throwster Association)	Giancarlo LOMBARDI (Wool Assn.)	Ivo BETTINELLI (Cotton Assn.)	Fabio INGHIRAMI (Clothing Association)	Alberto COLLI (Cotton Assn.)	Ugo MICHELOTTI (Knitwear & Hosiery Assn.
1981-83	Mario BOSELLI (Throwster Association)	Giancarlo LOMBARDI (Wool Assn.)	Ivo BETTINELLI (Cotton Assn.)	Cesare GAMBIRASI (Clothing Association)	Alberto COLLI (Cotton Assn.)	Giuliano DE ANGELI (Clothing Assn.)
1983-85	Giancarlo LOMBARDI (Wool Assn.)	Alberto VERROTTI (Cotton Assn.)	Leopoldo DELLA PORTA (Cotton Assn.)	Gian Sandro BASSETTI (Linen Assn.)	Giorgio MALERBA (Knitwear & Hosiery Assn.)	Bernardino NICASTRO (Clothing Assn.)

SOURCE: Federtessile

The Progetto tessile (10) undoubtedly represents the main organisational output of the Federtessile. This study which lasted for three years (1975-1978) and which was co-ordinated by the Economic Council's "statistics and economic research" working group is the Federtessile's real "manifesto". The Progetto tessile is an analytical study of the Italian textile and clothing industry, which contains precise proposals as regards commercial and industrial policy with a view to encouraging the formation in Italy of a true and proper "European textile pole". The privileged partner was the State and its sectoral programming activities. An attempt was made to influence them in three main directions: 1) containing the degree of State enterprise interventions in the sector; 2) reductions in the cost of money (credit facilities), tax reductions and reduction of labour costs through a cut in social security contributions on wages; 3) protection within the EEC's bodies against competition from Third World countries.

The most significant results of these pressures were: re-financing in 1976 of the Legge Tessile (1971, n.1101); the 1978 "Programma finalizzato per il sistema della moda" which widely accepted the proposals of the Progetto tessile; the partial cut in social security contributions (only for female wages); a reduction in the level of VAT on textile products. The renewal and updating of the Accordi Multifibre in 1977 and 1981 went in the same direction.

An overall assessment of the Progetto tessile and its degree of implementation leads us to conclude that it was not so much a real sectoral self-programming initiative but rather a means of pressure on the State to make its intervention more consistent with private entrepreneurs' interests. Moroever, the idea itself of programming gradually lost ground in those years, as is apparent from the inconsistency of the State's sectoral plans and from the Carli-Savona line in the Confindustria (1976-1980) which was decidely against sectoral plans and rather lukewarm as regards the Progetto tessile itself.

The Progetto tessile operated also as a solidaristic good designed to strengthen the Federtessile's image, through a skillful use of mass media and lively public discussion. This moral-boosting solidaristic function was also evident in three national Conventions of textile and clothing entrepreneurs sponsored by the Federtessile where the ideas of the Progetto tessile were fully publicised (1976;1978;1982).

The Federtessile has thus carried out by itself very little in the way of economic co-ordination. Its intervention to defend the sector against foreign competition has on the other hand been of some weight in international organisations (within the European Comitextil and supported by the Comitato intertessile italiano). The "made in Italy" program put forward to the ICE in 1981, designed to further the image of Italian textile products abroad by means of exhibitions, publicity campaigns and market research designed to understand current and potential foreign markets, was very much in the same line. Overall, these promotional activities were also designed to defend company brands, an operation which is particularly crucial today because the textile and clothing industry is with great difficulty building its own export distribution system making itself more independent from the speculative operations of foreign "buyers" (German, British and American) who dominated the sector in the past.

The Federtessile co-ordinates the dates and venues (after consultation with State and regional authorities) for exhibitions and trade fairs and promotes the development of specialised exhibitions ("Idea Biella"; "Idea Como"; "Prato Expo" etc.).

The Federtessile acts as a study centre in an attempt to stimulate the information system in the sector overall (data bank). In this connection, we should recall: the OCTA "Osservatorio congiunturale tessile e abbbgliamento", jointly managed with SNIA from 1980 onwards; the SISTA (Sistema informativo tessile e abbigliamento) financed by the EEC and linked to the EEC's textile and clothing information Centre (CITH), designed precisely to set up a specialised data bank for the sector at Community level; the collaboration with the Confindustria in the Progetto Giano.

It should be stressed, however, that the consultancy offered to the affiliates in various fields (taxes, customs, commerce, energy-saving, pollution and environmental protection, credit, statistical information on the sector's growth) is a less significant activity for the Federtessile as compared with the supply of solidaristic goods and public goods relating to the protection of political and labour interests common to the entire textile chain.

For the <u>Federtessile</u>, the search for its own identity and relative decision-making autonomy is the result of difficult and continuous mediation in conflicts which occur upstream and downstream in the textile chain. The possibility of strengthening its relative strategic autonomy from the individual associations depends, particularly in the field of economic control of the sector, on the degree to which it is capable of mediating efficiently in these conflicts, formulating and reformulating what may be defined as the "common interest" of the textile chain.

As regards commercial policy, the upstream sectors are suffering from an invasion of raw textile materials (fibres) and cloth and yarn (cotton in particular) from underdeveloped countries, so that, at the AMF level, they tend to be protectionist <u>vis-à-vis</u> these countries, all the more so because exports are largely absorbed by the EEC and therefore there is no risk of effective retaliation.

The downstream sector (clothing, knitwear and hosiery) are comparatively unprotectionist in the AMF, since they are subject to less external competition in ready-to-wear products than other EEC countries (the "Made in Italy" image). Downstream sectors are, of course, unprotectionist towards yarn and cloth (semi-worked products) since they are interested in buying at low prices.

Upstream sectors are, moreover, much more capital-intensive than downstream sectors and, therefore, have different problems as regards industrial policy. This leads to higher energy and financial costs and, therefore, a more intense need for credit and finance. Hence the special interest in keeping the cost of money low and taking the lion's share of State finance (the 1971 Legge Tessile favoured capital-intensive sectors).

The most capital-intensive sectors are, moreover, less interested in the problem of reducing the cost of labour, as compared with downstream sectors which are more labour-intensive.

Another serious obstacle to the strengthening of the autonomy of the Federtessile is the excessive power of the cotton association within the Federation. In this respect we should see the accusations directed at the Federtessile by some of the downstream sectors (knitwear and hosiery in particular, but clothing as well) claiming it has been set up as a mere instrument for cotton manufacturers' interests, and this explains the diffidence and low-level participation of these sectors vis-à-vis the Federation's attempts at consolidation.

The Associazione cotoniera set up in Turin in 1877 continues to represent the interests of a sector made up of middle-to-large firms despite the shakeout which, from the second half of the Sixties onwards, led to a decrease in the average number of employees per local unit. In 1981, the four most important groups (three of them interlinked) absorbed 14% of the entire labour force, while the industrial firms employed more than 90% of the sector's labour force. Although there is a not altogether insignificant number of small firms, their significance both in terms of product and labour force is very slight. The sector was not, therefore, affected by any significant phenomena of production dispersion and decentraliation. This seems to be because of the continuation of a strong industrial tradition, and because of the limitations in technology and production methods used, which, because of the very nature of the product, reduce the possibility of flexibility in production.

78% of weaving factories are to be found in Lombardy, with an almost equal distribution between the provinces of Milan, Bergamo and Brescia (with Brescia slightly in the lead), while another 18% is to be found in Piedmont between Novara and Turin. 56% of spinning mills are found in Lombardy, 16% in Piedmont and 9% in the Veneto. It should be recalled that this territorial distribution reflects the original distribution which arose in Milan and Turin between 1782 and 1820, set up mainly by foreign entrepreneurs.

Eight trading sections (spinning; weaving and spinning; pure weaving; finishing; sewing and other threads; medical dressing materials; waste and similar manufacturing; hard cotton) are the basic units of the association. This is where relative trading and production homogeneity makes it possible to identify common interests. The sections make up a large part of the management bodies i.e. the Executive Council (17 members) and the Chairman's Office (1 Chairman and five Co-Chairmen). The general policy decided by the Council thus finds it possible to communicate with the individual members through the various sections. The Council manages to be at one and the same time really representative of the members (mediating between the diverse trading interests) and an expression of informal leadership. The latter is the result, apart from personal capacity, of a network of relationships, in particular between the "natural" leaders in the sector, which has filtered down by tradition. This is a something which emerges, for example, from an examination of the members of the management bodies from 1970 up to today, from which it is clear that there is a strong and stable nucleus made up of big and/or prestigious entrepreneurs.

Overall, the number of staff has decreased from 67 employees in 1968 to 43 employees in 1982. This trend is justified mainly by the lack of financial resources together with a rise in costs, but is also due to the fact that there has not been, in the meantime, any growth in the request for services by the members.

Both in terms of staff and resources the association seems to be waning in its power in the long term. Of the 2 billion Lire income in 1982, 60% went to staff expenses, while much of what remained went to <u>Confindustria</u> contributions. Only 60% of income was made up of contributions paid by the members, another 18% coming from voluntary contributions, while the remainder is covered by various sources. The <u>Associazione cotoniera</u> continues to be the richest association in the textile chain. This is due in particular to the structure of this sector (medium-to-large firms) which, given the well-known direct correlation between company size and tendency to form associations, led in 1981 to a rate of membership of roughly 81% (11).

Economic self-regulation in the sector would appear to be minimal. The cotton association's ability to affect the decisions of the member firms, regarding technological and commercial innovations in particular is pretty low.

As regards the ability to defend the field from international competition, the association is fairly active in the EEC's economic bodies through the <u>Associazione cotoniera europea</u>.

Another case in which the _Associazione cotoniera_ operates to bring about informal trading agreements at sector or field level is the fairly significant one of a pricing policy for yarn. Buyers and sellers tend to agree on prices according to domestic and international market trends. In this case, however, the association, as a result of its discreet capacity to collect sound information, manages to function as a control structure checking that informal agreements are respected. The agreements are not rigid price-fixing agreements but more simply general agreements between the most important operators designed to orientate the market. The commitment to encouraging the activities of consortia is also somewhat restricted (and limited to very specialised subsectors: handkerchiefs, velvets and sponges). Equally absent is a commitment to developing services able to absorb market turbulence or more generally structural disadvantages deriving from the various environments with which the various firms interact. This, moreover, is perfectly in keeping with the "philosophy" characterising this organisation and which those interviewed repeatedly stressed. The _Associazione cotoniera_, is inspired by a policy of strict representation of the associates' interests and does not intend to become a kind of industrial "consortium", as happens in certain engineering sectors.

The selective incentives supplied to the associate members (technical and statistical information, legal, tax, administrative and economic consultancy) are not, all in all, worth the average contribution paid by the members themselves, who prefer to turn to their own trusted consultants or territorial associations.

The _Associazione laniera_ founded in 1877 in Biella works in a sector which, even more than the cotton sector, underwent a drastic reduction in the number of employees per local unit in the Sixties and Seventies. Wide processes of production decentralisation and distribution of small and very small firms have affected the sector. This in part explains the lower rate of membership as compared with cotton association equal to roughly 52% in 1981.

Under the 1982 Statute, the firms at the moment of enrolment are classified into the following trading groups: combing, spinning of carded fibres, spinning of combed fibres, miscellaneous types of manufacturing, knitwear, weaving, carpets and blankets. In the organisational matters of the wool association, the weight of three territorial Unions of Biella, Prato and Vicenza has been predominant (they still appoint three out of four of the Co-Chairmen of the Chairman's Council). They have been much more significant than the trading groups. These considerations are further re-inforced by the analysis of the composition and degree of stability of the wool association's leadership. There is in fact an extraordinarily stable leadership. Out of an average 15 places available on the Chairman's Committee, the executive body of the <u>Executive Council</u>, 6 people were constantly present between 1960 and 1982. There is, therefore, a practically unvaried, essential nucleus, even though recently there has been some degree of change. The great majority of these senior executive members are entrepreneurs from Biella.

As regards the Chairmanship, the trend here is towards great stability: in the Sixties it went first to Fracassi and then G. Marzotto, in the Seventies to Botto, Festa and P. Marzotto. The owners of large and middle-sized firms figure prominently among the chairmen and members of the Chairman's Committee. To become an executive of the association, factors tied to cultural orientations of these political entrepreneurs, which made it possible for them to go beyond mere considerations of the interests of their own company, have been very important.

The stability of the cotton executives' group in the Associazione laniera may be defined as a typical example of the "club" tendency, an indication of which can be seen in the fact that there are some cases where the executive post is handed down from father to son.

If we integrate this data with data relating to the decision-making process, we get a picture of an organisation where there is an undoubted form of informal centralisation which is not turned into effective control. Rather, the high stability of the executive group, characterised by a network of informal relations, is part of a basic general agreement which keeps the association together despite the deeply divided interests.

A strong indication of the association's low level of strategic autonomy comes from an analysis of the resources that the Associazione laniera is able to obtian from its members and the resources its manages on their behalf.

The resources obtained from the membership are certainly not large: 900 million Lire aprroximately in 1982, much of it coming from the Vicenza area. The limited funds have led to a reduction in the personnel which fell from 25 employees in 1965 to the current 18 (only three graduates).

The association's ability to obtain information from its own members would seem to be very limited. The data gathered relates essentially to aspects of company life which are very remote from the centre of any significant company decision-making: costs, but not sales and prices; the overall size of investment, but no data on investment plans; information on the number of employees, but not the salary levels practised.

Turning to an analysis of the association's services to the membership, the situation does not change. Economic self-management of the sector is almost inexistent. Contacts with international wool bodies, such as Interlaine for example, are essentially in the form of an exchange of information on the performance of foreign markets upstream and downstream from production. They are not envisaged, in other words, as opportunities where the association can negotiate, conditions of purchase and sale in the name of its members.

Production decentralisation and technological and commercial innovations have been more felt than guided.

Statistical, legal and fiscal, technological, production, and commercial services are hardly used by the members. It is therefore difficult to maintain that the authority of the representation derives significantly from these forms of selective incentives. They are certainly not irrelevant, but seem to interest a minority of the members. Moreover, these services are not only uncompetitive with what is offered on the market, but also with what is offered by the territorial associations.

The Associazione maglie e calze, founded in Milan in 1945, can only represent industrial firms under its Constitution. The rate of membership was around 32% in 1981. The sector is extremely fragmentary and dispersed territorially. The firms often resort to production decentralisation and to cottage-industry work. The association can therefore be said to be representative of the sector only in a special sense. Formally, it overwhelmingly represents firms with industrial organisational systems, hence those of a larger size (the biggest associate member's turnover is 5.8% of the entire sector and the four biggest represent about 10%). On the other hand, the association's ability to "govern" is greater than the number of firms enrolled thanks to the existence of a complex network of formal and informal relations between the firms.

The associate companies are mainly to be found in Lombardy and the technological-productive sector with the higher density of the associate companies is the underwear sector.

On enrolment the firms are classified under four trading sections: underwear; external knitwear; women's hosiery; men's hosiery.

Territorially, there are no strictly monocultural areas except for the Carpi area which has set up its own territorial association not affiliated to the Confindustria.

The four trading sections, the basic unit of the association's life, have a significant degree of functionality and usually meet every two months.

The General Assembly appoints the Chairman and elects the board members. The executive Council is made up of 34 members who are chosen in such a way that the various trading subinterests are adequately represented. Finally, a Chairman's Council exists with executive power.

Until the Sixties what we have called the "club" trend in the leadership structure, was also to be found in knitwear and hosiery. The executives came from very restricted circles where the size of the company played a very significant role. But then changes came: rotation in the executives was introduced. Today, for example, on the Chairman's Council there is only one major entrepreneur and the others are the owners of small firms. The size of the company is not apparently a factor in the possibility of becoming the Chairman.

The executives' explicit self-understanding is related to a similar transformation, which continually proposes the image of a technological and industrial body at the service of companies' daily management, rather than the spokesman of the basic institutional premises of entrepreneurial activity.

These symptoms of the association's greater trend towards the problems of daily management of company decisions, become all the more explicit when we analyse the relationships created by the association in recent years with their own associates both as regards raising the resources necessary to run the organisational machinery and as regards the type of services offered.

The first interesting point in favour of the association is its ability to raise funds from knitwear and hosiery firms (about 756 million Lire in 1982), which sharply conflicts with the complaints found in other associations. This has made it possible to increase personnel gradually, now numbering 21 employees (six of them graduates).

Another resource obtained from the members is the quantity and quality of the information regarding sales, prices, investment, salary levels, number of employees and, only occasionally, costs. The type of information gathered seems to correspond to the requirements of better knowledge of the companies' industrial and commercial policy.

As regards services in the economic field, traditionally supplied to its members (technological and economic information, legal protection and tax consultancy), it should be pointed out that they have great difficulty in competing with what is offered on the market and what is offered by territorial associations. There is, however, an area of "new" services, which is a kind of monopoly for the association vis-à-vis its members and relates to the central problems on which the firms decisions are made. In a transformation sector, heavily orientated towards exports, promotional services obviously play great role as does the possibility of having collective organisations concerned with negotiating price conditions with suppliers and purchasers in the name of individual firms. It is precisely these new services that are offered by the association. It is also thanks to this, that the knitwear and hosiery industry has managed in recent years to break the dependence on foreign buyers and propose an autonomous image as regards products.

The "new" services seem to be destined to a rapid increase in quantity and quality. The dynamic nature of the Modexma consortium (which was set up in 1980 and has promotional functions on foreign markets for external knitwear products) is ample evidence of this as is the project, as a knitwear and hosiery association, to set up a "trading company" in the USA with the task of looking after the overheads in that market on behalf of the associate firms.

The development of these services together with the ability to obtain funds and information from the members has led to a parallel increase in the power of the association over its members. This result, which is the fruit of the particularly dynamic nature of the managers managing the organisation, has not reached the stage, however, of making real economic self-programming possible in the sector. A clear demonstration of this is the persistent poor ability of the association to have any impact on processes of technological innovation and production decentralisation in the sector.

The Associazione industriali dell'abbigliamento, set up in Milan in 1945, operates in a sector which in the Seventies underwent a process of deverticalisation, fragmentation and zoning of the production systems. The pronounced zonal-infraregional character is such that in 1981 the provinces of Vicenza, Florence, Milan and Bergamo represented 21% of the employees in the sector.

The association represents all the production specialisations in the category: traditional clothing, casual and sportswear; own brand and other brands; leather products; uniforms and working clothes; corsetry; ties; scarves and headscarves; clothing accessories and sewn accessories. There is a section representing each of these specialisations within the association.

The rate of membership is very low (12% roughly in 1981). Of the 600 firms enrolled the great majority are the largest firms in the sector. In addition, firms in the traditional areas of this industry are well represented. We may thus say that the association, though numerically rather restricted, is a credible spokesman for the more structured interests in the sector.

The process of representation in the strict sense is carried out via the sections. The assemblies in each section vote the section Council. The latter, in turn, elects its own representatives on the Executive Council. The Executive Council appoints the members of the Executive Board.

The distribution of votes ensures an advantage to those who have paid the most contributions: it follows even formally that the larger firms have the biggest say. An indirect indication of this is the fact that 20% of the revenue in 1982 (808 million Lire) was paid by one company, the biggest in the sector while the four biggest firms paid nearly 33%. What is also striking, is the low rate of rotation in the elected leadership. The rotation in the association's executive positions had affected only 20% of all executives in the last twenty years. This is evidence of the fact that, albeit in a context of entrepreneurial success, the association has remained the expression of interests which have been structured for a long time.

The association offers, in the economic field, essentially traditional services, and a certain 'muscle' in the EEC bodies, through the AEIH (<u>Association européenne des industries de l'habillement</u>), in defending the sector against other countries. The association does not propose itself, that is, as a body able to negotiate price conditions and supplies with suppliers and purchasers on behalf of its members. Indicative of a resistence to organisational innovation is the cautiousness which we registered towards production decentralisation. As regards this phenomenon the association's management tends to stress the possibility that it might turn into unfair competition. What worries them in other words is that the decentralisation of certain phases of production may be the opportunity for smaller entrepreneurs to have access to the market by illegal means and hence break the strict ties of sub-supply.

The strong resistence to innovate as regards quality and range of services does not necessarily mean a mediocre level of organisational efficiency. Organisational machinery, on the other hand, would appear to have increased in recent years: from 1965 to 1981 the staff increased from 10 to 15 employees, while the level of income is judged to be good by the association's managers.

ACTION IN THE FIELD OF INDUSTRIAL RELATIONS

In the field of industrial relations, supplying a public good means constructing a unified policy and power base to counteract the Trade-Union's policy and power base. In 1970 there was a series of textile contracts which were discussed and renewed at the same time. Only in 1973, however, were the contracts negotiated as a group i.e. in a single series of negotiations for the entire textile category. With the birth of the Federtessile, which was committed from the outset in a heavy battle for the revision of cost of labour and inflation-proof wage-indexing structures, the idea of group contracts gained official approval. The Federtessile stipulates a general agreement with the textile Trade-Union federation (FULTA) for the textile chain, which lays down the guidelines within which the individual associations negotiates and signs the individual collective contracts. With the 1976 contractual renewal, there was an increase in the process of homogeneousness of the various contracts. This process weakened in the 1979 bargaining which, among the more "advanced" contents, included experiments regarding a reduced working week (6 x 6) and access to information. The 1983 contractual renewal further differentiated between the various contracts as regards such matters as working week and the flexibility of labour utilization.

The interesting question that arises now is the following: is it possible to assert that we are facing a process of centralised negotiation, with the Federtessile gaining greater power over member associations, similar to what is happening in the Trade-Union movement and which, from the second half of the

Seventies onwards, saw the role of the Trade-Union Confederations increase to the detriment of the Federations? Undoubtedly, the Co-ordinating Committee set up under the Confindustria Council as early as 1976, within the so-called Ristretto sindacale and including the building, chemical, engineering and textile workers is a reply to the need for greater co-ordination and centralisation of labour problems. In the same direction goes the Giustino Reform which imposes the compulsory presence of one or more representatives from the Confindustria in sectoral negotiations. The 1983 bargaining introduced a kind of control over the bargaining procedures which excluded plant-level negotiations on economic matters for 18 months.

A more explicit trend towards centralisation in the textile sector is manifested by the way the negotiations between the Federtessile and the FULTA were carried out. This was done increasingly in smaller and smaller committees which greatly predefined the contents of the final negotiations conducted in a more formal way. The latter ended up by being more consistent with stage-managed and symbolic requirements than true decision-making.

These trends towards centralisation conflicted, however, with the general problem of entrepreneurial associations, namely the low degree of powers of sanction against member firms in the case of breach of collective agreements. In the case of Italy, the fact is made worse by the general organisational weakness of the local-level sectoral organisations for entrepreneurs. This weakness, which is also present in the textile sector, is an expression of the special relationship existing between the sectoral associations and the territorial associations, a relationship which sees the latter in a much stronger and more powerful position within the Confindustria.

To conclude, we need to emphasise that the sectoral associations supply consultancy on labour problems to the associate textile industries. This type of selective incentive is, however, once again very uncompetitive as compared with what is offered by territorial associations.

RELATIONS WITH THE POLITICAL SYSTEM

Although they are powerless to prevent firms and territorial associations from outmanoeuvring them by individual direct contact with the State central administration, the _Federtessile_ and national category associations do, however, have a privileged relationships with ministries: the _Federtessile_ as regards major problems common to the textile chain, and the individual sectoral associations as regards the specific problems in the sector.

The ministries which are most heavily contacted are the economic ones (Ministry of Industry, Ministry of Foreign Trade, Budget Ministry, Treasury, Finance Ministry) and the Ministry of Foreign Affairs. Contacts with Parliament, political parties, and the President and Vice-Presidents of the Council of Ministers are very limited.

Direct, informal and ad hoc contact is the most usual practice with the directors-general and senior ministry officials, with the exception of the _Federtessile_ which has direct contact with ministers. Recourse to press communiqués and telegrammes is not infrequent, but is considered decidedly less incisive, and therefore less practical than direct contact.

Meetings are generally moved by the associations. It is interesting to note that in the very first years of its life, the _Federtessile_ held these meetings very frequently with a view to creating credentials in the various ministries testifying to its significance and vitality. It may be said that this operation, crucial as regards the _Federtessile_'s responsibilities, was essentially successful. A working relationship has thus been created whereby each ministry privileges the relationship with the Federtessile rather than with the individul associations. Recently, there has been increased contact with the Federtessile by the ministries themselves, with a view to obtaining information and consultancy. This is a clear indication of the increased political credibility of the Federation.

These relationships with the political system are designed to encourage State intervention to support the sector and avoid unpleasant State policies at European level as well: demands for State intervention, in the appropriate international bodies to safeguard the sector from competition of other countries and to implement rigorously the provisions of the Multifibre Agreement (including means of controlling anomalous and/or customs fraud); support by the Ministry of Foreign Trade, and the ICE in particular, of export promotions; demands for reductions in the cost of labour by means of a cut in social security contributions on wages; tax reductions and reduction in the cost of money; control of State orders so that they are assigned only to firms which comply with legislation and contracts. The most significant results of these pressures have been as has been pointed out: the 1971 Legge Tessile which was partly refinanced in 1976; the 1978 "Programma finalizzato per il sistema della moda"; the reduction in social security contributions on female workers' salaries; reduction in the VAT threshold on textile products; the renewal and updating of the Multifibre Agreements.

The form of the relationship with the political system continues along the classic lines of "pressure". In general it is a question of contacts in which the State asks for information which it does not possess and the associations ask for the elimination or changes in institutional factors which raise company management costs. The background to the 1971 Legge Tessile is emblematic in this sense. The first proposals for measures in favour of the textile sector began in the cotton and wool sectors. Lobbying tactics were used. The attempt was to coagulate and place on the field the biggest front possible of industrial, political and political-party alliances involving, at local level, the communes placed in the textile areas. The role played by State was less than passive. The State bureaucracy (in particular the officials at the Ministry of Industry) is too weak to be a valid negotiting partner. It did not even have a technical role in the early stages of the Legge Tessile's development or even in the drafting of the various bills. The sector's representatives not only failed to be active in industrial co-ordination, they did not even manage to organise the demands from the base in any hierarchical way. There was thus no co-decision because the minimal conditions to allow this were not present on either side. In the words of a qualified observer, there was no culture or structure suited to concerted action.

In these conditions, then, the place where legislation was actullay drawn up was the Parliamentary commissions. What emerges then is not a scheme of mediation in which the central protagonists are the interest groups and the ministries' bureaucracy, but a model on which the parties are seen by everybody as the true final decision-makers. In a nutshell, this is the model talked about by La Palombara. The terms used by him to describe the process of representation in the Fifties still fit the sectoral representatives' inititives during the drafting of the Legge Tessile.

The Federtessile did, in fact, attempt a few limited cases of concerted action with the State machinery, in terms of formal institutionalised relationships with the government. The most important experience was the participation in the Ministerial Textile Commission, set up in 1975 in the Ministry of Industry with a view to studying and proposing a plan to restructure the Italian textile and clothing industry. It was a tripartite commission made up of government, Trade-Union and Federtessile representatives which worked from 1975 to 1977 to produce the "Programma finalizzato per il sistema della moda". This plan, as has been mentioned above, accepted most of the proposals laid down in the Progetto tessile.

In 1982, the Federtessile took part in the Ministrial Commission studying and regulating State tenders. This Commission arose as a result of strong demands by the Federtessile requesting that the entire area be re-organised, with a view to preventing the State from awarding orders to firms which did not comply either with general legislation or with the contracting procedures, as a result of the policy of awarding contracts to the lowest bidder.

Despite this experience, which unquestionably marked a growth in the conditions favouring stable political exchanges, it is still premature to state unconditionally that we are witnessing the consolidation of stable relationships of concerted action between the _Federtessile_ and the State.

Finally, concerning the _Federtessile_'s and the sectoral associations' lobbying activity in the name of and on behalf of the individual firms, this certainly exists. In this case too, it is a selective incentive better managed by the territorial associations.

CONCLUSIONS

It is opportune at this stage to draw a number of conclusions regarding the activity carried out by the sectoral associations.

As regards the problems of economic self-determination in the entire textile chain, and its invidual sectors, we certainly cannot argue that the Federtessile and its affiliates have achieved any significant results. This is true both as regards upstream and downstream control in the various sectors (quantity, quality and price control over raw materials and products), both as regards technological and commercial innovations and as regards production decentralisation. Only the pressure placed on international bodies to defend the sector from Third World competition is of any significance.

These results demonstrate that there is a low level of strategic autonomy, in the economic field, exerted by the Federtessile over the member associations and by individual associations over the member firms, which prevents the achievement of an effective sectoral policy.

The structure of the textile and clothing industry made up in particular of medium and small firms partly explains this difficulty. In fact, the low level of the rate of membership which ensues (28% approximately in 1981, for the textile chain overall) leads to a limitation of the representation and restriction of material and human resources available, to no small degree. Even the State's low level programming capacity vis-à-vis the textile sector has been significant. There is in fact a significant correlation between growth of self-governing capacity of interest groups and growth of the State's planning intervention. The authority of the Italian State bureaucracy has always been a very low-level affair and its capacity to promote political activities has remained very limited. This situation has not given any stimulus to the associations to become self-programming bodies to avoid State regulatory intervention. Nor has there been any attempt at State delegation of industrial policy to textile associations designed to favour processes of economic self-management.

There are, in addition, specific organisational matters which have prevented the Federtessile and its affiliates from having greater strategic autonomy in the economic field. The main obstacle to the strengthening of the Federtessile vis-à-vis the first-order associations may be attributed as we have seen to the difficulty of mediating efficiently in the system of upstream and downstream interests in the textile chain, as well as to the strong power of cotton association within the Federation. The organisational autonomy of the first-order associations vis-à-vis the member companies has, more often than not, been blocked by the power of veto of a number of traditional large firms and a number of powerful territorial associations. This has reflected on the leadership structure whose stability has, often, revealed a typically "club" orientation. A partial exception to this common organisational practice is the case of knitwear and hosiery. This association, thanks to the renewal and dynamism of its leadership has managed to strengthen its capacity to get finance and information from member companies and supply new services which bring better results in the upstream and downstream control of the market.

The _Federtessile_ and its affiliates show signs of a certain degree of strategic autonomy as regards the field of public and solidaristic goods supplied in the political field and in the field of industrial relations. Over a period of time, a kind of division of labour between the _Federtessile_ and the first-order associations has grown up so that the former is entrusted with the task of safeguarding political and labour interests common to the entire textile chain and the latter is entrusted with the same tasks in each individual sector.

The selective incentives supplied in the economic, labour and political fields to the firms by the sectoral associations are not able to compete, as has been mentioned on several occasions, with services supplied by the market and by territorial associations. Thus a division of labour has _de facto_ been created between national sectoral associations and territorial associations. The former essentially offer labour and political public goods to the entire textile chain and its individual sectors. The latter, as we shall see later, supply selective incentives in the economic, labour, and political field to member firms, and territorial public goods in the three areas mentioned above. This division of labour does not, however, exclude interferences and overlapping.

As regards the relationships between formal organisation and informal organisation (tacit agreements, invisible networks, dominant relationships between the firms and so on) of entrepreneurial textile interests, we may assert, even though this was not the specific objective of our research, that informal organisation, rather than operating "behind the back" of the formal organisation, intersect it and tends to insert it in an inter-organisational network which is much fuller and much more complex. The formal apparatus, in particular, would appear to be a non-eliminable feature of political and labour negotiation.

THE TERRITORIAL ASSOCIATIONS

BIELLA

The Biella industrial Union represents the interests of the entrepreneurs in a section of the province of Vercelli. This section includes 83 communes. The Biella area is highly industrialised with a long-standing and notable specialisation in the textile sector, in particular in combed wool. The traditional working of wool has concentrated on quality, quality fibres and creativity.

The most significant fact is that although in the decade from 1971-1981, in employment terms, local industry was still marked by the pre-eminence of the textile sector (from 78% of total workers in the industry in 1971 to 71% in 1981) nevertheless within this trend, there was a decline in the traditional wool industry, while the knitwear, clothing and other textile areas grew. The engineering sector doubled in size (from 7.9% of the total number of employees in the industry in 1971 to 14.5% in 1981), in particular in the textile engineering area while the other sectors remained essentilly unchanged.

From 1967 onwards, the local textile industry underwent a gradual transformation passing from a vertical-type production, in which all the production phases took place within the same firm, to a horizontal-type production where the phases are decentralised to a number of specialised firms. A few summary data on the performance of the local units and the employees in the textile sector in the Biella area, reveal a great deal on the matter.

	1961	1971	% Change	1981	% Change
Local units in the textile sector	873	1887	+ 116.2	2895	+ 53.4
Employees in the textile sector	50,163	40,495	- 19.3	35,162	-13.2

Source: Biella industrial union (reworking based on ISTAT data).

The data illustrates the existence of a strong process of employee contraction per local unit: in the twenty-year period 1961-1981, against a continuous and marked increase in the number of local units there was a continuous drop in the number of employees. This led to a considerable reduction in the average size of firms: in 1981, in fact, firms employed on average 12.1 employees as compared with 21.5 in 1971 and 57.5 in 1961.

The fall in the number of employees has affected almost entirely the traditional cycle of wool manufacturing, wool mills, weaving and combing. In the wool and weaving mills the fall in employment can be attributed to the closing of a number of production units and restructuring processes which have led to the transfer of certain manufacturing stages (spinning and dying) to specialised companies and to technological modernisation that has led to the shedding of excess labour. In spinning, which has become the activity where most employees are found, the heavy fragmentation and numerical increase in production units are essentially attributable to the following factors: the greater organisation of inter-sectoral relationships upstream and downstream (in particular with chemical industries and knitwear production); the need to regain flexibility vis-à-vis technological and market conditions; the diffusion of contract companies with a small cottage industry dimension. In knitwear, finally, the growth of the production equipment has been stimulated by the diversifiction of the product, the expansion in foreign markets and penetration of market segments (sportswear and knitwear) not vulnerable to developing countries' competition.

The Biella industrial union is, therefore, essentially a small and medium size firm association. The textile sector represented, in 1983, 70% of the contributions paid to the association (and votes given on the General Council) as compared with 15% in the engineering sector. The rate of membership in 1981 was about 60% in the textile sector.

Production changes in the last twenty years have been clearly reflected in the organisational structure. The Seventies saw a partial change in the leadership structure: traditional leaders (Rivetti, Zegna, Lombardi etc.), although maintaining a major role in the association's life, gave way to new entrepreneurs. This widening of the decision-making process is reflected in an expansion in the organisation's personnel which, in 1983, grew to forty (as compared with thirty in the Seventies). The overall contributions amounted to about 2 and a half billion Lire in 1983 which was considered good by the officials we interviewed.

When the firms enrol, they are placed in one of the following sectoral groups: combing; spinning of combed fibres; spinning of carded fibres; wool mills; various textiles; dyeing and finishing; knitwear; engineering firms; other firms. The firms thus categorised, form group Assemblies and Councils (from 3 to 15 board members). The body which draws up the directives for the implementation of association's policies is the Union's General Council, made up of group delegates (50 members). It appoints a President and Vice-President of the Union and members of the Executive Council (18 members).

The selective incentives, in the economic field, traditionally supplied to the the associate members (legal, tax, administrative, economic assistance and so on) have been strengthened recently, even though, generally, they are not very competitive as regards what the market has to offer. More significant are the association's efforts in the field of new services which in the last ten years have seen a sharp rise in consortium-type activity. Among the consortia designed to encourage promotional and commercial activity, we should recall: Ideabiella, Gruppo filatori biellesi per Pitti filati, Comitato promozione lana, Consorzio Biella House Textiles, Consorzio Texbima. In the credit field, the association has encouraged the Confidibiel consortium which promotes and co-ordinates credit for the small and medium-sized firms in Biella. The Union has also played an active role in the technological innovation sector, strengthening consultancy services through specific plans such as those connected to the Automa and Reseau market research companies. In the field of production decentralisation, the Union has caried out a significant function, facilitating the birth of new company units.

The association has thus been characterised in the last decade by a discreet activity as regards regulating the local economy, stimulating the development of intermediate forms of organisation between firm and market. This activity has not been pushed (nor was designed to be pushed) to the point where there is any kind of organic self-programming of the sector at the Biella district level, such as to have a significant effect on firms' autonomous decisions.

The consultancy services provided to individual firms on labour matters is an important selective incentive for the association. It is a crucial service (it requires a good 16 out of the 40 employees) which does not fear any market competition, and certainly no competition with the national sectoral association. From 1945, a special supplementary territorial contract for the entire Biella area was signed with textile and engineering firms. This is an expression of the old tradition of negotiating and collaboration between labour and enterprise, marked by levels of absenteeism and strike activity which are decidedly below the national average. The supplementry contract covers the field of vocational training, employment, mobility, working environment, hours of work, and wages. The salary increase is made on the basis of an "exchange contract": the annual premium increases progressively with the rising number of hours the worker actually works in the factory. This is the ingredient which is considered most essential in the inter-company supplementary contract and successful territorial co-ordination of industrial relations. Part-time labour agreements, mobility, technological and organisational innovation (decentralisation) are virtually non-existent. Solidarity and work-training contracts do not seem to be getting off the ground.

Relationships with the local political system are considered most inadequate and unsatisfactory. This also explains the pressure exerted in various quarters so that Biella can become the county town. As a leading exponent of the Biella association points out "politically speaking the Biellese is a dwarf: it does not have the ability to express itself in any complete way either at an administrtaive or political level, crushed as it is in an electoral constituency which is unbalanced and penalising, given its small geographical size" (12).

The lobbying at the central government level is carried out directly in Rome by the association regarding specific problems in the area (demands for financial and tax assistance) and demands for financial support for individual firms which are in difficulty. There is widespread delegation to national sectoral associations concerning pressure on the central political system on matters affecting the textile chain overall or its individual national sectors.

PRATO

The Prato industrial area takes in 13 communes in the province of Florence. It is a very long-standing textile area, with a massive presence of activity in wool, in which carded wool predominates. In 1981, the entire Prato industrial sector was made up of 94,249 employees and 22,047 local units. Of these, some 65,946 employees and 15,874 local units belonged to textile industries while 41,944 employees and 10,056 local units belonged to the wool industry alone. On the basis of the most recent estimates, the production potential in the Prato textile area can be summarised in the following figures: 800,000 spindles for carding, 400,000 spindles for combing, 15,000 looms corresponding to 70%, 15% and 50% of the national wool sector respectively.

Prato's production depends on a complex system made up of firms with a more or less complete production cycle and firms which exclusively design and commercialise products (so-called "impannatori"), who entrust production to specialist contract firms in one of the various phases which make up the transformation cycle of the product. The system of contract firms acts as a service to the entire entrepreneurial establishment set up to sell the product. This structure of the entrepreneurial system in Prato makes it possible for a high degree of elasticity to be achieved despite technological and market discontinuities (instability of demand over a period of time and the impossibility of completely standardising demand).

Textile production continues to be mainly dominated by carded wool (rag trade). In recent years, however, production diversification requirements have forced the introduction of cloth for furnishing (covering furniture and floors), for footwear, "imitation leather" and "imitation fur" alongside traditional yarn, cloth and blanket production. Traditional wool manufacturing has placed particular emphasis on price, service and skill with cheap products.

The growing firm "pulverisation" in the Prato area is clear from the following data.

	1961	1971	% Change	1981	% Change
Local units in the textile sector	6025	10,894	+ 80.8%	15,874%	+ 45.7%
Employees in the textile sector	35,989	51,262	+ 42.4%	65,946	+ 28.6%

Source : Unione industriale pratese (reworking based on ISTAT data)

In the twenty year period from 1961-1981, there was a steady increase in the number of local units and workers in the textile sector. This increase is, however, proportionally higher (almost double) for local units than for employees. The growing company "pulverisation" has led to a further decrease in the already low average size of firms: in 1981 firms employed on average 4.1 employees, as compared with the 4.7 employees in 1971 and 6 employees in 1961.

The Prato industrial union is essentially a small firms association. The textile firms in 1983 covered 75% of the contributions paid to the association (and votes in the Assembly), followed a long way behind by textile engineering firms (7%). The rate of membership, in the textile sector, is marked by a strong stability over a long period of time and was 55% in 1981. A certain degree of stability is to be found in the organisation's staff: 23 employees in the Sixties , 30 (including 12 graduates) in 1972, a figure which has remained the same until today. The contributions that the association received overall came to 2 billion in 1983. They remained constant in real terms throughout the Seventies and are considered satisfactory.

The basic organisational units are made up of the following 20 trading sections, 14 of which belong to the textile sector: raw textiles, "carbonizzi", spinning of carded fibres; spinning of combed fibres; finishing; dying: weaving; wool mills, "impannatori"; furnishing materials; weaving yarn; knitwear yarn; knitwear; tailors; building; engineering; plastics; chemicals; shippers; miscellaneous.

The Assembly elects the Executive Council (52 members, representing the various trading sections) which, in turn, elects the Chairman's Committee (10 members). The Executive Council draws up, the association's basic policy, while the Chairman's Committee runs the daily activity meeting with great frequency (on average every two weeks).

The historical leaders (Pecci, Cangioli etc.) continue to exercise a certain influence on the association's life, but there can be no doubt that innovation and high company turnover, affecting the Prato area from the early Sixties, have drastically reduced the "club" orientation in the leadership. In particular in the Seventies, the entrepreneurs who reconstructed industry in the Prato area after the war, and who were the protagonists of its growth, gradually withdrew and left the field open to new generation of entrepreneurs in their thirties. This change is an expression of a high level of social mobility in Prato's society, as is clear from recent research (13).

Traditional services in the economic field to members are expanding. They are, however, selective incentives which, though preferred by the firms to those offered by the national sectoral associations, find it difficult to compete with what the market has to offer.

New style economic services had developed rapidly in the last ten years. Although not constituting any kind of government of the individual firms by the association such as to create overall territorial self-planning in the sector, they nevertheless encourage a process of co-operation and co-ordination among the firms which is of considerable importance. Within the promotion-commercialisation sector there are the following consortia: <u>Promotrade</u>, made up of 200 wool firms, which organises fairs and exhibitions (Prato Expo); <u>Promotrade internazionale</u>, made up of a hundred textile firms, which encourages promotion on foreign markets; <u>Promotrade internazionale</u>

casa, with 31 firms producing furnishing material and which looks after fairs and exhibitios abroad; Texma, with 20 textile engineering firms designed to stimulate trading of textile machinery abroad. The Uninform consortium with 100 firms, handles commercial information on clients' credit-worthiness. In the credit field, actively operating is the Fidi Confipra consortium, a body which provides collective credit guarantees with 900 firms and which arranges special credit terms with the Cassa di Risparmio di Prato. Also important is the Progetto acqua consortium with 250 firms which is carrying out a vast water purification program.

As regards technological innovation, the association set up the Tecnotessile Spa in 1972 jointly with the Cassa di Risparmio di Prato and the Florence Chamber of Commerce, to encourage technological research and experimentation (in particular in the carded fibre manufacturing cycle). In 1983, finally, the Prato industrial union set up the Associazione Sprint together with the Associazione mandamentale dell'artigianato and the CNA Artigianato pratese. The purpose of this association is to encourage data transmission in the Prato district, rationalising the information and communication system among firms in the area and to introduce new tecnologies in the textile compartment.

The union has thus shown a high degree of commitment to promotion and commercialisation, credit and technological innovation and in the field of production decentralisation where it has amply favoured market trends.

The selective incentives supplied to firms as regards labour consultancy are important and much preferred by the firms to those offered by the market and the national sectoral associations.

From the Sixties a supplementary collective territorial agreement for the entire Prato area was stipulated for both the textile sector and the textile engineering sector. This agreement has not only salary contents (which have a central relevance), but also normative contents (recruitment, working hours, holidays, working environment, transport). Negotiations with the unions have very little bearing on technological and organisational innovation (production decentralisation), on mobility and part-time labour. There is also very little presence of solidarity contracts whereas, as regards work-training contracts, an agreement to implement training programmes was drawn up in December 1984 which met with the approval of many firms.

The very high rate of workers' trade-union membership in the area (80% in 1981, with a quasi-monopoly of the CGIL) is to be linked with the low level of absenteeism. It is also linked with the volume of industrial disputes (the ratio of total hours lost through strikes to total employees) which was higher than Piedmont and the Veneto but with a severity of strike (hours lost per striker) which is much lower than in these regions. These elements, together with the good level of territorial co-ordination of industrial relations in the wages field are an expression of Trade-Union practices which act towards obtaining contracts and negotiating rather than more openly being conflictual, a typical practice in areas with Communist political subculture (14) (the Italian Communist Party, the PCI, in the 1983 and 1979 elections in Prato got respectively 47.1% and 47.4% of the votes as against 24.4% and 30.1% for the Christian Democrats, the DC).

The association is involved in a large network of relations with bodies that stem from the local authorities. These relations are judged to be efficacious in particular at the level of production and implementation of services and facilities, as in the case of co-managemnet with the Commune of Prato of important activities, such as the creation of a new "interport" for goods and the management of the waste purification plants. With the region, however, still considered to be a weak structure, the most intense relationships relate to environmental and territorial problems. The support of the local political class is not considered vital for entrepreneurial suceess. Despite this, the support of the local authorities regarding services and facilities is felt to be necessary. As a high ranking officer in the union says "the political and administrtive relationships have become intensified and have taken on a clear connotation of correctness and sufficient opening without having to be formalised" (15). This confirms the fact that although the political intervention has not played a direct role in the process of widespread industrialisation, it has nevertheless played a relevant stabilising action in the development model through a careful policy of services (territorial and social).

With a view to obtaining finance in favour of the Prato area, in particular in period of crisis, the union has directly exercised pressure on the central government. For matters affecting the textile sector overall, it refers to the lobbying action of national sectoral associations. The local authorities are by-passed even in the case of individual firms in crisis, in favour of which the association often exercises direct lobbying pressure on the center of the political system.

VICENZA

The province of Vicenza is the most industrialised, both with regard the number of employees and turnover, in the Veneto. The widespread territorial diffusion of industry in Vicenza has been accompanied in the last twenty years by a change in the relative importance of the textile and clothing sector compared with the engineering sector. The total number of employees in textile and clothing industry out of the total industrial employees decreased from 30% in 1961 to 26% in 1971 and 22% in 1981. The engineering sector has suffered a very different fate, increasing from 20% of total industrial employees in 1961 to 25% in 1971 and 27% in 1981. In the textile and clothing industry there has been a decline in the traditional wool industry and steady growth in the knitwear and clothing sectors. The troubles of Lanerossi (taken over by ENI in 1962) and the reorganisation of Marzotto clearly reveal the growing economic difficulties experienced by the few big companies in Vicenza's traditional wool sector, whose production typically follows a differentiated and intermediate policy as compared with Biella and Prato (quality products, average price and fashion).

The textile and clothing industry is steadily becoming the sector for small and medium-sized firms, as may be seen from the following data for the province.

LOCAL UNITS	1961	1971	% Change	1981	% Change
Textile	633	584	-7.7%	1,063	+82.0%
Clothing	1,371	996	-27.4%	1,255	+26.0%

EMPLOYEES					
Textile	23,700	22,283	-5.9%	20,132	-9.6%
Clothing	8,391	12,761	+52.1%	18,758	+46.9%

Source : ISTAT, Industrial and commercial census for 1961, 1971 and 1981.

As regards the textile sector, the most striking feature is the considerable increase between 1971 and 1981 in local units matched by a reduction in the number of employees. There was a constant fall in the average number of employees per local units, produced by the widespread phenomena of production decentralisation. The average size of firms, which is still higher than in Biella and Prato, fell from 38.2 employees to 18.9 employees in 1981.

The trends for clothing are different: between 1961 and 1971 while there was a decrease in the number of local units there was an increase in the number of employees; between 1971 and 1981 an increase in the number of local units was matched by a more than proportional increase in the number of employees. Thus there was an increase in the average number of employees per local unit: companies employed on average 12.8 employees in 1971 and 14.9 employees in 1981. In this sector there has therefore been a process of restructuring towards larger units. There is, however, considerable dispersion in the figures which shows the co-existence of middle-sized companies with small and ultra-small units in which domestic labour is of considerable importance.

The entrepreneurial association in the province of Vicenza is clearly an organisation for small and medium-sized firms. Of the association's 1899 member companies (from all sectors) in 1983, 1490 had less than 50 employees, while firms with 0 to 100 employees accounted for 78% of the votes attributed in the assembly. Both as regards contributions and as regards votes, the engineering sector was the biggest in 1983 (33% of the total) followed by the textile and clothing industry (23%). The rate of membership for the textile and clothing industry was 55% approximately in 1981.

The association is split up into the following trading sections: clothing; foodstuffs, drinks and beverages; hosiery; paper; cement; lime; perforated bricks; ceramics, glass, abrasives; chemicals; tanning; building; graphic arts, papermaking; installation of technological equipment; wool mills; wood; knitwear; manufactured products made from concrete, plaster and pre-fabricated materials; marble and quarrying; plastics and rubber; engineeering and metallurgy; gold; non-wool textiles; miscellaneous textiles; miscellaneous; road haulage, shippers and coach companies. In 1976 three territorial groupings were set up and recognised in the association (the Schio section, the Bassano del Grappa group and the Marostica group) because of the particular significance they have in the Vicenza area. But the trade-type sections remain the central organisational units of the association's life.

The leadership structure was a "club"-type leadership during the Sixties, with the Chairman's and Co-Chairman's positions being monopolised by P. Laverda and A. Facco from the engineering sector. In 1971 the traditional leadership decided to admit representatives of other interests (in particular clothing and building) into the policy-making bodies, setting up a 9-member Board flanking the Chairman and the traditional Executive Council. In the course of the Seventies, the old leadership was replaced by new entrepreneurs who were in close contact with workings of more recent industrialisation. Very prestigious and enterprising presidents emerged: G. Ferretto with an engineering background for the 1974-1982 period and P. Marzotto from the textile and clothing industry from 1983 on. The more general expansion of policy-making bodies was accompanied, however, by a decision-making centralisation in the informal Chairman's Committee made up of the Chairman and four Co-Chairmen.

The association's staff continues to increase: from 14 (5 graduates) in 1961 to 19 (6 graduates) in 1971 and 57 (22 graduates) in 1983. The total contributions paid in for 1983 amounted to 7 billion Lire, a healthy figure.

The traditionally supplied economic services (statistics, tax, legal and administrative, credit and environmental protection, foreign trade) are growing and tending to develop in the advanced tertiary sector (in particular financial and insurance consultancy). Even though, in this field, competition from national sectoral associations is not regarded as significant, there is no doubt that firms prefer their own trusted consultants to the territorial association's sevices.

Co-ordination between companies has been tried out only to a small extent, and in the unanimous opinion of the officials, has ended up by failing and being drastically curtailed. They mentioned, in particular, the attempts to stimulate export consortia. Emblematic is the case of the Vicenza export consortium (set up in collaboration with the Chamber of Commerce) initially designed to conclude business deals abroad but subsequently restricted to publicity and the promotion of fairs, etc. More effective are the credit consortia namely: Confidexport Vicenza, Confidi, Assofidi. In this field, the association has carried out effective co-ordination on behalf of small and medium-sized firms. But we are very far from any real economic self-programming of the sector with strong association powers vis-à-vis the members. There is absolutely no association policy as regards production decentralisation and technological innovation.

Much more relevant for the member companies are the selective incentives supplied in the industrial relations field (assistance in plant-level bargaining, consultancy as regards interpreting labour contracts, consultancy on national health and insurance problems and so on).

There is no supplementary contract at a provincial level. Supplementary contracts exist in a fragmentary way at plant level and are based in particular on salary (a fixed yearly bonus).

There is practically no collective bargaining on labour organisation, technological innovation and production decentralisation. There has been very little collective bargaining on mobility, work training contracts and solidaristic contracts. Only recently has a certain practice regarding agreements with the unions on the question of part-time work been established.

The strengthening of the association's capacity for political representation vis-à-vis the trade unions, and thus the control and restriction of the role of the market in labour relations, have been halted by the benefits that the entrepreneurs derive from a very fragmented bargaining system.

The rate of trade union membership among workers in the province of Vicenza was nearly 48% in 1981 and was very near the level in other regions of the industrial triangle, higher than in the South and lower only to Communist areas. The CISL's supremacy was very clear, even though not so sharp as the CGIL's predominance in the Communist areas. The cultural and political tradition of this Catholic area (in the province of Vicenza, the DC Christian Democrat party got 49.2% and 58.4% of the votes respectively in the political elections of 1983 and 1979, compared with the PCI Communist party's 12.2% and 13.1%) has thus been a resource which has facilitated the growth of trade union membership.

The volume of industrial disputes and the severity of strikes is much lower than in a region such as Piedmont where there is a heavy concentration of large companies. As compared with small enterprise regions with a Communist subculture, the rate of disputes is even lower in the Vicenza, but the severity of the strikes is higher. This is due to the fact that "in the Communist regions, participation in strikes tends to be very high, but the duration is rather reduced, while the opposite happens in the Veneto" (16).

We are thus in an area with a low level of industrial disputes, even though with a fairly high level of worker absenteeism in the textile and clothing industry. The Christian Democrat subculture has encouraged the growth of trade unionism directing the action towards a contractual and negotiating outcome at plant level, which has led to a low degree of territorial co-ordination. The trade union's activity, like that of entrepreneurial representatives, has thus been in keeping with the widespread market action and industrialisation.

Although on the increase over a period of time, the representation of the Vicenza entrepreneurial association on various provincial bodies (Provincial Labour Commission, Social Security Commissions, Chamber of Commerce Committee, Vocational Training Centre and so on), is not such as to lead to a strengthening of the political representation of entrepreneurs able to stimulate a programming capacity in the ties with such bodies and with the Vicenza social and political network. Even as regards local government (commune, province and region), its low-level programming activity in the field of service policies, and its low level of competence in the industrial field, has given little stimulus for the political representation of entrepreneurs to give themselves an active role in the interaction. Very little programming activity of both local government and entrepreneurial associations adversely affects both parties.

The privileged and most frequent relationships are to be found with local deputies and senators (mostly Christian Democrats), with a view to soliciting the central government to provide credit and tax assistance for individual firms and entire local sectors, in particular when they are in crisis. In these cases the local body is by-passed by a patron-client interaction the logic of which is to bring pressure on the central government. Obviously, this does not rule out the possibility that individual entrepreneurs will interact with local government (in particular with representatives of the Christian Democrat party) with a view to obtaining assistance of various kinds.

Pressure on the central government is fully delegated to national sectoral associations for the problems relating to national sectors and the national textile chain.

BRESCIA

The province of Brescia is particularly interesting for two reasons. The first reason is that the textile and clothing industry is the second largest sector per number of local units and employees in the Brescia manufacturing area. It is characterised overall by small companies (with an average of 10 employees per local units in 1981) but with a cotton subsector which has a medium-to-large company production structure (some of the biggest cotton spinning groups are to be found in this province). The second reason is that, within a "central" region like Lombardy, the province of Brescia represents a case of rather significant "peripheral" development within a socio-cultural context heavily marked by Catholicism. It is a socially and politically long-standing Catholicism whose roots are to be sought in the smallholding agrarian structure spread right throughout an essentially mountainous area, permeated by the ethics of work based on commitment, saving and respect for the authorities. These are the ideas which are to be found in grass roots' entrepreneurship which has characterised the recent industrial development in the province. A similar socio-economic structure is to be found, as easily forseeable, in the political and institutional levels of society with the predominance of the Christian Democrat party (in the political elections of 1979 and 1983 this party won 46% and 39.6% respectively of the votes, compared with the 24.1% and 24.5% which went to the Communist Party).

It should be noted that in the ten-year period between 1971-1981, the peripheral development increased. Industrial census data shows that economic growth has followed an increase in the number of units with a decrease in the number of employees per unit. This trend has further increased in recent years which have been marked by economic crisis. Thus for the first time in many yers employment problems have arisen which are still below the regional and national average (17).

Although large companies do exist, the development characteristics have been such that no great concentration or centralisation of entrepreneurial interests has been formed in the Brescia province's Association of Entrepreneurs. This in its turn had encouraged a growing decline in the significance of informal contacts between entrepreneurs, as a way in which entrepreneurs associate with each other. These ties, which continue to exist and have a certain significance, are always basically linked with the association's formal structure.

It has not been possible for us to gain access to the official data relating to the number of member companies. It seems, however, from the statements and assesments made by some of the managers that the rate of membership for the textile and clothing industry is rather good - somewhere around 60% in 1981.

The organisational structure follows a typical well-known Confindustria model, on which it is not worthwhile dwelling. It is interesting to note, however, that with a view to stimulating participation and spreading the association's membership to small and ultra-small companies a zone-Consultancy system has been set up which brings together the delegates of 14 areas (plus 3 from the city). This system has the effect that, alongside efficiently working representational bodies, there is also a good level of participation.

Within the selective incentives supplied to the association members, industrial relations consultancy is the most widely used and efficient service. It should be noted that of the 15 managers in the trade-union relations service, 12 deal with the management of labour policies and related consultancy and assistance to firms, including pressure on various administrative headquarters, from the Provincial Labour Office to the Ministry of Labour. The services offered by the Economic Relations Service (6 managers plus a senior manager in charge) and the Internal Relations Service (6 officials plus a senior manager in charge) can be disaggregated in several ways. They include the following services: consultancy on sectoral legislation; pressure on the various ministries (Ministry of Industry, Ministry of Foreign Trade, Ministry of Labour) both for general and specific objectives; national, regional and local promotion activity as regards fairs and trade missions; leasing and factoring; insurance and tax consultancy; general and sectoral statistical and economic information; technical, administrative and organisational consultancy through an agreement with a major Brescia company; data processing consultancy; translation service.

According to the officials themselves, in terms of cost-benefits, these services are not the main reason for joining the association. Apart from industrial relations services, most of these services are offered on the market to which the companies prefer to go because they probabaly manage to create a personal trust relationship with private consultants which they do not think they can find in the association.

There is finally a External Relations Service which essentially carries out public relations and training functions on behalf of firms.

The personnel in this service brings the total number of officials in the association to 30 units in 1983 (plus a managing director and four senior managers). As comapared with the Seventies, there has thus been a slight increase in the number of personnel.

As regards the question of the presence or otherwise of a policy for controlling the market, the indications gathered go in the same direction as with the other cases of territorial associations so far examined, i.e. a very low level of self-programming not to say none at all. There have been, in actual fact, a number of attempts to set up consortia, as for example the Brescia Export consortium, but they had no success whatsoever. The most benevolent judgement that can be made is that "they find it hard to get off the ground". Even a co-operative for credit facilities for small companies (Confidi) has not had a very great impact. And this is mainly beause of the striking trend of small Brescia entrepreneurs to get self-finance and mistrust debts, even when carried out with the 'blessing' of cost-effectiveness.

In the field of industrial re-organisation, research and innovation (particularly in products), the association has not developed any regulatory policy, although in recent years the Economic Relations Service is making a few timid steps in this direction. For the time being, however, the matter has not got beyond the stage of informing and making companies aware about general matters of a fiscal, financial and ecological nature. In a nutshell, so far, the market has been the main regulator, together with State policies, of the processes of re-organisation and innovation. But as some of the leading Brescia entrepreneurs recognise, the lasting difficulties in sectors such as engineering, metallurgy and textiles have brought out considerable limitations on managerial ability in the world of the Brescia entrepreneur. These limits do not seem easy to get round, at the moment, by resorting to traditional factors that have led to the success of the Brescia industry, which can be summed up in the phrase "great capital and workforce flexibility as a response to the uncertainties of a turbulent market". We do not know if the identification of this structural factor of crisis will lead the association to undertake initiatives for a policy of training managerially-prepared entrepreneurs. Certainly entrepreneurial training initiatives to date have not been of this nature.

For all these reasons it may be said that the association has not developed, at least in the industrial field, real strategic power vis-à-vis its own members, making it possible for the association to operate as an important control centre of the local economic process. In this sense, then, one of the basic conditions needed to develop some form of local economic corporatism has not been established.

The same may be said for industrial relations: there is no stable entrepreneurial-trade union concerted action; supplementary contract bargaining is highly fragmented at plant level; the management of "crisis points" is achieved with ad hoc methods and only to face an emergency not to plan the future.

Relations with local political power are not in any way corporatist. The presence of representatives of the association in numerous bodies and public agencies (from the Chamber of Commerce to the provincial INAIL and INPS Committess and the Provincial Unemployment Commission) has in actual fact a prevailingly consultative nature and has a very low level practical effect on the regulation of economic and social processes in the province. This naturally does not depend on any low commitment of the association as such but rather on the absence of the necessary political, institutional and cultural premises. Relations with the local government are traditional in nature and incorporate a system of "pluralistic pressure" which, above all during crises in local sectors, is prevailingly directed towards the centre, the ministries and Parliament.

CONCLUSIONS

The first general consideration that can be drawn from the comparison of the territorial association analysed, in central industrial areas (Biella and Brescia) and peripheral industrial areas (Prato and Vicenza) in industrial areas with a Catholic subculture (Brescia and Vicenza) and Communist subculture (Prato) is that, despite these obvious territorial and political differences there is not such a great difference in the model of relations between and within organisations.

All our associations represent in the textile and clothing industry, small and medium-sized firms alike; they all have a high membership rate when compared with the national sectoral associations, and a more than satisfactory level of revenues and a growth in staff.

Within the territorial associations there does not exist any strong centralisation of entrepreneurial interests. The processes of company fragmentation and production restructuring of the Seventies have reduced the role of traditional political entrepreneurs coming from a few large firms and have modified the so-called historical club leadership structure which has been opened up to a new generation of entrepreneurs. The historical leadership continues to play an important role in the life of associations, but its power in the decision-making process is much less crucial than in past decades. Even the informal organisation of entrepreneurial interests does not seem to be so important today as in the past and, when it exists, it intersects the formal territorial association rather than bypassing it.

The satisfactory level of membership and consequently of human and material resources gained from members is primarily connected with greater effectiveness, as compared with the national sectoral associations, of the selective incentives supplied to firms. This is true not so much for selective incentives of an economic nature <u>vis-à-vis</u> which market competition is too strong but above all for services relating to assistance in the labour relations field and, to a lesser extent, to political pressure exerted on the central government in favour of individul local firms which are in crisis.

The nature and volume of public goods supplied to firms territorially make it possible for us to draw a few conclusions on the strategic autonomy of the associations <u>vis-à-vis</u> firms and to clarify the process of interest mediation at the local level.

As regards market control or economic self-programming at territorial level, the associations activity would appear to be very slight, not unlike what occurs at a national level with sectoral associations. The strong development of consortia activity in Biella and Prato, in particular in the field of trade promotion and credit, while favouring significant co-operative processes among firms certainly does not go so far as to create intermediate structures between firm and market which can have a major effect on the firms' decision-making autonomy. Even when associations have intervened in the field of technological innovation and production decentralisation, more than "controlling" the market, they have simply supported its trends.

The territorial associations have not therefore developed any significant forms of economic corporatism at a local level.

On the basis of what we have managed to assess, it is clear that this deficiency in strategic and programming capacity in the economic field is not attributable either to scarce resources or to the power of veto of a traditional leadership which is incapable of renewing itself. Rather, it is attributable to the weak programming capacity and marginal industrial role of local government. This discourages the development of a self-government capacity in the associations and of an interest intermediation structure in which the entrepreneurial associations and local authorities negotiate and implement industrial policy together. Nor is it a chance fact that in Prato the entrepreneurial association has greater programming capacity in the field of services and infrastructure. This has matured from the interaction with local government which has shown a much greater degree of intervention in the field of services than the administrations in areas with a Catholic subculture.

In the field of industrial relations' public goods too there have been a number of differences between Catholic and Communist areas. The common pratice of the trade-unions and entrepreneurial representatives favouring a negotiated settlement of collective bargaining is linked with the good territorial co-ordination of industrial relations (in particular as regards wages) in Prato and with a high degree of fragmentation in negotiations in Vicenza and Brescia. Territorial supplementary negotiations in the Biella district is also the product, as in Prato, of a tradition of concerted action between trade-unions and entrepreneurial associations which seems to be effective only on salary matters. The entrepreneurial associations in Prato and Biella therefore have a good deal of strategic autonomy vis-à-vis the firms as regards territorial industrial relations public goods.

The political involvement of territorial associations in the local government is quite weak. As has been stressed repeatedly, the difficulty of pursuing effective, aggregate policies by the local government does not stimulate the associations to develop a strong political representation or any propensity to have stable political exchanges with the local government. Generally the associations look for closer ties with the political system when they need territorial economic and credit facilities especially when there is a crisis in the local sector. In such cases however the associations prefer to by-pass the local political levels by directly carrying out pressure on the central government or, as in the case of Vicenza, by using the mediation of local deputies and senators. The territorial associations therefore enjoy a certain degree of strategic autonomy in the field of public political goods relating to their industrial area. We are, however, very far away from political corporatism just as happens with national sectoral associations. The model of interaction with the political system remains the classic pressure pattern.

As regards the problems connected to the textile chain and its individual national sectors, pressure on the central government is delegated almost entirely to the national sectoral associations.

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