

The Construction of “Democratic” Corporatism in Italy

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Based on field research at both the national and local levels, this article reconstructs the emergence of negotiated policy making in Italy in the 1990s. It argues that standard corporatist theory is totally incapable of accounting for the particular organizational mechanisms through which, at critical moments, that is, the moments in which policy change had to be introduced, consensus was mobilized among both middle-level union structures and rank-and-file workers in Italy. In fact, absent centralized organizational capacities, the Italian unions relied heavily on democratic decision-making procedures. These procedures strengthened the unions' capacity to hold to their side of the bargaining in national negotiations through essentially two types of mechanisms, aggregative and deliberative.

Corporatism has begun the new millennium in remarkably good shape, especially if one considers that only a few years ago it had been pronounced dead.¹ The early pessimistic analyses appear to have been influenced by the 1983 breakup of centralized collective bargaining in Sweden, widely considered the prototypical

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case of corporatism.² With hindsight, the trajectory of Sweden (and, to a lesser extent, Denmark) turned out to be more the exception than the rule among Nordic and Central European countries.³ Also, the years 1990s witnessed a veritable explosion of quintessentially corporatist policy making in other nations. Faced with the need to both control unit labor costs and reform the welfare state, virtually all European countries—the United Kingdom being the most notable exception—experimented with what currently goes under the name of “social pacts,” that is, peak-level deals between governments, unions, and employer associations.⁴

If the practice of corporatism is alive and well, its theory seems to have lagged behind in the meantime. Corporatist theory used to have precise ideas as to where corporatist pacts were to be found and why they were successful in some countries as opposed to others. Essentially, it was argued, corporatism as an “institutionalized pattern of policy-formation”⁵ emerged and succeeded in countries equipped with a particular structure of the interest representation system. Monopolistic, centralized, and internally nondemocratic groups, particularly on the union side, were regarded as key.⁶

The policies neocorporatism dealt with (wage restraint and, more recently, welfare and labor market reform) were, in fact, policies in which workers were asked to give up sure benefits in exchange for uncertain future rewards.⁷ Organizational structures that concentrated decision-making power in the hands of a few peak leaders while limiting at the same time the rank-and-file’s capacity to influence union policy (either by defecting to competitive organizations or by voicing their concerns in the internal decision-making process) were considered to be a critical ingredient for the success of “concertation,” as corporatist policy making was (and is) often referred to.

Within this context, the new wave of social pacts is somewhat puzzling. In fact, these pacts not only surface but even seem remarkably successful in countries, like the Southern European countries and Ireland, that have few, if any at all, of the “institutional preconditions” once considered necessary for this kind of deals to succeed.⁸

Italy is, perhaps, the starkest case in point. Corporatism has dominated Italian policy making in the 1990s. Beginning with 1992, every major economic policy reform was implemented through concertation in this country, from incomes policies to labor market flexibilization to pension reform. In 1998, the system of social concertation was extended and institutionalized to include a contractual obligation for government to consult with the “social partners” on all social policy issues and, in some cases, even to devolve decision-making authority to the social partners so that they can directly regulate certain issues.⁹ Concertation first allowed the Italian economic authorities to engineer a massive devaluation of the Lira without appreciable increases in the inflation rate and then helped them rally the necessary popular consensus for fiscal austerity measures needed to qualify for the second phase of European Monetary Union (EMU).¹⁰

Yet, Italy is also the country that, due to its politically divided union confederations, confrontational relations between employers and unions, and lack of statutory controls of the peak levels over the peripheral structures, has constantly been ranked at the bottom of the various indexes of corporatism. According to Table 1, which summarizes various rank-orderings of countries produced between 1981 and 1992, Italy is to be considered as (little) corporatist as the United States.

This article focuses on the emergence and development of corporatist policy making in Italy. In so doing, it seeks at the same time to critically evaluate and refine corporatist theory. Many aspects of this theory still have remarkable explanatory power. For example, Lehmbruch's remarks about the tendency of particularly weak governments to share responsibility for unpopular policies with labor and employer organizations¹¹ as well as Katzenstein's view that perceived economic vulnerability provides a stimulus for domestic actors to cooperate with one another, both resonate with various aspects of the Italian case.¹² However, corporatism's stringent prescriptions about institutional preconditions appear overdrawn in light of the Italian experience. More specifically, standard corporatist theory seems totally incapable of accounting for the particular organizational mechanisms through which, at critical moments—that is, the moments in which policy change had to be introduced—consensus was mobilized among both middle-level union structures and rank-and-file workers in Italy.

In fact, as negotiated policy making emerged in Italy, the structure of the Italian unions did not evolve in the direction of more centralized, bureaucratic, and hierarchical interest groups but in the opposite direction. Beginning with the second half of the 1980s, the Italian union confederations engaged in a series of organizational innovations, for example, the electoral renewal of workplace representatives, aimed at increasing rather than decreasing, the degree of internal democracy.¹³ Also, all major episodes of concertation, that is, the 1993 incomes policy agreement and the 1995 (as well as 1997) pension reform pacts, were preceded by thousands of workplace assemblies and binding referenda among the workers. In all cases, a majority of the Italian workers supported the policy changes.

This “democratic” process contributed to sustain and stabilize the reforms through both “aggregative” and “deliberative” mechanisms.¹⁴ Due to the introduction of electoral criteria, workers with very intense preferences, that is, ready to mobilize in support of their claims, found themselves having exactly the same impact on collective decisions as other, more apathetic workers.¹⁵ Also, because the policy reforms were preceded by workplace referenda that unambiguously showed support for reform from a majority of the workers involved, the groups in dissent accepted the “will of the majority” and did not engage in collective actions to contest the proposed policy changes.

Democratic procedures gave union leaders an opportunity to shape the workers' process of preference formation as well.¹⁶ Union leaders did not just ask workers to vote on the proposed agreements. They preceded the vote with worker assemblies in which they sought to persuade their constituents that the various

Table 1
Various Rankings of Countries Based on Degree of Corporatism

Schmitter (1981)	Cameron (1984)	Bruno/Sachs (1985)	Tarantelli (1986)	Lehner (1987)	Dell' Aringa/Samek Lodovici (1992)
Austria	Sweden	Austria	Austria	Japan	Japan
Norway	Norway	Germany	Germany	Switzerland	Switzerland
Sweden	Austria	The Netherlands	Japan	Austria	Austria
Finland	Belgium	Norway	Sweden	Sweden	Norway
Denmark	Finland	Sweden	Norway	Norway	Sweden
The Netherlands	Denmark	Switzerland	Denmark	The Netherlands	Denmark
Belgium	The Netherlands	Denmark	Australia	Belgium	Germany
Germany	Germany	Finland	The Netherlands	Germany	Finland
Canada	United Kingdom	Belgium	Finland	Denmark	The Netherlands
France	Switzerland	Japan	Belgium	Finland	Belgium
United Kingdom	Australia	New Zealand	Canada	Australia	Australia
Switzerland	Italy	United Kingdom	United States	United Kingdom	United Kingdom
Italy	Canada	France	France	Italy	France
	United States	Italy	United Kingdom	United States	Italy
	France	Australia	Switzerland	Canada	United States
	Japan	Canada	Italy	France	Canada
		United States			

Source: Carlo Dell' Aringa and Manuela Samek Lodovici, "Industrial Relations and Economic Performance," in *Participation in Public Policy-Making. The Role of Trade Unions and Employers' Associations*, ed. Tiziano Treu (Berlin: De Gruyter, 1992), 33.

reforms were necessary and/or equitable. As a result, factories in very similar structural conditions voted in favor or against depending on the way the reforms were presented to them particularly by plant-level union representatives.

Corporatist theory has so far shown very little appreciation for organizational democracy, which it simply regards as a constraint on the leadership's autonomy. In contrast with this view, the Italian experience shows that particularly in the case of internally divided union movements and politically contested policy choices, organizational democracy can prove a remarkable resource in the hands of reformist leaders.

The remainder of the article seeks to substantiate this claim. The next section contains a brief overview of corporatist theory. Various theories of democratic decision making are then considered from the point of view (admittedly limited) of inter- and intraunion coordination. The empirical core of the article provides synthetic reconstructions of the evolution of the Italian union structure as well as of the process leading to implementation of incomes policies and pension reform. The article concludes by discussing the limitations of the argument as well as the extent to which it is applicable to other countries.

CORPORATIST THEORY IN BRIEF

One of the key themes in the corporatist literature was the emphasis on organizational concentration and hierarchy. It was argued, in fact, that negotiated policy making worked best, in the sense of internalizing various externalities, when there was a limited number of actors (ideally one) on each side of the bargaining table and when these actors were able to impose their will on their lower level affiliates, both at the industry and, more important, at the workplace levels.¹⁷

While the corporatist literature devoted some scholarly attention to the party composition of governments and to the strategic choices and organizational features of employers,¹⁸ its focus, at least initially, was overwhelmingly on labor unions. There were two dimensions to the problem of union coordination. One was horizontal. Multiple unions were a problem because of their tendency to engage in "leapfrogging," that is, demand a bit more than the others had obtained. The other dimension was vertical. Lower level structures with ample operational autonomy were also a problem because of their tendency to exceed (or worse, ignore) the terms negotiated by the peak levels. These dimensions of analysis made their appearance early on in the corporatist debate,¹⁹ but still inform recent attempts at operationalizing various institutional and organizational features of industrial relations systems in Organization for Economic Cooperation and Development (OECD) countries.²⁰

In decentralized systems, the problems of horizontal and vertical coordination *de facto* coincided. In countries like Italy or other Mediterranean countries, however, where multiple confederations were present and where mechanisms of intraorganizational control were weak, the problem of horizontal coordination

had to do with possible competition among different peak-level actors (as well as competition among industry-level unions within the confederations), while the problem of vertical coordination (at multiple levels) coincided with the lower level structures' undoing of the national deals (e.g., through wage drift).

In practice, achieving coordination meant limiting two kinds of workers' freedoms: freedom of association and freedom of expression within associations.²¹ The workers' right to join or establish alternative associations ("exit option") in case they were dissatisfied with the policies pursued by the organization with which they were affiliated (or, along similar lines, the right of a lower level affiliate to secede from the confederation) had to be curtailed. Hence, the corporatist literature emphasized monopolistic associations and compulsory or semicompulsory membership as solutions to the problems of organizational fragmentation.²² Also, the workers' right to shape the associations' policies through the "voice option" had to be reduced. The assumption behind this thinking was that rank-and-file workers were inevitably more myopic and/or short-term oriented than their peak-level leaders.²³ Left free to shape union policy either through internally democratic mechanisms or by voting with their feet, workers would promote "irresponsible" demands or create the pluralist scenario of single-purpose, competitive organizations. Ultimately, this would run counter to the workers' own (long-term) self-interests.

Few scholars investigated empirically the internal structures and processes of unions engaging in neocorporatist policy making. Those who did, however, were rarely able to validate the views summarized above. Only in Germany—a country in which national concertation was not a stable feature of the institutional landscape—did empirical research find a certain tendency of labor unions to develop some of the organizational characteristics of corporatist groups.²⁴ In Norway and Denmark, rank-and-file members appeared to have ample opportunities to influence the choices of union leaders, including the right to ratify or reject collective bargaining agreements through binding referenda.²⁵ In Sweden, a detailed study of the internal process within LO, the blue-collar confederation, came to the conclusion that the relationship between union leaders and members was one of "interactive democracy."²⁶

What the corporatist literature missed entirely is that organizational concentration and hierarchy are two possible mechanisms of coordination, perhaps even the most widely diffuse, but not the only possible mechanisms. Strangely enough, while this literature quite early reached the conclusion that wage coordination did not necessarily coincide with wage centralization, because there were other mechanisms (e.g., synchronicity of wage negotiations, pattern bargaining) that led to the same outcomes,²⁷ it never made the parallel step concerning the uncoupling of organizational coordination and centralization.²⁸ Democracy is a powerful mechanism of coordination and dispute resolution. Compared with hierarchy, democracy also produces legitimacy, that is, a belief in the validity of a particular

collective decision and a willingness to comply with it even in the absence of sanctions or material incentives.²⁹

Absent centralized organizational capacities, the Italian labor movement relied heavily on democratic procedures of decision making within its own ranks. This implied that the rank-and-file workers were the decision makers of last resort. In other words, union leaders retained the privilege of proposing particular solutions to their constituents (agenda setting), but the workers had the right to ratify or reject these solutions. These processes strengthened the unions' capacity to hold to their side of the bargaining in national negotiations through essentially two types of mechanisms: aggregative and deliberative.³⁰

DEMOCRACY AS COORDINATING MECHANISM

Aggregative Mechanisms

A stream of research in social psychology, known as the "social psychology of procedural justice," shows that people make (and evaluate) choices not just based on expected outcomes but also on the perceived fairness of the process.³¹ In other words, people might get what they want and still remain dissatisfied for process-related reasons. Alternatively, they might not get what they want but believe nevertheless that the outcome is fair. An abstract example, intended to capture in stylized terms the situation of the Italian unions, will illustrate the relevance of these mechanisms for the issues at stake here.

Suppose there are two factions in the union. One prefers a moderate bargaining policy, the other a more militant one. The moderate faction truly represents the "median" worker (or union member) while the other does not. This state of affairs is, however, not known since no electoral mechanism is in place. In fact, rather than following a "logic of representation," the union pursues a "logic of mobilization,"³² that is, takes its clues for action from workers willing to engage in collective action. This mode of action is presented and justified as a superior form of participatory (as opposed to purely electoral) democracy.

Suppose now that pushed by changing circumstances, the union leadership decides to engage in corporatist policy making. There is no way to know for sure whether this change in policy corresponds to the preferences of workers since the leaders' choice has not been validated through a worker vote. The more extreme faction organizes a protest movement against the moderate policies pursued by the other. Accusations of illegitimacy (e.g., the claim that the other party does not truly represent the "will of the working people") are themselves instrumental in making the collective mobilization possible.³³ Workers with more intense preferences (a minority of the working population) participate in the protest, while the others (a majority) choose not to act on their preferences and stay at home. This collective mobilization, in turn, is perceived as itself a confirmation that the work-

ing population as a whole does not support bargaining moderation. This leads to a shift in union policy.

A few years later, economic circumstances lead union leaders to engage in national negotiations again. This time, however, their decision is preceded by a union referendum in which a majority of the workers approve. This simple procedural change serves to validate the “representativeness” of moderate union leaders and the legitimacy of their bargaining policy. The mobilization potential associated with the claim to truly represent the workers’ will is, therefore, dispelled.

The example illustrates another important feature of democratic decision making, that is, that majority rule levels out the different degrees of intensity in the members’ preferences.³⁴ In other words, the vote of workers who are ready to engage in collective action counts as much as that of more quiescent workers in determining collective decisions. Also, workers with very intense preferences (i.e., the activists, those for whom the organization is everything) are also the ones less likely to defect from the organization when the choices of the latter do not coincide with their own preferred choices. These are, in fact, the most loyal members of the organization, those for whom exit has the highest (psychological) costs.³⁵

Deliberative Mechanisms

A growing body of research in political theory, the so-called theory of deliberative democracy, argues that the democratic process does not just aggregate pre-packaged preferences but contributes to shape them.³⁶ Much of this literature, with its stringent requirements of truthfulness, morality, and sincerity,³⁷ or, in other contexts, of reasonableness³⁸ of participants in deliberation, seems hardly applicable to real-world situations, let alone the murky world of union affairs and collective bargaining behavior. Yet in many cases, workers do not have well-defined or fixed preferences about alternative policy options. They rely on their leaders to evaluate the alternatives they are faced with, especially when this evaluation requires expert, technical knowledge unavailable to rank-and-file members. Hence the communicative processes associated with democratic decision making not only contribute to legitimize the choices of leaders but also give these leaders an opportunity to shape the members’ perceptions of their interests. This process of rational persuasion is probably more complicated than in normative theory models but is not altogether impossible, not even in the most difficult situations.

In cases in which the interests of leaders and members are compatible (i.e., it is clear that workers and leaders want the same thing but, perhaps due to bounded rationality or imperfect information, are at odds with each other as to the means to reach it), the communicative processes associated with rank-and-file participation in decision making give union leaders ample opportunities to influence their members’ preferences by diffusing private information available to them or explaining complicated causal relationships between means and ends.³⁹

There are other cases, however, in which workers have reasons to suspect a potential conflict of interests between leaders and members. In such circumstances, the leaders' attempt at persuading their constituents that the policies they advocate are in the workers' best interests may be in vain. Members may discard these arguments, no matter how truthful, as "cheap talk."⁴⁰ Where a potential conflict of interest is involved, leaders need to prove that they are sincere, that is, have to provide evidence that they are not manipulating their constituents to pursue their own private agenda but rather are seeking to reach understanding on the best possible course of action for everybody.⁴¹ To prove that their motives are pure, union leaders need to go outside discourse and demonstrate that they do not stand to gain anything (in material terms) from the collective actions they advocate. If they are able to provide such evidence, they stand a good chance of being able to change their members' preferences.⁴²

Aggregative and deliberative mechanisms played an important role in the recent emergence of "democratic" corporatism in Italy. The Italian unions did not evolve in the direction indicated by neocorporatist theory, that is, more centralized and hierarchical, but rather in the opposite direction. A series of organizational changes promoting more democracy inside the unions, like the reelection of workplace representatives and, perhaps more important, the introduction of binding referenda on all major collective bargaining agreements, contributed to legitimize and hence stabilize the collective choices of moderate union leaders. In some cases, these leaders were even able to shape their members' perceptions of the trade-offs between short- and long-term interests, not through coercion but through the "force of the better argument." It is to these developments that this article now turns.

"DEMOCRATIC" CORPORATISM IN ITALY

The Evolution of the Union Structure

Table 2 analyzes the structure of the Italian confederal unions, CGIL, CISL, and UIL, at two points in time, 1985 (i.e., the year after a major breakdown in the unions' organizational unity, a year widely regarded as the low point of Italian corporatism) and 1995, ten years later. The coding is based on Lange et al.'s classification system.⁴³ The information presented seeks to capture the following dimensions of the union structure: (1) encompassingness (unionization rate and collective bargaining coverage), that is, the proportion of potential members who are actual members; (2) associational monopoly (number of union confederations and share of membership), that is, the extent to which unions are united in a single peak association or divided among competing associations; (3) concentration (number of affiliates and share of membership in the three largest affiliates), that is, the extent to which peak organizations are composed of affiliates with a substantial portion of the membership in each; and (4) various aspects of central-

Table 2
Evolution of the Union Structure in Italy (1985 and 1995)

	Unionization Rate: CGIL, CISL, UIL (%)	Collective Bargaining Coverage (%)	Major Confederations	Active Members	Share of Membership (%)	Number of Affiliates	Share of Membership in the Three Largest Affiliates, Excluding Pensioners (%)	Centralization
1985	42	85 ^a	CGIL	2,951,342	47	19	41 (engineering, public admin- istration, textile)	Most representative unions: The union confederations CGIL, CISL, and UIL are de facto attributed a series of organizational privileges, including (1) the right to establish plant-level structures (this includes paid time off for union assemblies and union officials) (Law 300 of 1970), (2) participation in various labor market and vocational training institutions, and (3) administration of social Security institutions.
			CISL	2,204,060	35	17	34 (agriculture, public admin- istration, engineering)	Collective bargaining: In line of principle, all peripheral union structures are free to negotiate a collective bargaining agreement. There is legal debate as to whether these agreements can depart <i>in pejus</i> from higher level agreements.
			UIL	1,159,519	18	28	28 (textile, engineering, agriculture)	Strikes: The individual worker is the bearer of the right to strike which he or she can freely exercise with other workers with no need for previous union authorization.
1995	37.2	82 ^b	CGIL	2,387,820	43	17	45 (engineering,	Most representative unions: Many of the plant-level privileges are abolished through a legal referendum in 1995.

				agriculture, public administration)	
CISL	1,965,753	36	19	30 (agriculture, textile, engineering)	Collective bargaining: From a statutory point of view, no change takes place.
UIL	1,187,434	21	23	31 (agriculture, textile, transportation)	Strikes: Only with regard to a series of essential public services (e.g., health care, education, transportation), strikers have to ensure provision of minimal levels of services. These levels are defined through collective bargaining (Law 146/1990).

Source: Unionization rate: CESOS, *Le relazioni sindacali in Italia. Rapporto 1996-97* (Rome: Edizioni Lavoro, 1998), 143; collective bargaining coverage: Organization for Economic Cooperation and Development (OECD), *Employment Outlook. 1997* (Paris: OECD, 1997), 71; active members: CESOS, *Le relazioni sindacali in Italia. Rapporto 1996-97*, 142; number of affiliates: CESOS, *Le relazioni sindacali in Italia. Rapporto 1986-87* (Rome: Edizioni Lavoro, 1988), 246, 252, 261, and CESOS, *Le relazioni sindacali in Italia. Rapporto 1996-97*, 148; share of membership in the three largest affiliates: CESOS, *Le relazioni sindacali in Italia. Rapporto 1986-87*, 246, 252, 261, and CESOS, *Le relazioni sindacali in Italia. Rapporto 1996-97*, 148; centralization: Franco Carinci et al., *Diritto del Lavoro 1. Il Diritto Sindacale* (Turin: UTET, 1994), chaps. 5-6, 9, 12-13.

a. 1980.

b. 1994.

ization, that is, the capacity of the leadership in peak organization to implement decisions that prove binding on their industry affiliates and/or on their peripheral structures. I focus in particular on legal privileges for unions, peak-level control over plant-level collective bargaining, and peak-level control over strike decisions.

The comparison between 1985 and 1995 reveals a picture of stability in the organizational structure of the Italian labor movement. There are, however, a few changes and they seem to go, for the most part, in the direction of greater organizational fragmentation. Unionization and collective bargaining coverage rates fell moderately. The share of membership of the largest union, the CGIL, also declined. The major union confederations reduced the number of industry affiliates and moderately increased their internal concentration (with the exception of the CISL). In terms of peak-level control over peripheral structures, this was remarkably low in 1985 and was even lower ten years later.

The Italian confederal leaders have no real power, apart from moral suasion, to control the choices of local leaders. The right to strike is an individual right in the Italian legal system (to be exercised collectively) and requires no preliminary union authorization, let alone the authorization of peak union leaders.⁴⁴ Also, there are no statutory provisions limiting the power of plant-level structures to implement their own bargaining agendas. Intraorganizational mechanisms, like the 1983 introduction of nonoverlapping clauses among different bargaining levels (e.g., the industry and the plant levels), have dubious legal validity and would not go very far in court were they to be disputed by the local structures.⁴⁵

There was, however, in 1985, one element in the Italian system that closely resembled the corporatist model, and this was the legislative support granted by the Workers' Statute of 1970 to the so-called most representative unions.⁴⁶ These most representative unions were *de facto* the three major confederations, since language in the statute defined "most representative" in vague terms that did not include the electoral verification of representation. These most representative unions (and not others) enjoyed a series of organizational privileges at the workplace level, including the right to summon worker assemblies during working hours, paid time off for union activities (both inside and outside the workplace), dedicated facilities inside the workplace, and additional protection from employer discrimination.⁴⁷ These corporatist elements were canceled by a combination of popular referenda in 1995. Interestingly enough, one of these referenda had been proposed by the CGIL itself, that is, by the major union confederation.⁴⁸

Table 3 uses a different criterion of classification. Drawing on Lange,⁴⁹ it seeks to understand whether the costs of the exit and voice options increased for the Italian rank-and-file workers between 1985 and 1995 and hence, whether their capacity to shape union policy declined accordingly. Once again, the results of this comparison do not confirm the predictions of corporatist theory. Both in 1985 and 1995, the Italian unions were voluntary organizations and workers could freely

Table 3
Availability of the Exit and Voice Options in the Italian Unions (1985 and 1995)

	1985	1995
Exit	Unions are voluntary organizations. Workers may freely join or withdraw from them. However, the so-called most representative unions (i.e., the three major union confederations) enjoy particular statutory privileges.	As before, unions are voluntary organizations. The legal privileges for the most representative unions are abolished.
Voice	Union leaders informally consult the workers prior to engaging in collective bargaining. Formal consultation procedures (e.g., vote on different proposals) are, however, rare. Worker referenda on proposed agreements are very rare. In large plants, union representatives have not been reelected for several years.	Worker consultations both before and after collective bargaining become the norm. Union representatives are electorally renewed.

join or withdraw from them. Also, the situation of union pluralism provided the Italian workers with ample choice. In 1995, however, the statutory privileges enjoyed by the three confederations had been dismantled. Perhaps more important, the opportunities for the voice option had increased considerably. Unlike the past, worker consultations both before and after engaging in collective bargaining had become the norm. Also, workplace union representatives, who had not been reelected for years (in some large plants), were now being renewed.⁵⁰

The years 1980s saw the Italian confederal unions go through a process of internal fragmentation as new, competitive unions increased their bargaining power and contested the confederal unions' claim to represent various categories of workers. Already during the 1970s, a myriad of so-called autonomous unions, mostly representing highly skilled workers, appeared as a response to the egalitarian, class-based strategy of representation adopted at that time by the confederal unions. During the latter half of the 1980s, the more militant and intransigent Cobas (grassroots committees) made their appearance in many of the sectors in which the autonomous unions were already present. In various cases, the Cobas were established by former members of the CGIL. This contributed even further to the erosion of the confederal unions' representational monopoly.⁵¹

The demands of the Cobas were essentially two-fold. First, they contested the flattening of wage differentials that penalized their more highly skilled constituencies. Second, they sought to restore democratic procedures within the Italian labor movement, that is, ensure that the policies of the unions corresponded to the preferences of the workers. As a result of these developments, the confederal unions experienced a weakening bargaining position vis-à-vis management. This became increasingly concerned that the established unions were no longer able to control their own rank-and-file. Not only the employers but also politicians and even unionists began to wonder aloud whether the legal representativeness that

the Workers' Statute had conferred on the confederal unions actually corresponded to effective levels of representation.

In response to these threats, both external and internal, the confederal unions responded by engaging in organizational reforms aimed at increasing internal democracy. They sought to revitalize their plant-level organizational structures by regularly electing the workplace representatives. Starting with the 1987 metal-working contract, they also began submitting also major collective bargaining agreements to the binding approval of the workers.⁵² This composite of reforms was instrumental in relegitimizing the confederal unions in the eyes of both the employers and the rank-and-file workers. In contrast with the expectations of the Cobas and other groups, these reforms also strengthened the confederal unions' capacity to engage in national bargaining.

*The Institutionalization of Incomes Policies*⁵³

The tripartite incomes policy agreement of July 1993—an agreement that still today, provides the basic institutional structure for wage formation in Italy—was, for the first time in the history of the Italian labor movement, accompanied by a binding referendum among the workers. In fact, although the tentative agreement between government, employers, and union leaders was reached on 3 July 1993, the actual agreement was only signed on 23 July 1993. In the intervening twenty days, the confederal unions set up approximately 30,000 assemblies in all major plants and offices throughout the country.⁵⁴ About 1.5 million workers participated in the vote and 68 percent of them approved the deal. The referendum proved a powerful legitimating device for the union confederal leadership.

To understand its importance, we need to go back a few years and look at previous attempts at institutionalizing incomes policies in Italy. We notice a correlation between the “success” of these incomes policy agreements (here defined as absence of grassroots opposition) and particular decision-making procedures. In fact, every successful agreement was accompanied (in 1983 and 1993) by a worker consultation. Vice versa, when this consultation was not organized (in 1984 and 1992), this perceived violation of procedural rules spurred a worker mobilization.

The tripartite agreement of 1983, which imposed a series of “wage ceilings” on sectoral collective bargaining and banned plant-level negotiations for eighteen months, was preceded (and perhaps made more legitimate) by a large-scale consultation of the rank-and-file workers in which 69 percent of the 4.1 million workers consulted approved the confederal unions' policy.⁵⁵ In 1984, government proposed a new tripartite pact against inflation. This time, however, the three union confederations split on the proposed agreement. Because the CGIL, Italy's largest confederation, refused to sign the agreement, the government (which could count on the support of the other two labor confederations and the Confindustria, the

major employer association) implemented its policy proposal through an executive order.

Since the beginning of the negotiation, the CGIL had argued that the rank-and-file workers should be an active part of the negotiation process and that they should have ultimate decision-making power. At the end of the negotiation process, the CGIL, which did not agree with the content of the proposed agreement, declared that it was ready to accept the outcome of a referendum among the workers. This organization was under attack by some internal groups. In fact, while the confederations were still negotiating in Rome, some of the Factory Councils in Northern Italy initiated the so-called *autoconvocati*; that is, self-summoned movement. The denomination of the movement signaled that this mobilization did not take place under the aegis of the official unions. Four major industrial cities were especially prominent in the *autoconvocati* movement: Brescia, Milan, Turin, and Genoa. The South was almost entirely absent from this mobilization.⁵⁶

Procedural demands for more union democracy figured prominently in the *autoconvocati* movement. In fact, the *autoconvocati* argued that the policy of wage restraint adopted by the confederal unions did not really represent the preferences of the working class. It only reflected the self-serving goals of union bureaucrats interested in increasing their influence and visibility at the national level. To buttress their claims, the dissidents pointed to the hundreds of thousand workers they were able to enlist in demonstrations and strikes against the confederal unions' bargaining policy. In the end, the *autoconvocati* gained the support of the Communist Party and, to a lesser extent, of the CGIL as well. To heal the offence to procedural democracy that had been perpetrated—in the party's opinion—when a major economic policy reform had been introduced against the will of the largest union and without a worker referendum, the Communist Party promoted a national referendum so that all citizens could express their views on the government's decree.⁵⁷

On the verge of a major financial crisis (which forced the Lira out of the European Monetary System in September 1992), the confederal unions signed with Confindustria and the government a new tripartite accord on 31 July 1992. This accord abolished wage indexation and banned plant-level bargaining for one year. It also provoked deep internal turmoil and the Italian union confederations went very close to replicating in 1992 their previous 1984 split. Similar to 1984, in fact, the majority of the CGIL initially opposed the accord. Similar to 1984, protesters focused their complaints less on the content of the agreement (which of course they rejected) than on the decision-making process. Just like in 1984, in fact, the union leaders had failed to consult the workers prior to signing the agreement.

Protest against the July 1992 accord spread quickly. The top leader of the CGIL was attacked by demonstrators in Florence; other union leaders were also confronted violently in other Northern cities. These protests soon led to the renaiss-

sance of the *autoconvocati* movement in various Northern factories. Once again, many of the *autoconvocati*'s demands were purely procedural: their primary goal was contributing to a democratic refoundation of the Italian union movement—a refoundation that included the workers' right to regularly elect their plant representatives and to approve/reject both bargaining platforms and agreements through referenda. Like in 1984, the *autoconvocati* were quite successful in capturing political attention and influencing the strategic posture of particularly the CGIL. Following the first grassroots mobilizations, in fact, the CGIL decided to officially support the *autoconvocati*, thus creating frictions with the other union confederations. Most important, the CGIL decided to support one of the *autoconvocati*'s key demands, that is, that the ban on plant-level collective bargaining included in the July 1992 accord was to be considered invalid. Hence, some local unions (especially in the Brescia and Milan areas) managed to break the block on plant-collective bargaining and forced management to sign plant-level agreements.

Even the agreement of July 1993—an agreement that confirmed the abolition of wage indexation and institutionalized the unions' participation in macroeconomic policy at the national level—was internally contested. In fact, the worker consultation confirmed the existence of several, often large, pockets of dissent. For example, only 47.9 percent of the metalworkers in Lombardy voted in favor of the agreement. The employees of some historical automotive plants like Alfa Arese near Milan, Fiat Mirafiori in Turin, or OM Iveco in Brescia voted (sometimes overwhelmingly) against the accord. Two of the strongholds of the *autoconvocati* movement, that is, the cities of Milan and Brescia, rejected the accord as well.⁵⁸ In Milan, not only industrial workers voted against the incomes policy agreement but also the white-collar employees of the Milanese City Hall and of the Palace of Justice.

This time, however, the *autoconvocati* did not mobilize. Not because they liked the agreement. *Essere Sindacato*, the more radical faction within the CGIL, for example, declared well before the conclusion of the negotiation that the forthcoming compromise looked awful and that it would be a mistake to reach an agreement.⁵⁹ The Labor Chamber of Brescia publicly expressed its opposition against the July 1993 agreement, and promised a new Hot Autumn.⁶⁰ They did not mobilize, I argue, because of the peculiar mix of wage restraint and union democracy that was delivered to them with the 1993 accord. This agreement contained, in fact, two important responses to the “methodological” criticisms previously raised by the *autoconvocati* movement and other dissident union groups like the Cobas: first, it included as one of its constituting parts an organizational reform that institutionalized the regular reelection of plant representatives.⁶¹ Second, it was accompanied by the promise of a binding consultation among the workers. Although they clearly disagreed on the content of the agreement, the dissident groups within the Italian labor movement concentrated their energies not on the

organization of grassroots protest but rather on trying to persuade the workers in the assemblies.

Some of these groups had in the end something to say about the process—a few, for example, complained that in the assemblies, only union leaders who were in favor of the agreement were allowed to speak.⁶² Yet, none contested the outcome of the consultation, that is, that the majority of Italian workers had clearly expressed themselves in favor of the July 1993 agreement on incomes policies.

*The Reform of the Pension System*⁶³

Following approval of the July 1993 incomes policies accord, the Italian confederal unions persevered with their “anomalous” mingling of centralized agreements and worker referenda. In 1995, for example, they negotiated with government a reform of the Italian pension system: pension benefits were no longer, as it had previously been the case, set as a function of past income but rather determined in accordance with accumulated social security contributions. This reform aimed at reducing pension expenditures and thus reducing Italy’s budget deficit as well. Similar to incomes policies, this new centralized agreement met with widespread internal opposition. Similar to incomes policies, however, the adoption of “democratic” decision-making procedures helped secure worker consensus and stabilize the deal.

Pension reform was a highly unpopular topic in Italy, just like in other advanced countries.⁶⁴ The 1995 agreement came one year after a fierce battle waged by the three confederal unions against a center-right government’s unilateral attempt at reforming the system. CGIL, CISL, and UIL were well aware that they risked compromising their internal cohesion had they sought to impose reform from above, since the changes penalized several worker groups. Therefore, they did not even try to negotiate with government behind closed doors and, instead, engaged in what can be considered Italy’s largest experiment with union democracy. After elaborating their bargaining agenda, the confederal unions engaged in a first round of plant-level consultations aimed at receiving feedback from the workers. These early consultations showed that vast groups of workers, particularly in the industrial sectors, demanded that the new pension regime did not modify the right to “seniority pensions,” that is, the right of industrial workers to retire after thirty-five years of contributions, and did not reduce the yield rate of pensions (2 percent per year).

At this point, the confederal unions sought to distinguish between “legitimate” and “illegitimate” claims. The former were incorporated in the unions’ final bargaining proposal, the latter were discarded. For example, the demand to retire earlier than the legal age was perhaps justified when it was raised by workers engaged in strenuous or hazardous jobs but not when it was advanced by employees performing clerical tasks. Thus, the unions demanded (and obtained) special provi-

sions for those engaged in the so-called *lavori usuranti* (i.e., monotonous, strenuous, and/or hazardous jobs). These workers were allowed to anticipate their retirement by up to two years. Also, to avoid generalized reductions in the amount of pension benefits, the proposed reform sought to penalize early retirement while rewarding those workers who chose to postpone their retirement.

After tentatively signing the accord on 8 May 1995, the unions organized a new wave of assemblies (approximately 42,000) to explain and discuss the agreement. The process of worker consultation was completed by a secret ballot referendum. Between 30 May and 1 June 1995, elections were held in 49,000 different locations throughout Italy, including plants, offices, union locals, and municipalities. Active workers (both union and nonunion), the unemployed, and pensioners were all allowed to vote. Four and a half million people voted and 64 percent of them approved the reform. Pensioners voted overwhelmingly in favor of the accord (91 percent). This is hardly a surprise since the reform affected future retirees only. Active workers approved the reform as well, although with a lower percentage (58 percent) and a level of support that varied by sector and region. Southern Italian workers were overall more supportive of pension reform than their Northern colleagues. On a national basis, two important categories of workers, the metalworkers and the schoolteachers, turned down the accord.

A series of interviews that I conducted with national union leaders and plant representatives in several industrial factories revealed that of the three major components of the 1995 reform, that is, the transition from an earning-based to a contribution-based system, the homogenization of rules for different worker categories, and the revision of seniority pensions, the latter (i.e., the most gradual and, according to many analysts, weakest portion of the reform) monopolized the internal debate and generated considerable opposition in most industrial plants.

The cohort of industrial workers approaching seniority retirement was a critical one. Most of these workers (especially those born and raised in the North) had entered the labor market in the 1960s at the age of fourteen or fifteen. Most of them had participated in the Hot Autumn wave of strikes of the late 1960s to early 1970s. These workers were now approaching (early) retirement. In 1994, they had played a critical part in the mass upheaval that ultimately defeated the center-right government's attempt at unilateral reform of pensions. Now they were extremely critical of this new union-promoted reform—a reform that forced them to either reach a minimum age (fifty-two years in 1996) in addition to the thirty-five-year requirement, or work for an increased number of years (thirty-six in 1996). This group of workers shaped the internal debate and influenced the vote of their younger colleagues who could have looked more favorably at the reform.

In the recent past (e.g., in 1977 and 1984), the opposition and spontaneous mobilization of large industrial factories in the North of the country had led to the demise of previous reform attempts.⁶⁵ Similar to the incomes policy agreement, however, this time industrial workers did not mobilize. It is conceivable that they

did not mobilize because the pension reform was legitimated by a binding referendum among all categories of workers that clearly showed that the choice to engage in pension retrenchment was not just an arbitrary imposition of union bureaucrats, as it had sometimes been argued in the past, but was actually supported by a clear majority of the Italian workers, some of whom (like the public sector workers) had had to give up much more than the industrial workers.

Democratic decision making affected the final outcome in various ways. In the past, workers with very intense preferences (i.e., willing to engage in collective mobilizations) had been able to determine the strategic choices of the Italian union movement.⁶⁶ This time, however, the vote of a metalworker from (say) Brescia, Turin, or Milan counted as much as the vote of a much more quiescent Southern public sector employee in determining the final outcome.

In some cases, the process of debate preceding the vote crucially shaped the workers' preferences vis-à-vis pension reform. This is not surprising because pension policy is full of complicated technical details that are often hard to grasp even for highly educated people. Workers relied on union representatives to make sense of the general structure and consequences of the 1995 reform and formed their opinions also based on the particular way (positive or negative) in which pension reform was presented to them in these assemblies. Interestingly enough, all of the people I interviewed agreed that plant representatives (the so-called *delegati*) were much more likely to influence the workers than the national or even regional leaders.

Consider, for example, the cases of Mirafiori and Rivalta, two Fiat plants in Turin. These two factories shared various organizational and technological factors. Also, their respective workforces had been homogenized over time by several waves of interplant mobility. Yet, the Mirafiori employees turned down pension reform with a 70 percent negative vote, while their Rivalta colleagues approved it with a positive majority of 58 percent.⁶⁷

The different choices made by workers in these two plants appeared to be linked to the different attitudes of the local union leaders. At both Mirafiori and Rivalta, just like in all other metalworking plants around Turin, unions were far from enthusiastic about the 1995 reform. "We did not like it at all—said a plant representative—because it took something away from the workers, especially the metalworkers." However, differently from their colleagues at Mirafiori, union leaders at Rivalta believed that a reform of the pension system was necessary because the state's social security system was about to collapse. These leaders also thought that the pension reform, while far from representing the best of possible worlds for labor, was not to be rejected in block because it sought to restore financial equilibrium while limiting the losses for older workers. Therefore, they supported the reform in their discussions with the rank-and-file workers. At Mirafiori, instead, the proposed reform was branded as a "counter reform" and nobody took its defense in the worker assemblies. According to two plant-level

representatives, discussions in the worker assemblies were much more “on the content of things” at Rivalta and much more “ideological” at Mirafiori.

The same dynamics observed at Mirafiori and Rivalta also appeared to explain the contrast between two much smaller textile plants located around Legnano (Lombardy).⁶⁸ The Bassetti factory of Rescaldina and the Zucchi factory of Casorezzo, although under different brand names, were owned by the same group. Both of these plants manufactured the same linen products (sheets, robes, towels, etc.). The results of the pension vote were, however, very different: at Rescaldina, 67 percent of the voters approved the accord on pension reform; at Casorezzo, 71 percent rejected.

There were profound differences in the attitudes and behavior of the local leaderships in these two plants. In both plants, the major source of complaint was seniority pensions. In fact, the postponement of seniority pensions was perhaps even more unpopular with the predominantly female employees of the textile and apparel industry than with other industrial employees. Female workers do not, in fact, customarily take up moonlight jobs at retirement like their male colleagues; they choose to devote more time to their families. At Rescaldina, however, the union delegates were much better disposed than their colleagues at Casorezzo toward pension reform. While the Casorezzo delegates argued that reducing the deficit of social security did not necessarily imply cutting the workers’ pensions since there were other, much more equitable ways of balancing the system—for example, by increasing taxes on profits and/or preventing tax evasion—the Rescaldina local leaders underscored three points. First, although unpleasant, the reform of the state pension system was necessary. Second, if one engaged in a technical comparison of the union-promoted reform and the previous center-right reform proposal, one saw that they were not the same thing as somebody argued in the assemblies. Rather, the former was much more “equitable” and favorable to the workers than the latter. Finally, the Rescaldina delegates emphasized the importance of voting in favor of pension reform to avoid weakening the confederal unions.

The persuasive effects of rational argument should not be overemphasized, however. Various confederal union leaders whom I interviewed, who personally conducted several pension assemblies, argued that in many cases, their arguments had no impact whatsoever on workers. These did not change their deeply negative attitudes vis-à-vis pension reform and in the end, voted against it. Yet, there were other cases in which rank-and-file workers, even in large Northern factories, appeared to be more responsive. What appeared to matter most was not the semantic content of communication, that is, the particular arguments offered in support of pension reform, but rather the source of communication. Workers were more likely to be influenced by the leaders’ arguments when they could trust these leaders to have their best interests at heart and not some other, more private agenda

(e.g., self-promotion). This relationship of trust seemed to be based on past experience and observation of what the local leaders had done in the past, how committed (or uncommitted) they had proven to be, how they had sacrificed (or not sacrificed) their own individual careers to their roles as union representatives, and so forth. In some cases, however, the workers demanded actual proofs of trustworthiness. In fact, the arguments of these local leaders appeared to be most persuasive when the rank-and-file workers knew that the leaders themselves were negatively affected by the pension reform and yet supported it for principle-based reasons.⁶⁹

Consider the cases of two large plants in Lombardy, *Pirelli Bicocca* (rubber cables) and *Dalmine* (steel).⁷⁰ These two plants had many features in common. During the 1980s, both went through radical, sometimes painful processes of industrial restructuring and downsizing. Local unions supported management's attempts at rationalization. As a result of hiring freezes in both plants, both workforces were "old" by industry standards, that is, more likely than other plants to experience the short-term negative consequences of pension reform, that is, the postponement of retirement age. Based on information reported by plant representatives in the two plants, the average age of workers was forty-seven to forty-eight in the *Pirelli* factory and forty-four to forty-six in the *Dalmine* factory. Many of these workers, who had begun working at the age of fourteen or fifteen, feared that they would lose their jobs before they were able to retire.

Notwithstanding these similarities, 62 percent of the *Pirelli* workers approved the pension reform, while 72 percent of the *Dalmine* workers turned it down. Yet, confederal union leaders held assemblies in both plants. In these assemblies, they provided workers with virtually the same kind of information, that is, they argued that pension reform was necessary because the state pension system was on the verge of financial collapse, that it was equitable because the previous system was too onerous for the younger generations, and that if the workers rejected the proposed agreement, government might intervene unilaterally in the future and impose measures that could be expected to be much less favorable for the workers than those the unions had presently managed to secure.

The behavior of the local representatives made the difference. In both factories, several of these local leaders would have been forced to postpone their own retirement if the agreement had passed. While the *Dalmine* representatives did not openly endorse (nor openly oppose) the accord, their *Pirelli* colleagues actively supported the confederal leaders not only by defending the agreement in the general worker assemblies but also by engaging in department specific assemblies and small-group discussions. One of the *Pirelli* representatives had been forced to work two years longer due to the 1995 agreement. Yet, he argued, pension reform was necessary and could no longer be postponed. Also, since the reform was fairly gradual, the "sacrifices" imposed on workers were not unbearable, especially when compared with alternative reform schemes.

CONCLUDING REMARKS

This article has examined the emergence of corporatist policy making in a country, Italy, widely considered to have none of the institutional preconditions for this kind of policy making to emerge and succeed. The empirical analysis has shown that the corporatist literature was right in placing Italy at the bottom of the various corporatist scales. With its organizational fragmentation and, most important, its lack of institutional tools allowing control of the peak organizational levels over the peripheral structures, Italy is, in fact, quite far from the corporatist model.

Italy's interest representation system did not evolve toward corporatization in the 1990s but rather in the opposite direction. In fact, the weak legal privileges that the Italian labor code conferred on the major union confederations were largely dismantled. Also the Italian unions introduced a series of organizational changes, including the election of workplace representatives and the introduction of worker referenda on all major collective bargaining agreements, which increased rather than decreased the influence and decision-making power of the rank-and-file workers. Far from further reducing the country's capacities for negotiated policy making, these reforms contributed to generate and sustain the corporatist deals of the 1990s by increasing the legitimacy of the moderate confederal leaders' policy choices (aggregative effect) and by providing these confederal union leaders with opportunities to shape the preferences of their constituents (deliberative effect).

In articles of this kind, it is customary at this point to deal with issues of "external validity" and show that the causal mechanisms one has uncovered in one country are present in other countries as well. I can do this only in part. New "trends towards corporatist intermediation"⁷¹ are appearing not just in Italy but also in a variety of other countries like Spain, Portugal, and Ireland, each quite distant from the corporatist model.⁷² But I do not know whether the internal processes leading to the emergence of negotiated policy making in Spain and Portugal resemble the process in Italy and so far, I have not found sources detailed enough to allow me to decide the issue. My sense is that this kind of questions cannot be fully addressed through secondary sources and that fairly in-depth primary field research is needed.

Preliminary results from my own field research in Ireland appear to confirm the findings of the Italian case. Similar to Italy, social partnership in Ireland was constructed through heavy reliance on democratic methods of legitimation within the unions, particularly at the beginning, that is, between 1987 and 1990, when social partnership was heavily contested. The Irish unions used democratic procedures—that is, a vote—to produce horizontal, interunion coordination. In fact, decisions within the ICTU, the major confederation, were strictly based on majoritarian principles. The unions that lost the vote (i.e., most of the craft- and British-based unions) went ahead with the will of the majority. Democratic princi-

ples were also used within the unions as way of achieving vertical, intraunion coordination. All of the largest unions in Ireland regularly balloted their members. The leaders also used persuasive arguments to promote acceptance of the national agreements among their constituents.⁷³

In spite of these confirmatory findings, the coexistence of corporatism and union democracy in Italy could just be another manifestation of Italian “exceptionalism” or an artifact of the particular configuration of the Italian labor movement. Since the late 1970s, in fact, this was divided into a more moderate and a more radical faction. Also, the more radical faction mostly fought its battles in procedural terms, that is, by accusing the other faction of illegitimacy and by demanding more democracy inside the unions, regular reelection of union representatives, and regular consultations of the workforce. At the very least, however, the Italian case shows that corporatism as a particular structure of the interest representation system is not a necessary precondition of corporatism as a particular type of policy making and that it is possible to have the latter, even for extended periods of time, without having to necessarily move toward the former.

Another question I am unable to address is whether there has been a shift over time, between the first and second wave of social pacts, in terms of institutional preconditions; that is, whether, for reasons to be explored, the early corporatist pacts worked best with a hierarchical and internally undemocratic structure of unions whereas the most recent ones are better suited to more open and participatory arrangements.⁷⁴ Since there seems to be a qualitative difference between the pacts of the 1970s and 1980s and those of the 1990s—in the sense that the former were based on a *quid pro quo* between unions and governments (for example, wage moderation was exchanged with more favorable welfare provisions) while the latter are much closer to a model of macro-concessionary bargaining—reliance on legitimating procedures and on the leaders’ capacity to persuade their constituents that the sacrifices are just and equitably distributed may have become more important now than it was in past, when it was enough for the leaders to deliver the goods for their members.

This hypothesis seems plausible. However, as I hinted above in the article, I am not totally convinced that the unions’ internal structures, even in countries like Norway or Sweden, really resembled the corporatist ideal type. Much of the corporatist literature seemed to suffer from an ideological prejudice when it dealt with these issues. Many authors believed that union restraint—a functional prerequisite for the socioeconomic stability of advanced capitalist societies—could never be voluntarily accepted by the working class and could only be implemented if the unions found ways of circumventing the inevitable protest of their members. The sheer fact that there was restraint also implied that there was coercion. That members could voluntarily accept restraint was not even considered by this literature. More detailed historical accounts of the internal process inside corporatist organizations are necessary to address this issue.

The case of Italy seems to tell a different story. In the early 1980s, Italy went very close to institutionalizing a system of negotiated policy making not very different from the one that emerged in the 1990s. This early attempt did not fail because the key actors in Italy were not corporatist enough at that point. On the contrary, it may be argued that it failed because some of these actors sought to impose from above a solution that was clearly contested by large segments of the union leadership and membership, but perhaps not by the majority of the Italian workers. Obviously, there is no way to prove this assertion. With hindsight, however, the decision to never organize a worker referendum on the 1984 incomes policy agreement proved disastrous for the Italian labor movement as it provoked a breakdown in union unity, led to the demise of centralized bargaining for the rest of the 1980s and marginalized the confederal unions as national political actors.⁷⁵ Simultaneously, this decision also strengthened the more militant factions inside the CGIL, those that strenuously opposed centralized bargaining.

This article does not argue that democratic decision-making procedures caused the emergence of corporatist decision making in Italy. For this to occur, government has to be supportive, or at least not diametrically opposed. The presence in Italy of quarrelsome center-left coalitions based on a multiplicity of parties in constant competition with one another and relying on slim parliamentary majorities (or, as in the case of the “technocratic” governments of the early- to mid-1990s, even devoid of clear parliamentary majorities) rendered union inclusion in all major policy reforms almost a necessity as this inclusion increased the legitimacy of policy and contributed to activate alternative, nonparty-based channels of consensus mobilization.⁷⁶ The recent accession to power of a center-right coalition, relying on a more solid parliamentary majority than the previous governments, may change this situation and spell the end of Italian corporatism.

One key (and increasingly popular) actor has been missing from the reconstruction I have provided of the Italian case, that is, the employers. The reason why organized employers have been rarely mentioned so far is that I do not believe they played a very important role. In fact, the kind of corporatism that emerged in Italy in the 1990s was of the “Pizzorno” variety, that is, a deal between government and the unions. The unions delivered their capacity for social control over thousands, even millions of workers (and potential voters) and obtained in exchange inclusion in the policy-making process.⁷⁷ The Italian employers did not design the architecture of the wage determination system, even though they did request that the actors negotiating at various levels (i.e., the industry and the plant level) should be organizationally connected to make sure that there was a strong institutional link between bargaining agreements at various levels.⁷⁸ In the case of pensions, the employers pulled out early on in the negotiation process and then refused to sign the final agreement, which was therefore an agreement between government and unions.

Even though the employers played a limited role in the establishment of the system of negotiated policy making in Italy, it would have been impossible for these institutions to survive unless they were at least tolerated by a sizable proportion of the Italian employers.⁷⁹ The people I interviewed believed that Italy's major employer association, the Confindustria, was internally divided into two factions. One faction, representing small and medium enterprises, particularly in the North-Eastern parts of the country, appeared to be against concertation. The other faction, representing large enterprises, seemed more favorably inclined as it believed that concertation contributed to place limits on the autonomy of plant-level union structures and on decentralized collective bargaining.

In some areas of the country, like Lombardy, Piedmont, and Emilia, in fact, it would probably have been possible for local unions to obtain better wages and working conditions than were achieved through national collective bargaining. It is not the case that large enterprises have a passion for concertation. Nor do they necessarily appreciate the collective goods national unions and bargaining provide. Just like small companies, large companies regard free labor markets or weak company-based unions as their first choice. However, while large enterprises have to deal with plant-level unions that, in many cases, are still quite strong and representative, small enterprises have little or no experience of workplace unions and decentralized collective bargaining (this covers only about 20 percent to 25 percent of establishments in Italy) and hence have trouble understanding the need to entertain relationships with national unions. "Concertation with the unions," said one of my interviewees, "behooves Fiat or Zanussi, not somebody like me, with 12 employees."

So far, the faction representing large enterprises seems to have prevailed upon the other. However, the appointment in 2000 of a new president of Confindustria—an appointment which, for the first time in the history of the association, was not the result of designation by a committee of "wise men" but rather the outcome of a competitive election in which the candidate of small and medium enterprises eventually prevailed on the candidate of Fiat and other large companies—seems to indicate that the balance of power inside the employer association may be changing. This might imply that the phase of employer tolerance is turning to an end for the Italian corporatism.

NOTES

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and Richard Hyman (Oxford: Blackwell, 1998), 426-58. On Portugal, see Maria da Paz Campos Lima and Reinhard Naumann, "Social Pacts in Portugal: From Comprehensive Policy Programmes to the Negotiation of Concrete Industrial Relations Reforms?" in *Social Pacts in Europe—New Dynamics*, 321-42; José Barreto and Reinhard Naumann, "Portugal: Industrial Relations under Democracy," in *Changing Industrial Relations in Europe*, 395-425.

9. Lucio Baccaro, "Il sistema italiano di concertazione sociale: problemi aperti e prospettive di evoluzione," unpublished MS, Weatherhead School of Management, Case Western Reserve University, Cleveland, OH, November 1999.

10. Franco Modigliani, Mario Baldassarri, and Fabio Castiglionesi, *Il miracolo possibile. Un programma per l'economia italiana* (Bari: Laterza, 1996); Michele Salvati, *Occasioni mancate. Economia e politica in Italia dagli anni '60 a oggi* (Bari: Laterza, 2000).

11. Lehmbruch, "Liberal Corporatism and Party Government."

12. Peter J. Katzenstein, *Small States in World Markets* (Ithaca, NY: Cornell University Press, 1985).

13. Richard M. Locke and Lucio Baccaro, "Learning from Past Mistakes? Recent Reforms in Italian Industrial Relations," *Industrial Relations Journal* 27, no. 4 (December 1996): 289-303.

14. See Lucio Baccaro, "Union Democracy Revisited: Decision-Making Procedures in the Italian Labour Movement," *Economic and Industrial Democracy* 22 (2001): 183-210.

15. Robert A. Dahl, *A Preface to Democratic Theory* (Chicago: University of Chicago Press, 1956).

16. Jon Elster, "Argumenter et négociier dans deux Assemblées Constituentes," *Revue Française de Science Politique* 44, no. 2 (April 1994): 187-256; Jon Elster, "Strategic Uses of Argument," in *Barriers to Dispute Resolution*, eds. Kenneth J. Arrow et al. (New York: Norton, 1995): 236-57; Jürgen Habermas, *Between Facts and Norms* (Cambridge, MA: MIT University Press, 1996); Joshua Cohen, "Procedure and Substance in Deliberative Democracy," in *Democracy and Difference*, ed. Seyla Benhabib (Princeton, NJ: Princeton University Press, 1996), 95-119.

17. Schmitter and Lehmbruch, *Trends towards Corporatist Intermediation*; Berger, *Organizing Interests*; Lehmbruch and Schmitter, *Patterns of Corporatist Policy-Making*; Goldthorpe, *Order and Conflict*; Katzenstein, *Small States*; Jelle Visser, "In Search of Inclusive Unionism," *Bulletin of Comparative Labour Relations* 18 (1990).

18. The main conclusion was that successful wage restraint appeared to require the presence of social-democratic or at least consociational governments. See Philippe Schmitter, "Interest Intermediation and Regime Governability in Contemporary Western Europe and North America," in *Organizing Interests*, 285-327; see also Colin Crouch, "Conditions for Trade Unions Wage Restraint," in *The Politics of Inflation and Economic Stagflation*, eds. Leon N. Lindberg and Charles S. Maier (Washington, DC: Brookings Institution 1985). The argument was that once labor parties were brought into government, not only did labor organizations cease to seek the overthrow of the capitalist system but also employers ceased to seek the overthrow of unions (see Crouch, "Conditions for Trade Unions Wage Restraint," 111). The organizational characteristics and strategic choices of business remained, with some notable exceptions (for example, Wolfgang Streeck, "Neo-Corporatist Industrial Relations and the Economic Crisis in West Germany," in *Order and Conflict*, 291-314), outside the main focus of the analysis. It was only later, and especially after the decision of the Swedish metalworking employers to break the pattern of centralized negotiations in Sweden in 1983, that employers were brought back into the picture. See Peter Swenson, "Bringing Capital Back in, or Social-Democracy Reconsidered:

Employer Power, Cross-Class Alliances, and Centralization of Industrial Relations in Denmark and Sweden," *World Politics* 43, no. 3: 513-44; Pontusson and Swenson, "Labor Markets, Production Strategies."

19. See Philippe Schmitter, "Still the Century of Corporatism?" in *Trends towards Corporatist Intermediation*, 7-49. (First published in *Review of Politics* 36 [1974]: 85-131).

20. See Lange et al., "The End of Corporatism?"; Wallerstein et al., "Unions, Employers' Associations, and Wage-Setting Institutions"; Miriam Golden, Michael Wallerstein, and Peter Lange, "PostWar Trade-Union Organization and Industrial Relations in Twelve Countries," in *Continuity and Change in Contemporary Capitalism*, eds. Herbert Kitschelt et al. (New York: Cambridge University Press, 1999), 194-230; Franz Traxler, Sabine Blaschke, and Bernhard Kittel, *National Labour Relations in Internationalized Markets* (New York: Oxford University Press, 2001).

21. See Peter Lange, "Politiche dei redditi e democrazia sindacale in Europa occidentale," *Stato e Mercato* 9, no. 3 (December 1983): 425-74.

22. See Claus Offe, "The Attribution of Public Status to Interest Groups: Observations on the West German Case," in *Organizing Interests*, 123-58; Leo Panitch, "The Development of Corporatism in Liberal Democracies," in *Trends towards Corporatist Intermediation*, 119-45.

23. See Wolfgang Streeck, "Organizational Consequences of Corporatist Cooperation in West German Labor Unions," in *Patterns of Corporatist Policy-Making*, 29-81; see also Derek C. Bok and John T. Dunlop, *Labor in the American Community* (New York: Simon & Schuster, 1970); Jack Barbash, *American Unions: Structure, Governance, and Politics* (New York: Random House, 129); Richard E. Walton and Robert B. McKersie, *A Behavioral Theory of Labor Negotiations* (Ithaca, NY: Cornell University Press, 1991[1965]), 287; Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy* (New York: Harper and Row, 1950), 260-61.

24. See Streeck, "Organizational Consequences of Corporatist Cooperation."

25. See Lange, "Politiche dei redditi e democrazia sindacale," and Jelle Visser, "Industrial Relations and Social Dialogue," in *Changing Labour Markets in Europe*, ed. Peter Auer (Geneva: ILO, 2001), 213.

26. In other words, union leaders educated their constituents through communication and pedagogy as to the advantages of policies (like the policy of egalitarian wages) that at first sight appeared to imply losses for workers. Leif Lewin, *Governing Trade Unions in Sweden* (Cambridge, MA: Harvard University Press, 1980).

27. David Soskice, "Wage Determination: The Changing Role of Institutions in Advanced Industrialized Countries," *Oxford Review of Economic Policy* 6, no. 4 (1990): 36-61.

28. It was noted, however, that the problem of interconfederal fragmentation could be solved when the different confederations agreed on a policy of unity of action. See Marino Regini, "The Conditions for Political Exchange: How Concertation Emerged and Collapsed in Italy and Great Britain," in *Order and Conflict*, 124-42.

29. Max Weber, *Economy and Society*, ed. Günther Roth and Claus Wittich (Berkeley: University of California Press, 1978), chap. 10.

30. See Baccaro, "Union Democracy Revisited," 184-86.

31. For an overview, see E. Allan Lind and Tom R. Tyler, *The Social Psychology of Procedural Justice* (New York: Plenum, 1988).

32. Alessandro Pizzorno, "Le due logiche dell'azione di classe" in *Lotte operaie e sindacato: il ciclo 1968-1972 in Italia*, eds. Alessandro Pizzorno et al. (Bologna: Il Mulino, 1978), 7-45.

33. David A. Snow et al., "Frame Alignment Processes, Micromobilization, and Movement Participation," *American Sociological Review* 51 (August 1986): 464-81; Barrington Moore, *Injustice: The Social Bases of Obedience and Revolt* (New York: Pantheon, 1978).
34. Dahl, *Preface to Democratic Theory*.
35. Albert O. Hirschman, *Exit, Voice, and Loyalty* (Cambridge, MA: Harvard University Press, 1970), 76-105; Alessandro Pizzorno, "Sul confronto intertemporale delle utilità," *Stato e Mercato* 16, (April 1986): 5.
36. Habermas, *Between Facts and Norms*; Amy Gutmann and Dennis Thompson, *Democracy and Disagreement* (Cambridge, MA: Harvard University Press, 1996); Cohen, "Procedure and Substance in Deliberative Democracy"; James Bohman, *Public Deliberation* (Cambridge, MA: MIT University Press, 1996); Jon Elster, ed., *Deliberative Democracy* (New York: Cambridge University Press, 1998).
37. Jürgen Habermas, *The Theory of Communicative Action. Volume 1* (Boston: Beacon, 1984).
38. Cohen, "Procedure and Substance in Deliberative Democracy"; John Rawls, *Political Liberalism* (New York: Columbia University Press, 1993).
39. James Fearon, "Deliberation as Discussion" in *Deliberative Democracy*, 44-68.
40. Joseph Farrell and Matthew Rabin, "Cheap Talk," *Journal of Economic Perspectives* 10, no. (3) (summer 1996): 103-18; Vincent P. Crawford and Joel Sobel, "Strategic Information Transmission," *Econometrica* 50 (1982): 1431-51.
41. Habermas, *Theory of Communicative Action*, especially pp. 273-337.
42. For more on these themes, see Lucio Baccaro, "'Aggregative' and 'Deliberative' Decision-Making Procedures: A Comparison of Two Southern Italian Factories," *Politics & Society* 29, no. 2 (June 2001): 243-71.
43. Lange et al., "The End of Corporatism?" 78; Wallerstein et al., "Unions, Employers' Associations, and Wage-Setting Institutions", 381.
44. See Franco Carinci et al., *Diritto del Lavoro. Il Diritto Sindacale* (Turin: Utet, 1994), chap. 13.
45. The same is also true of the new nonoverlapping clauses introduced by the tripartite agreement of 1993; see Carinci et al., *Diritto del Lavoro*, 342.
46. Richard M. Locke, *Remaking the Italian Economy* (Ithaca, NY: Cornell University Press, 1995), 76-77.
47. Carinci et al., *Diritto del Lavoro*, 155-82.
48. A law of 1990—a law that had been drafted by the three union confederations and then passed on to the appropriate parliamentary commission—introduced a series of legal limitations for the right to strike in essential public services like education, transportation, and health care. See Tiziano Treu, "Strikes in Essential Services in Italy: An Extreme Case of Pluralistic Regulation," *Comparative Labor Law Journal* 15, no. 4 (summer 1994): 461-87; Locke and Baccaro, "Learning from Past Mistakes?" This law limited (to a certain extent) nonconfederal unions but did not limit the freedom of lower level structures inside the confederations to organize strikes provided that they complied (like everyone else) with minimal provisions concerning basic services and advance notice.
49. Lange, "Politiche dei redditi e democrazia sindacale."
50. Mimmo Carrieri, *L'incerta rappresentanza* (Bologna: Il Mulino, 1995).
51. Lorenzo Bordogna, *Pluralismo senza mercato* (Milan: Angeli, 1994), chaps. 2 and 4; Emanuele Lombardi, *Cobas: una spina nel fianco* (Rome: Sovera Multimedia, 1989).
52. Roberto Battisti and Aris Accornero, "I referendum sulle ipotesi di accordo nell'industria" in *Le relazioni sindacali in Italia. Rapporto 1986-87*, ed. CESOS (Rome: Edizioni Lavoro, 1987), 399-419.

53. This subsection draws on Lucio Baccaro, "Centralized Collective Bargaining and the Problem of 'Compliance': Lessons from the Italian Experience," *Industrial and Labor Relations Review* 53, no. 4 (July 2000): 579-601.

54. CGIL, "Consultazione sull'accordo del 23 luglio 1993" internal document, Conferenza nazionale d'organizzazione, Rome, 9-11 November 1993.

55. Lorenzo Speranza, "Le consultazioni" in *Le relazioni sindacali in Italia. Rapporto 1982-83*, ed. CESOS (Rome: Edizioni Lavoro, 1984), 485-86.

56. Salvatore Vento, "Il movimento degli autoconvocati," in *Le relazioni sindacali in Italia. Rapporto 1984-85*, ed. CESOS (Rome: Edizioni Lavoro, 1986), 385-408.

57. The results of the referendum were favorable to government and its allies within the union movement: 54.4 percent voted in favor of the government decree, 45.7 percent voted against. Interestingly enough, the number of votes against the decree was especially high in the South, a region left almost untouched by grassroots mobilizations. Vice versa, it was surprisingly low in those areas of the country in which the autoconvocati had been most active. In Brescia, perhaps the capital of the autoconvocati movement, only 35.8 percent of the people voted against the decree. Antonio Agosta, "Il referendum sulla scala mobile: un'analisi del voto." CESOS, *Le relazioni sindacali in Italia. Rapporto 1985-86*, 367-84.

58. CGIL, "Consultazione sull'accordo."

59. *Il Sole-24 Ore*, 18 June 1993.

60. *Il Manifesto*, 10 July 1992.

61. Richard M. Locke and Lucio Baccaro, "The Resurgence of Italian Unions?" in *Brave New World of European Labor*, 217-68.

62. *Il Sole-24 Ore*, 23 July 1993.

63. This subsection draws on Lucio Baccaro, "Negotiating the Italian Pension Reform with the Unions: Lessons for Corporatist Theory," *Industrial and Labor Relations Review* (forthcoming 2002).

64. Paul Pierson, "The Politics of Pension Reform," in *Reform of Retirement Income Policy: International and Canadian Perspectives*, eds. Keith G. Banting and Robin Boadway (Ontario, Canada: Queen's University, School of Policy Studies, 1997), 273-93.

65. See Golden, *Labor Divided*; Baccaro, "Centralized Collective Bargaining."

66. Pizzorno, "Le due logiche dell'azione di classe"; Golden, *Labor Divided*; Baccaro, "Centralized Collective Bargaining."

67. This reconstruction is based on interviews in Turin.

68. This reconstruction is based on interviews with union representatives in Milan and Legnano, respectively.

69. For more on this, see Baccaro, "'Aggregative' and 'Deliberative' Decision-Making Procedures."

70. This is based on interviews with plant representatives of Pirelli Bicocca and Dalmine.

71. Schmitter and Lehmbruch, *Trends towards Corporatist Intermediation*.

72. Fejertag and Pochet, *Social Pacts in Europe* and *Social Pacts in Europe—New Dynamics*.

73. Lucio Baccaro, "From Corporatism to Associative Democracy? The Evolution of Social Partnership in Ireland," MS in progress, International Institute for Labour Studies, Geneva.

74. See Regini, "Still Engaging in Corporatism?" for more on this.

75. Richard M. Locke, "The Demise of the National Union in Italy: Lessons for Comparative Industrial Relations Theory," *Industrial and Labor Relations Review* 45, no. 2 (January 1992): 229-49.

76. Lehmbruch, "Liberal Corporatism and Party Government."

77. Pizzorno, "Political Exchange and Collective Identity."

78. Locke and Baccaro, "The Resurgence of Italian Unions?"

79. See also Peter Swenson, "Arranged Alliance: Business Interests in the New Deal," *Politics & Society* 25, no. 1 (March 1997): 66-116.