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Firms and Welfare: Company Towns in Italy (19 -20 Century)

For a long time, scholars’ attention concentrated on architectural and urban aspects that typified the company towns, while recently there has been a focus shift towards their business strategy, that is towards a more precise evaluation of the economic advantages, work conditions and social relations that characterised these forms of urbanisation. These assumptions enable to better understand the origins, evolution and role of the company town in the Italian industrialization process, strongly influenced by initiatives undertaken by more advanced economies that became a constant reference point for national pioneers, especially during the period of growing urbanisation, between the end of the 19th and beginning of the 20th century. This stage was marked by an intensification of initiatives that were not limited to the construction of houses for the workers but extended to a wider plan aimed at building a *welfare company*. It is precisely this overstepping that promoted a more extensive identification between the company and the city where it operated.

A general overview: the welfare community at the beginning of the 1930s

In order to gain a general picture of the company town in Italy, it will be useful to look at the investigation published in 1933 by the National Confederation of Entrepreneurs.

Table 1 - Size of company towns: number of workers per company (1933)

| Workers | Number of companies | Workers |
|---------|---------------------|---------|
|---------|---------------------|---------|

| | | |
|--------------------------|----|---------|
| more than 10,000 | 5 | 127,500 |
| Between 5,000 and 10,000 | 7 | 50,363 |
| Between 2,500 and 5,000 | 7 | 28,611 |
| Between 1,000 and 2,500 | 11 | 19,462 |
| from 500 to 1,000 | 12 | 8,755 |
| up to 500 | 11 | 4,205 |

Source: *L'Italia nelle sue opere assistenziali*, Milano 1933, voll. 1-2.

A first indication concerns the distribution based on the number of workers employed, depicting quite a varied scenario. Alongside the most important Italian companies, there is a large presence of smaller enterprises. The first were complex organisation with productive units scattered around the territory, characterised by specific solutions like mining villages or large concentrations like Fiat and its factory city, while the smaller category involved cases where the long life of the enterprise derived from a close relationship with the surrounding economy, as evidenced by the case of Beretta in Gardone Val Trompia, whose origins date back to the 16th century.

Table 2 – Company towns: regional distribution (1933)

| | Number of companies | Workers |
|-----------------------|---------------------|---------|
| Lombardy | 37 | 138,963 |
| Piedmont | 7 | 60,430 |
| Veneto | 7 | 15,492 |
| Liguria | 5 | 4,850 |
| Emilia Romagna | 2 | 1,150 |
| Tuscany | 2 | 1,100 |
| Friuli Venezia Giulia | 1 | 3,911 |
| Umbria | 1 | 13,000 |

Source: *L'Italia nelle sue opere assistenziali*, Milano 1933, voll. 1-2.

The regional distribution is also highly indicative. Regions with a more solid industrialisation are dominant but neighbouring regions like Veneto and Liguria, together with regions in central Italy also manage a relevant presence, while Southern Italy is just as conspicuous by its absence.

The distribution by productive sector completes the general overview. The textile industry emerges as the most widely spread, next to which a variety of only partially known situations has developed. The chemical, mechanical and metallurgic divisions, together with the food, shoe and building material sectors, complete the picture.

Table 3 – Company towns: sector distribution (1933)

| | Number of companies | Workers |
|--------------|---------------------|---------|
| Textile | 28 | 89,990 |
| Mechanical | 14 | 65,925 |
| Chemical | 5 | 38,203 |
| Metallurgic | 4 | 24,320 |
| Ceramic | 3 | 4,825 |
| Paper | 3 | 1,140 |
| Food | 3 | 2,832 |
| Glass | 2 | 1,100 |
| Shoes | 2 | 1,100 |
| Power | 1 | 550 |
| Building | 1 | 5,000 |
| Shipbuilding | 1 | 3,911 |

Source: *L'Italia nelle sue opere assistenziali*, Milano 1933, voll. 1-2.

It is therefore possible to affirm that the enterprises, in their wide variety, prove themselves capable of building communities that can adapt to the environment and sustain the most dissimilar combinations of management and technology. From the overview, it emerges the necessity to understand which are the constitutive values and the advantages connected to the company town, mainly economic ones, as well as the reasons for their depletion. These questions can be answered tracing back some of the most significant events in the history of the Italian company town.

The textile cities, initially promoted in Schio by Alessandro Rossi and in Valdagno by the Marzotto family, are usually indicated as the firstborn among the Italian company towns. Schio, in particular, gained a prominent place as evidence of the concrete opportunities for industrial development. The

initiative promoted by Rossi, in close connection with what was happening in the main textile centres around Europe, took its initial steps between 1842 and 1869 with the introduction of new technologies, foreign technicians and new products. The subsequent social intervention was instigated by the need to support the productive growth providing adequate services. As a result, the company created a network of power supplies, trains, houses, schools necessary to an activity that employed up to 5,000 workers in 1889. It was therefore the urgency to stabilise and manage the workforce in a view to increase the return that guided the entrepreneur to build the new workers' quarter in Schio, as well as other settlements in neighbouring urban centres.

These interventions enabled the factory to introduce itself without traumas in a traditional way of life, thus avoiding a critical rupture in the practical life of the people involved. Continuity and change find therefore an effective balance in the work accomplished by Rossi. Hence, the pioneering action by Rossi can be considered like a positive combination between the company's productive requirements and the workers' needs, where harmony is indicated as one of the key success factors in Rossi's moral approach.

Marzotto in Valdagno, neighbouring with Rossi, represents an experience of special value for its ability to adapt to time changes. From its origin, it is noticeable how support was a cornerstone of the big workers family, and the owner was like a father for his workers'. It is in this perspective that the action undertaken by Gaetano Marzotto Jr to build a company town in Valdagno appears as decisive. The town was promoted in the aftermath of World War I, a time marked by the need to renew the company both from a technological and managerial point of view. This renovation was extended by Marzotto also to the company welfare, basing his intervention not just on 'power but especially on workers' consensus. The wool factory became the centre of a whole community, providing services that could satisfy a range of citizens' needs, starting with an actual housing hunger. All this must not be confused with the corporate ideology of the Fascist regime, rather it

should be recognized as sharing a project that finds its strength in the consensual acceptance on behalf of the workers, not in authoritarianism.

In the aftermath of World War 2, the Marzotto company town returned to the splendour of the previous years, reaching its full maturity in the early 1950s. At the same time, handing over the student town to the local government signalled the growing role of public institutions (in the provision of public services). The following separation between the company and its *welfare community* estate, carried out in 1960, brought also to a separation between the company's economic interests and the welfare goals. Furthermore, negotiations with the unions extended the reciprocal duties enclosed in a formal contract, limiting the scope for voluntary company interventions. In the end, the economic difficulties that persisted from the end of the 1950s restricted the margins for company interventions even further. The social town of Valdagno must then be regarded as a concrete way towards modernisation, instead of limiting it to a mere desire for domination on behalf of a paternalistic entrepreneur.

The same rise and fall of the textile sector can include, to varying degrees, other company towns. Among these, the examples of Crespi d'Adda and Campione del Garda are especially significant. The first became a reference point for a variety of experiences in the Lombardy area because of its completeness. In fact, Crespi was the result of a social intervention based on three factors: family, religion and ownership. The company and the community flourished thanks to 'the real connecting element throughout the whole workers' village, represented by initiatives undertaken in the area of the welfare assistance organisation. Campione del Garda is another example, a site located at the margins of, and unrelated to, the early stages of the industrialisation process. In 1896, these characteristics, together with the availability of natural power, convinced Giacomo Feltrinelli to found a cotton factory. The enterprise took advantage of the favourable economic trend for the textile sector of the time, making the most of human and natural resources that would have

otherwise been underused. The amenity of the location, a stretch of land wedged in the shores of lake Garda, required the simultaneous building of a spinning mill and of a new town that could welcome the workers and satisfy the needs of the emerging community. The job was assigned to the young Vittorio Olcese, who had trained at Cotonificio Crespi.

The peculiarity of Campione lies in the fact that it was completely planned. The functioning of the factory required an adequate supply of workers, mainly women, to be housed in proper buildings. It was then necessary to find a common factor that would form a stable workforce, qualified and professional, and would help to manage the conflicts deriving from the transformation of a population, from agricultural to industrial. The identification with the enterprise becomes vital in order to ensure its success. This promoted the creation of families and activated institutions and services capable of regulating life in the community and of making it self-sufficient'. Success was based on the link between families and the enterprise, while the institutions that developed next to the factory would also be shaped by such foundation. The same identification with the rituals of the company, also called Olcese, expressed a conscious participation in the life of the enterprise. It was not just a matter of submitting to the rules, but of a mutual agreement between job security on one hand, and benefits on the other, that required obedience and promised rewards. In the 1920s, with the growing economic success came also an intensification of the provisions. Food stores and other initiatives appeared next to the workers quarters, contributing to consolidate the image of a finished city, capable of meeting all of its citizens' needs and to govern itself autonomously. A confirmation of this positive balance came from the same critics who, after the first attempt to form a union, recognised how nothing can interrupt the peaceful flowing of the days in the life of workers in Campione, may no conflict ever oppose them to the company. On the other side, even though critics speak of paternalistic despotism, in the middle of the 1920s salaries paid in Campione were higher than those paid by other spinning mills, a confirmation of how a peaceful approach can also result in a better economic treatment. The benefits achieved thanks to the reciprocal advantages will not

reveal any cracks until at least the end of the 1940s, when the acquisition (of the plant in Campione) on behalf of Snia Viscosa starts a period of continuous restructuring that in the 1970s, after several ups and downs, will bring to the closure of the factory and of the institution linked to it. In the mind of the workers-citizens, a perception of subjection begins to spread only in the 1950s, and the cause is ascribed to the changes occurred in time, that is to the decline of the enterprise and the exhaustion of the company provisions.

The rise and fall of the textile company town is in many ways representative of the rural dimension of the enterprise's communities, among which we can also include the mining villages in Sardinia and those located in central Italy. While being aware of their specific nature, especially in temporal terms, they will not be treated here in order to dedicate our attention to the evolution of the 'industrial cities'. The arrival of new technologies, in particular power technologies and transport, contributed to the development of new, capital intensive enterprises, mainly located near large urban centres or other centres easily connected to markets where to buy stock and sell products. Their establishment brought on the emergence of new aggregations, the most emblematic examples being Dalmine, Sesto San Giovanni and Turin.

The first of these communities started with the decision by Mannesmanröhren-Werke in Düsseldorf (Germany), in 1906, to build a new plant in Dalmine to produce steel pipes with no welding, a decision that dropped the company in a world unrelated to the industry and its know-how, a world that the enterprise will have to shape. Since the beginning of the community in Dalmine, we assist to an almost complete overlapping of the company's growth dynamic with that of the town, so much so that this will lead, in the years after World War I, to building workers and employees quarters as well as a series of public buildings directly or indirectly linked to some of the non-productive activities of the enterprise, giving way to what will become known as the full and unambiguous identification of enterprise-factory-territory. The factory community is fully

established in 1927 with the birth of the municipality of Dalmine and the appointment of Ciro Prearo, administrative manager in Dalmine for a long time and responsible for the social works managed by same company, as its mayor.

The systematic character of the social works created a real connective tissue for a strategy oriented towards building the consensus and creating a community, an effort that obtained tangible results as it kept the labour cost down while at the same time it ensured practical benefits for the workers and the whole local population. These results cast some doubts over critical opinions speaking of an authoritarian management as they make it possible to trace a shared acceptance, if not a real partaking, in the government of the company town. Hence, it is in the search for efficiency that we should trace the reason behind social intervention, rather than in a desire to dominate and control. An efficiency based on a complementary mutuality extended to all those taking part in running the company. Proof of this can be traced back to the changes in the company's governance that underwent several transformations, from a foreign ownership to Iri (a state-controlled holding company), without leading to radical discontinuity in its social policy. A propagandistic use of the welfare in Dalmine must not induce to view control as a priority objective and to overshadow a more important evaluation of the advantages in terms of reallocation of the resources, generously dispensed to the workforce at first but then become a customary practice verging towards the obligation for the company. The decline at Dalmine started only towards the end of the 1950s, with the inclusion in the union's deals of a provision of goods and services. Furthermore, the acquisition of new production plants in Italy and abroad brings on a loosening of the links with the community of origin.

The birth of Dalmine is almost contemporary to the formation of other industrial communities, although these are located near urban centres. Among these, Sesto San Giovanni must be considered quite representative of the transformations that took place on the outskirts of the industrial cities.

Sesto San Giovanni originated from the combined intervention of the founders of the most important factories in the area and the landowners of the agricultural village. The division into lots of the farming land saw company founders Ernesto Breda and Giorgio Enrico Falck, together with Ercole Marelli, acting as the visible hand behind the construction of the city of factories. The success of Acciaierie e Ferriere Falck, of Ernesto Breda and of Ercole Marelli, with the addition of medium-sized companies like Officine Valsecchi and Abramo (Osva) brought with it a conspicuous migration, that during a short period between the plants installation (1905-1906) and World War I, increased the population of Sesto from 7,000 to more than 15,000 inhabitants. Even more significant is the growth in the number of workers: from a little more than 400 in 1890 to more than 6,900 in 1911. The arrival of this workforce and the demographic growth required a fast supplement of adequate infrastructures, from temporary accommodation for commuters to more stable housing for those who decided to establish themselves near their workplace. The first sign of this interventionism was the involvement of the enterprises with the mutual aid societies that became widespread also among small production units and took care of assisting the workers and supplying social security. In a short time, the area of intervention became even bigger, including recreational activities, professional training and schooling.

Among the enterprises, Falck distinguished itself for the timeliness and organic unity of its intervention, started in 1906 with the building of the first houses for the workers, then developed into a plan for the first workers' quarter. It is noticeable how the company was persuaded to intervene in order to make the workforce fond of the location, without specifically aiming for control. The discipline imposed by a regulation on all the village inhabitants was more a necessity to make some hygienic practices the norm and favour an orderly communal life, rather than impose a dominion. Similar reasons, associated with the need to establish a love connection pushed Breda to build houses to rent at a convenient price, hence reducing the cost of commuting. In the early stages, concluded with the advent of World War I, the prevailing approach aimed at improving the

life conditions for the whole community, a purpose that was complementary with making the best use of the production plants. Only later did the company policy of intervention meet with a need to take on a more defined shape. In this respect, the action started by Magneti Marelli (Magneti), founded in 1919, can be considered representative of the main industrial groups in Sesto. Magneti, inspired by Taylorism, became also a leading figure as far as scientific management was concerned. Reinforcing a sense of belonging with 'our work family' was especially remarked during activities at the workmen's club. But this was not just rhetoric speaking and the spontaneous association of workers is proved by the high levels of participation to the initiatives promoted by Magneti, as punctually reported in the company's newsletter. On the other hand, considering these manifestations as just a state of subordination of the workers is not believable, especially in a context like Sesto San Giovanni where workers could move from one company to another. Magneti openly pursued the aim of keeping its workforce and the initiatives it undertook were finalised to the good functioning of its complex production plant. This result was achievable not just through an accurate planning but also thanks to the workers' experience in agreement with the practical requirements of the workshop. Ultimately, these mutual interests were based on a collaboration among all the people who, to varying degrees, took part in the production cycle and in the resulting distribution of the wealth produced. Features like the mutual nature of duties and the sharing of values make their comeback also in the aftermath of World War II. Nevertheless, the restructuring started by the companies in Sesto at the end of the 1940s limited the economic margins destined to sustain the social works and welfare provisions started in the past, that were destined to slowly exhaust themselves once and for all. Among the causes of this decline, the news will repeatedly report the growth of the public hand that replaced the company's welfare, the union's deals and finally the gradual closure of many factories.

In conclusion, we could say that the foundation of the company town and its long life was due to the need to create a community founded on values such a solidarity, internal cohesion and pride for

one's work, values that could generate common objectives and values, embedded in the traditions of the company that formed the foundation for cohesive and collaborative cultures.

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