

## *Welfare at Pirelli: from its origins to the post-World War II period*

The creation of a company and its success is based mainly on the capacity to develop a community involved in the construction of this ambitious project, such as that started by the founder of Pirelli, Giovan Battista. He created an international company in a highly innovative sector, in a country such as Italy that was at the dawn of its industrial modernisation.

The objective was reached thanks to the collaboration with an increasingly larger number of workers who found an opportunity to satisfy their needs through their job.

Such needs were also fulfilled thanks to the implementation of a network of social support and relief work that reinforced the trust between the company and its workers, as well as their families.

The scope of this paper is to illustrate how the company founded its success on the community links built thanks to the strong welfare intervention that developed through the years.

### ***1) Giovan Battista Pirelli: ‘devotion and excitement’. The mutual aid fund.***

Since the creation of his company, Mr Pirelli highlighted how training the working class required adequate welfare investments to create the basis for a lasting success:

*‘Our industry is quite isolated and it is necessary for the workers to get involved through some excitement’.*

The above statement indicates the essence of the entrepreneurial challenge and the need for some work involvement, seen not just as a mere ideal connection, rather as a real life opportunity for the workers concerned.

The bond between Pirelli and the workers is to be found right in the ‘mutual aid fund, where the worker can find help for himself and his family’.<sup>1</sup>

Pirelli believed in the correlation between ‘a stable, expert and confident workforce’ and the development ‘by all possible means, of the Mutual Aid Fund’.

The intense social activity and work relief of Pirelli initiated from this belief and developed in parallel with the company’s growth.

After the initial start-up phase, conditioned by the negative economic climate of the 1880s, Pirelli established itself as a solid company overall, sided by an equally solid welfare policy.

### ***The first balance: ‘A statistic of daily wages and charitable institutions’***

The first welfare balance that could be described as consolidated was issued in 1898 with the publication of an important document – ‘A statistic of daily wages and Charitable Institutions supported by Pirelli’ – that certified, through a summary of accounting data, the permanent nature of the company welfare.<sup>2</sup>

The main aspect of the welfare system consisted in the distribution of an allowance in case of illness, to be calculated on the wage and service status, i.e. that was based on a double principle where the amount of responsibilities and the duration of the relationship with Pirelli were used as an indicator of faithfulness and as an incentive to maintain a stable job within the company.

Another aspect concerned charitable institutions that supported families, with contributions given to the ‘Carlo Ciceri’ nursery school that welcomed ‘the children of our workforce’, followed by the ‘Pious Work for the School and the Family...in favour of our workers’ schoolchildren’.

In addition, a ‘seniority reward and encouragement’ constituted a tangible incentive to maintain the workers’ involvement with the company. Finally, one last item concerned the ‘extraordinary allowances’ paid in favour of the most needy.

### *The welfare system, its various contributions and the funds destination*

A specific area of interest involves the financing of Pirelli's welfare system. Tracing the financial flows behind it enables to identify a plurality of interventions.

The main financial contributions came from the previously mentioned entry 'Charitable Institutions' which was added to a specific allocation set aside for the Mutual Aid fund. Furthermore, a share of the profit was also included, together with occasional free donations.

The following table illustrates, in a simplified manner, how the contributions destined to the welfare system grew larger and became more consolidated in time, also in relation to the company's growing turnover.

Table 1 The financing of the company's welfare system in the early years (1880 – 1898)

	1883	1888	1893	1898
Sales	872,090	3,767,499	3,598,990	13,726,704
Labour			727,527	1.367,195
Mutual Aid fund and donations **			2,695	2,107
Charitable Institutions **				7,724
Gratuities and donations to the Mutual Aid fund		30,000	33,000	92,000
Shareholders payments in favour of the Mutual Aid fund	1,000			1,107

Source: Pirelli Archive (PA from now on), see the company balances for the year indicated.

\*\* amounts already included under the entry 'Labour'.

The above subdivision reflects the degree of empowerment of the individual subjects involved. The balance entries signal a progressive formalisation of the welfare system, while the other entries originate from donations made by individuals who thought that, by giving money in favour of the community created around the company, they were fulfilling the role they held within the company itself (as shareholders, administrators, managers).

Such financing approach became established towards the end of the 1890s, when the various components that constituted the welfare system acquired a stable and ordered form around the main pillars represented by the company social security and welfare system. These components were grouped together according to their specific purposes, where the workplace was the main beneficiary, but the benefits of the social security network reached also the worker's family, outlining an extended community that consolidated the links with the 'company family'.

The forms of welfare that were on offer can be grouped as follows:

- industrial injuries benefits
- maternity allowances, indicative of the high number of female workers
- medical assistance. In the early years this was just an allowance given in case of illness. Then, starting from 1901, it covered more unusual costs such as 'fees for doctors' home visits and ambulance services'. Hence, it represented not just a mere refund in case of illness, rather an organised health service in favour of the workers and extended also beyond the factory's walls.
- family services, comprising a vast range of provisions: from nurseries to elementary schools.
- housing benefits, with subsidies handed out to pay 'rent...to aid our workers'.

Table 2 First aid and company donations

	1895	1896	1901	1904	1905	1908	1913	1915
First aid for industrial	250		1,470	598	454	746	1,244	2,826

accidents								
Maternity support	602						1,298	1,650
Health assistance	82		23,736	32,029	32,892	40,666	39,586	33,408
Family support	1,541	5,975	11,859	13,097	13,561	13,913	10,985	12,345
Trust awards	2,090						2,467	7,475
Other provisions	589		597	181			608	0
Total	5,155	5,975	37,663	45,906	46,908	55,326	56,188	57,704

Source: PA, see the company balances for the year indicated.

A confirmation of how consolidated the welfare system was at Pirelli, and how much the workers appreciated it, is embodied by the agreement signed in 1902 between the company and the workers' representatives that regulated the fruition of the services.<sup>3</sup>

The novelty of such agreement was underlined by the same subscribers who described it as 'a tremendous victory' because 'what used to be an option is now compulsory... whatever the company's financial situation'.

The welfare system continued to grow also in the following years, pushed by the roaring expansion of Pirelli that reached its highest peak during the war period.

***The first fifty years. A solid foundation built thanks to the collaboration with the workforce.***

After the war years, and with the conclusion of a period of conversion from war to civil industry, Pirelli celebrated its first fifty years since its foundation.

The highlight of the celebration was the opening of 'a Museum in the Bicocca castle to remember the history of rubber and its industry'<sup>4</sup> and where 'charitable institutions, support services and healthy recreational activities promoted by the company also found adequate accommodation'.<sup>5</sup>

To explain their choice in favour of welfare, Pirelli plainly indicated the reasons that had guided them in their social policies. These reasons were to be found in the 'noble moral aspects... without which it is impossible to create a healthy and productive workplace' that had to be based 'on the sound foundation... of collaboration and a life in common'.<sup>6</sup>

That these words were not just a mere rhetorical excuse in view of the fifty year celebration was confirmed by the style of the celebration itself, organised by volunteers constituted in 'a general committee made of Pirelli's workers and collaborators'.<sup>7</sup>

This approach reveals a very important aspect concerning the free and conscious support that the workforce showed towards the company community, as well as towards the noble values on which it was based, first of all the respect for professionalism at work.

Understanding how genuine the workers' identification with the company was is essential to give the right importance to the definition of mutual collaboration, an expression that is met quite often in the company jargon. On one hand, mutual collaboration required a responsible attitude on behalf of the worker while carrying out the tasks s/he was assigned; on the other hand it called for the company recognition of specific workers' know-how.

Some indirect but quite significant indications of such mutual recognition can be traced back to some initiatives developed during the 1920s and 30s.

First of all, the introduction, in 1926, of the 'Suggestions box', that clearly aimed to 'promote a more active participation to improve the work organisation', as well as the type of proposals that received an award indicated the areas where the workers' contribution was held indispensable.<sup>8</sup>

Workers were asked to give 'practical and precise suggestions' that could improve the productive process, taking care to eliminate 'costs and time waste' and reduce 'consumption and wastage' thanks to 'improvements in the systems, methods and tools used at work'. Improvements that could only come from those who had a long-standing know-how and could only be made available voluntarily, also thanks to rewards and adequate incentives.

The general economic crisis that deepened at the beginning of the 1930s, and that turned out to be quite heavy also for Pirelli, was made more bearable thanks to the mutual cooperation between the workforce and the company. While the former was subjected to a wage reduction, the second ensured, where possible, work continuity.<sup>9</sup> This mutual exchange was based on the recognition of a durable relationship between the two parts, based on trust and the accomplishment of one's work duties.

The importance of the know-how gathered by the workforce was quite clear to the company management that in describing the 'great complex of Pirelli's laboratories', held indispensable to compete in a sector with a high technical content such as that of 'cables and electric wires', revealed how the results achieved in terms of innovation were the outcome of a strict collaboration between 'dozens and dozens of graduates and several hundred workers and assistants'.<sup>10</sup>

### ***The 1930s: the heyday of welfare.***

The full accomplishment of the welfare system was reached in the years between the 1920s and 30s and led to the creation of the 'Pirelli Workers' Club'.

Several other initiatives took place during the same time, starting with the delivery, in 1921, of the first 90 flats of Borgo Pirelli.

In the same year, a fund called *Unificata Cassa di Previdenza*, was also activated. It was subscribed by all employees and required voluntary contributions, paid partially by the subscribers themselves and partially by the company, that corresponded an equal amount. The welfare scheme followed the evolution of the law, often providing added benefits and anticipating some provisions such as the redundancy payment, introduced at Pirelli well in advance of the law making it a compulsory requirement.

To avoid losing focus with a very analytical description, it is better to concentrate on the organisation of the Workers Club, where most part of the company welfare was employed also to please the directives imposed by the Fascist regime.<sup>11</sup>

Starting with the Workers Club sections dedicated to free time, and to sport activities in particular, the level of participation of the 'Pirelliani' is a clear measure of the intense involvement of the workers with the company community, more so than the list of activities available, especially considering that there was no obligation to take part.

The data shown below refer only to sport activities subscribed by the great majority of sportsmen and women, i.e. by people who actually practiced the disciplines and were not just spectators.

Table 3 Workers Club - sports subscribers

	1935	1936	1937	1938	1939	1940
Downhill skiing	1,009	918	1,037	1,198	1,491	1,366
Athletics	114	217	490	535	581	627
Cycling holidays	361	889	1,135	1,199	1,147	210*
Motorcycling	101	189	184	297	568	

Source: PA, pr. 2111, *Dopolavoro aziende Pirelli. Anno XVIII* ; \* competitive races only.

The involvement of Pirelli on the sports front included also the facilities that were made available, such as gyms and sporting grounds, built mainly around the main factory of the group in a neighbourhood of Milan called Bicocca.

Beside sports activities, cultural activities represent another area that deserves a special mention, with the travelling library holding around 2,500 books, read by more than 3,500 readers in 1940, while in the same year 10,403 people took part in organised tours. Similar results come from the number of memberships for the opera season at Castello Sforzesco in Milan, as well as other activities. Finally, the 'assorted schools' promoted by Pirelli organised courses concerning

languages, accountancy, mechanics and technical drawing, electrical engineering and chemistry, subscribed by 300 students in 1940.

Another section of the Workers Club was involved with social services. Described as ‘a fraternal help at the hardest times of a family life’, it was free to join for all workers and only required a small yearly fee for their relatives. The type of services on offer included ‘medical visits, consultations, surgical interventions of all kind, medical tests, tooth extractions’ carried out by 18 general practitioners and 52 specialists.

The whole range of services offered to the members reached very high quality levels and covered a whole range of needs, on top of those more closely related to curing illnesses.

#### Health services and summer camps.

	1935	1936	1937	1938	1939	1940
Medical visits	25,124	32,769	33,758	34,747	44,168	48,049
Surgical interventions	426	495	579	663	730	796
Hospitalizations	126	181	221	272	359	657
Workers involved	3,113	4,849	5,183	4,292	6,024	7.888
Subsidized days	73,730	94,171	100,258	93,090	114,156	143,626
Summer camps	347	447	503	610	671	30*

Source: PA, pr. 2111, *Dopolavoro aziende Pirelli. Anno XVIII*; \*summer camps were suspended at the beginning of the war conflict.

The Workers Club did not use up all the company welfare funds that extended to cover the construction of buildings intended to satisfy specific needs such as nurseries for the workers’ children, staff canteens and homes for the *Pirelliani*.

There was a shortage of nurseries and homes compared to the number of requests. The former had space for just 42 children in the Milan branch and 92 at Bicocca, while the latter were limited to just 337 units in Borgo Pirelli.

In the meantime, three new canteens opened in 1937. They could accommodate up to 3,600 customers per day but they were soon bursting and unable to cope with demand.

Among the workers’ housing services, support was also given to ‘Cooperativa per Costruzioni Case Popolari Dipendenti della Società Italiana Pirelli’, a coop created in the first after-war period to help building company housing. The project was quite extensive and involved 58 flats and 12 shops spread over four ‘affordable houses on more than one floor’, six buildings hosting from three to six flats for a total of 127 rooms, and 42 single houses for a total of 314 rooms.<sup>12</sup>

Finally, there were some staff shops that sold essential items such as rice, pasta, cheese and butter, ensuring their availability also during the difficult war times, as well as an ‘instalment payment service’.

#### ***Searching for autonomy: the birth of the foundations.***

The extended welfare system, consolidated through the years, found further support also in the different approaches used to supply the services that embodied the company independence under a renewed form. This was especially true towards the demands of the Fascist regime that tried to influence the way the Workers Club was managed. As the political pressure and law intrusiveness grew stronger, Pirelli set up a foundation in the name of Senator G.B. Pirelli, with a fund (amounting to Lire 1,000,000) destined to cover ‘social services for the workers’ and employees’ children’, managed by the Senator’s two sons, Piero and Alberto.<sup>13</sup> At the same time, ‘the family of the lamented’ paid more than 2 million Lire into the fund to be used as school grants for the staff’s children.<sup>14</sup>

In so doing, the company stated once again its autonomous approach to the social services it offered, compared to the State law provisions, as well as the liberal character of the company interventions.

Through the foundation, Pirelli and its owners reacted against the political interference in the company autonomy and at the same time experimented with new forms of social intervention, creating institutions that were legally and economically independent, albeit still closely linked with Pirelli.

### ***World War II: the factory as a refuge***

During the war years, the factory became a favourite place for the safety and survival of the workers and their families. The large number of personal accounts describing these circumstances does not require further confirmation but one initiative will be used as an example to describe the extensiveness of the protection offered by Pirelli.

In 1942, administrators at Pirelli, together with other important factories in the area, decided to build and manage a wine-pipeline to ease supplies and transport the wine production from the Oltre Po region directly to their canteens.<sup>15</sup>

This was a tangible sign of what being an enterprise meant and it was the same in other large factories: to be the first port of call for all the staff. It did not stop there as the support network included also the retired staff who, from November 1942, was able to access the company shops and receive medical assistance.<sup>16</sup>

This protective umbrella reinforced the feeling, on behalf of the worker and his/her family, of belonging to the company as a community and of being included in the solidarity network, also thanks to specific interventions that would improve the safety of their relatives, such as the initiative of moving the children out of Milan to spare them from the air raids.

As the conflict grew harsher towards the end, the main company concern was how to maintain 'all 18,000 staff at work', a number so great that it made no difference from the production point of view. Pirelli restarted its productive plants only at the end of the war, with the beginning of the reconstruction period, obtaining an adequate flow of supplies thanks first to the UNRRA (United Nations Relief and Rehabilitation Administration) help and later on to the loans granted by the Marshall Plan.

An important innovation related to the return of democracy was the appearance of a Managing Committee and of an Internal Commission as new and more incisive forms of workers' representation.

### ***The reconstruction years: a change of scenario.***

Once the war period was over and the reconstruction had started, Pirelli encountered old and new issues. Among the old ones, and quite a relevant concern from this paper point of view, was the building of houses for the workers that reached quite a significant level of accomplishment.

In May 1946, the board of directors decided for the free transfer of the ownership of some land next to the Bicocca factory and destined it to the construction of 'some company housing to the exclusive benefit of our staff'.<sup>17</sup>

Another relevant initiative concerned the creation of a foundation in favour of the company workers, called 'Fondazione Dottor Piero e Dottor Alberto Pirelli per i lavoratori della Ditta Pirelli', and of a retirement home, called 'Casa di Riposo Senatore G.B. Pirelli', financed with a conspicuous legacy of company shares owned by the founder's sons. Two administrators explained the reasons behind the brothers' legacy as follows: 'they intended to build a base to find the solution to... problems which, on the welfare front, raise economic and trade union issues that transcend the limits of individual companies and that were discussed at the Management Meeting and the Company Commission.'<sup>18</sup>

This statement introduces important changes from the past: one having economic relevance and relating to the difficulty to cover the entire welfare expenditure with the company balance; the other relating to trade unions and managing the welfare activities. Even though 'Fondazione Piero e

Alberto Pirelli' allowed a wider autonomy compared to that of the company management, due to its charitable nature it could not avoid the trade union negotiations.<sup>19</sup>

Furthermore, the growing state intervention made the welfare provisions and social services compulsory, regulating the 'rearrangement of I.N.P.S., the (Italian) pension fund' and brought a 'replacement or modification of some company institutions' that had become too burdensome for Pirelli.<sup>20</sup>

A new, more varied scenario opened up, where the company welfare became increasingly an integrative part of what was covered by the national law. Besides, the negotiations through the union trades, marked also by harsh conflicts, tended to concentrate their interest on the level of wages and consequently reduced the resources destined to social interventions.

All the above generated profound modifications in the welfare approach, increasingly making it an integration of the state intervention.

A clear example of this transformation is the housing situation where conspicuous results were achieved in a few years, thanks to the collaboration between Pirelli and public institutions.

As already mentioned, soon after the war the Autonomous Institute of Public Housing made some houses available at particularly convenient conditions, accommodating 996 families of Pirelli workers, although the best result was achieved thanks to a project called 'Plan Ina Home' (Piano Ina Casa).

This plan, promoted by the then minister Amintore Fanfani, entailed extensive building works financed with contributions from both companies and workers.

Pirelli integrated the state intervention by donating large portions of land to build the homes for its workers.<sup>21</sup> Thanks to the combination of public intervention and private support, the results achieved in a short time were quite conspicuous, as clearly highlighted by the following table.

Pirelli and Plan Ina - Home (1951 – 1953)

Location	1951	1953	Total
Milan	230	299	529
Seregno	8	8	16
Pizzighettone	12	12	24
Monza	12	16	28
Rovereto	6	4	10
Arona	2	3	5
Bergamo- Redona	8	6	14
Lainate	4	4	8
Livorno	6	8	14
Naples	6	6	12
Turin	48	48	96
Vercurago	2	2	4
Tivoli	12	14	26
Total	356	430	786

Source: *Si conclude il II piano di costruzione Ina – Casa*, from "Fatti e Notizie", issue n.6, June 1953.

It is worth remarking how the variety of interventions, occurred between the postwar period and the 1950s, built 1,587 flats for the *Pirelliani*, for a total of 5,930 rooms distributed all over the national territory in proximity with the company productive plants.

The positive result achieved in the housing sector emphasized the profound modifications undergone by the welfare, and how it was destined to gradually reduce in the future, although it still maintained a considerable importance, as illustrated in the above table appearing in the company publication '*Fatti e Notizie*'.

Even so, Pirelli was careful to fulfil its original commitment to train the workforce. When engineer Piero Pirelli, the founder's son and a longstanding managing director, died in 1956, the other directors decided 'to give his name to a school that would complete the professional training of the workers' children... in order to prepare a new generation of workers'.<sup>22</sup> The operation of the new school 'Piero Pirelli' was entrusted to a 'fund' where resources were collected to ensure its support and guarantee its autonomy.

This clearly shows that the main aspect was not just the contraction of welfare. Rather, the accent was on its perpetuation in different forms, with particular stress on its independence from the company, and of integration with public institutions that intensified in the second postwar period.

Even though the company welfare was reduced in quantity and limited in its expression by the union trade negotiations, it still maintained a distinctive characteristic, described by the company founder as the capacity to stimulate attachment to the company community.

Valerio Varini

Università degli studi Milano – Bicocca

---

<sup>1</sup>Pirelli Archive (PA), Pirelli & C. – Milano. Relazione sull'esercizio 1883. Verbale Assemblea 1884 6 aprile.

<sup>2</sup> PA, pr. 410, Statistica mercedi giornaliera ed Istituzioni di Beneficenza della Ditta Pirelli & C. Milano 18 giugno 1898.

<sup>3</sup> PA, pr. 523, *Concordato fra la Ditta e la Commissione Operai per miglioramenti di trattamento a disposizione varie in seguito alla presentazione del Memoriale Operai. Maggio 1902*, Milano, Tip. Angelo Restelli, 1902.

<sup>4</sup> PA, Verbale n. 12 16 giugno 1922.

<sup>5</sup> PA, pr. 1746, *Le industrie Pirelli*.

<sup>6</sup> *Ibidem*.

<sup>7</sup> PA, pr. 1337, *Libro dei verbali*. 2 dicembre 1921.

<sup>8</sup> PA, *Ordini di Servizio*, 23 ottobre 1926.

<sup>9</sup> PA, *Ordine di servizio*, 1° dicembre 1930.

<sup>10</sup> AP, pr. 2122, *Realizzazioni industriali della Soc. It. Pirelli nel periodo 1920/1940*.

<sup>11</sup> PA, pr. 2111, *Dopolavoro aziende Pirelli. Anno XVIII*.

<sup>12</sup> PA, Verbale n. 45, 12 gennaio 1928.

<sup>13</sup> PA, Verbale n. 65. 17 novembre 1932.

<sup>14</sup> PA, *Ordine del giorno* 19 novembre 1932.

<sup>15</sup> PA, *Verbali. Adunanze del Consiglio*, 13 marzo 1945.

<sup>16</sup> "Cura e consulenza medica gratuita ... attraverso il Servizio di Assistenza Sanitaria ... ricovero in ospedale ... assistenza farmaceutica" (PA, *Ordine di servizio*, 24 novembre 1942).

<sup>17</sup> PA, *Verbali. Adunanze del Consiglio*, 7 maggio 1946.

<sup>18</sup> AP, *Verbali. Adunanze del Consiglio*, 30 settembre 1946).

<sup>19</sup> AP, pr. 2266, *Alla erigenda fondazione*.

<sup>20</sup> PA, *Verbali. Adunanze del Consiglio*, 2 luglio 1952).

<sup>21</sup> *Si conclude il II piano di costruzione Ina – Casa*, in *Fatti e Notizie*, n.6, Giugno 1953, p. 7.

<sup>22</sup> AP, *Verbali. Adunanze del Consiglio*, 10 ottobre 1956.