

ni Agnelli and a group of young entrepreneurs launched the Industrial League of Turin, with the stated purpose of defending "the collective interests of its members and industry" and promoting "understanding with the workers". Representing initially 200 firms, the new employers' organization expanded its network beyond Turin to the rest of Italy's northern industrial triangle. By the outbreak of World War I, its roster included over 600 firms employing 65,319 workers. At the same time, the Industrial League became the driving force behind the Italian Confederation of Industry (Confindustria), which was founded in 1910 to advance the interests of employers at the national level.

At least initially, the Industrial League of Turin responded constructively to Giolitti's more neutral stance on labor-management relations. The employers' organization showed a willingness to recognize the unions as legitimate representatives of the workers and to grant economic concessions. But in exchange, the Industrial League insisted that the unions recognize managerial authority in the workplace. In this fashion, its leaders sought to ensure social peace in the factories by means of disciplined contractual agreements that institutionalized labor conflicts and limited union demands to questions of wages and hours. Such an approach enjoyed a certain success in the four years after 1906, when the mediating role of the Industrial League resulted in a strike rate in Turin that was half that of Milan. Similar aims informed the stance of a consortium of auto manufacturers in their contractual negotiations with the Fiom in the winter of 1911-12. In exchange for wage hikes and a reduction in work hours, employer representatives insisted on the elimination of worker commissions in the plants, tighter work schedules, and compulsory arbitration. Divisions within the Fiom between moderates and revolutionary syndicalists, however, effectively sabotaged the efforts of the Industrial League to establish a system of bilateral negotiations. Inspired by radical elements, auto workers overwhelmingly rejected the proposed contract and went out on a strike that ended in a complete victory for the industrialists.

The defeat of the Fiom in 1912 ushered in a new era of bitter labor-management conflict, both in Turin and in the rest of the country, in the last years before World War I. An international recession in 1913 hit the Italian economy with particular force. Excessive inventories, slackening demand, and falling prices and profits in key industrial sectors led to cutbacks in production and growing unemployment. In this difficult economic conjuncture, Turin's industrialists turned against Giolitti and became increasingly intransigent in their dealings with the unions. In the spring of 1913, automobile manufacturers rejected re-