

## Fiat and Lancia: A Brief Overview of Italian Automaking

The company we refer to as simply "Fiat," was founded in 1899 by a group of investors which included Giovanni Agnelli. The name is an acronym for *Fabbricca Italiana Automobili Torino* (Italian Automobile Factory of Turin).

Fiat-based cars are built all around the world, but the largest volume outside of Italy is in Brazil, though factories also exist in Argentina and Poland. In addition, Fiat has long been in the habit of licensing its products to other countries without any care for cultural or political matters. As a result, there are joint venture operations with companies in China, Egypt, France, India, South Africa, and Turkey.

While founder Giovanni Agnelli led the company until he died in 1945, he had help, largely in the form of Vittorio Valletta, who administered the company's day-to-day activities.

The first car Fiat produced was the 3 ½ CV, though only eight were ever built, all of which had bodies made by Alessio of Turin. This car had a 697 cc boxer twin engine, and looked a lot like the Benz of the same year.

The first Fiat truck was produced in 1903, and its first aircraft engine was produced in 1908 – the same year the first Fiat was imported to the United States. Also at that time, Fiat taxis became popular in Europe, and by 1910 Fiat was the largest automaker in Italy, a position it has never relinquished.

In 1910, the first American made Fiat rolled out of the company's plant in Poughkeepsie, NY. The vehicle was considered a sign of distinction at the time, one that cost between \$3,600 and \$8,600. In comparison, the Model T from the same era (ca. 1908) cost \$825.

When the United States entered into World War I in 1917, and American regulations grew too cumbersome, the New York plant was closed, while all of its other factories switched from making cars to producing aircraft, engines, machine guns, trucks, and ambulances for the Allied military effort. After the war, Fiat introduced its first tractor, the 702.

In 1921, workers seized the Fiat plants and hung communist flags from them, spurring Agnelli to quit the company, but a compromise was reached via the Italian Socialist Party and the General Confederation of Labor, and the occupation was eventually ended in time for the construction, in 1922, of the Lingotto car factory, which would not only be the largest in Europe up to that point in time, but also the first European automobile plant to use assembly lines. By 1925, Fiat controlled 87% of the Italian car market, and in 1928, with their 509 car, Fiat began including [car insurance](#) (standard, basic coverage, not low rate car insurance) in the price of their cars.

As many automakers around the world had to do, Fiat returned to the world of military vehicles and machinery during World War II, working first for the Italian Army and *Regia Aeronautica*, and later for the Germans. Among their productions were obsolete fighter planes like the CR 42

biplane, and the Savoia-Marchetti. In addition they also built light tanks and armored vehicles. In 1945, the same year Mussolini was overthrown, the Italian Committee of National Liberation removed the Agnelli family from their leadership roles in Fiat, because of their ties to Mussolini's government. It was not until Gianni Agnelli took over as general manager in 1963 (he lasted until 1966, then became chairman until 1996) that the family's involvement at the head of Fiat was restored.

Today, Agnelli family members still remain on the board, and in leadership positions with the company.

Most modern automotive companies around the world have become holding companies of foreign and domestic competitors and Fiat is no different. In 2000, Chairman Paolo Fresco signed a joint-venture agreement with General Motors, in which the latter acquired a stake in the former. Part of the agreement with GM gave Fiat the right to sell its auto division to the American company after four years (at fair market value) or receive a penalty of \$2 billion. GM ultimately chose to pay the penalty, and their agreement was officially dissolved in May, 2005.

During the same general time period, Fiat began divesting some of its sideline businesses. In 2003, its insurance sector was sold, and over the next few years the aviation division, its interest in Fiat Engineering, and its stake in Edison were all sold as well.

In today's market, Fiat is facing many threats to its continued growth, including rising steel prices (increases of 16-30% were shown at the beginning of 2008), increased competition from Korean and Japanese automakers, and a strong Euro.

## **Fiat Cars**

Since the company's inception in 1899, Fiat has produced more than 100 distinct car models some of which have crossed the ocean into America, and some of which have not. Most are variations on a few basic archetypes. Since 1967, nine Fiat models have been named the European Car of the Year. Here is a brief overview of those vehicles:

1967 – Fiat 124: This was a mid-sized family car produced between 1966 and 1974, and introduced by being dropped from a plane via parachute. At the time, it drew praises for its advanced coil spring rear suspension, all-wheel disc brakes, lightweight construction, and spacious interior. Power for the base version came from a 1.2 liter, 65 hp, OHV straight-4 engine. In Eastern Europe, this car is known as the basis for the Russian-built Lada.

1970 – Fiat 128: This was a small family car that was manufactured between 1969 and 1985. It was the first front-wheel drive car the company offered, but more importantly it featured drive shafts of unequal lengths, allowing the gearbox and engine to be located side by side – a design breakthrough which is now the norm for small cars.

1972 – Fiat 127: Built from 1971 to 1983, this was the first modern "supermini," hailed for the fact that 80% of the interior floor space was available for passengers and luggage.

It was initially available only as a two-door saloon, but a three-door hatchback would soon follow – both versions had the same body profile and used the 903 cc overhead valve engine that Fiat had used for many generations of vehicles.

1984 – Fiat Uno: Launched in 1983 as a replacement for the 127, the Uno was a supermini designed by Giorgetto Giugiaro's ItalDesign firm. It featured a tall, square body and a low drag coefficient, as well as airy interior space. Many of its design features were miniaturized versions of features found on the 1978 Lancia Gamma.

1989 – Fiat Tipo: This small, family car was built between 1988 and 1995, and was originally only available as a five-door hatchback. This was the first Fiat to be built on an entirely new platform, and built from all-galvanized body panels in order to resist rust. Its boxy shape was noted particularly for the fact that it gave back-seat passengers more room than the Ford Escort did, but was sized more like the Ford Sierra.

1995 – Fiat Punto: Codenamed "Project 176," the Punto was launched in early 1994 to replace the Fiat Uno. It was another cleanly designed vehicle by Giorgetto Giugiaro, but one of the car's most recognizable features, vertical tail lights, were not part of his design. The entry level version of this car came with either a 1.1- or 1.2-liter gasoline engine, or, in parts of Europe, a 1.7-liter diesel. There were three variations of the 1.2-liter engine, offering 75, 86 and 60 hp. The latter eventually replaced the 1.1-liter engine entirely. The modern version of the Punto, which is actually called the Grande Punto, was launched at the Frankfurt Auto Show in 2005.

1996 – Fiat Bravo/Brava: Both of these are small family cars that were in production from 1995 – 2001, though the name was revived last year to be used for an all-new vehicle that would replace the Stilo. The original Bravo and Brava models were two versions of the same car, with the Bravo being a three-door hatchback, and the Brava a longer five-door hatchback. The name Brava was also used for Fiat 131s that were sold in the United States.

2004 – Fiat Panda: A city car that was the European Car of the Year in 2004, the Panda was in production from 1980 – 2003 with only minor changes, and that first version is often referred to as the "old Panda." By comparison, the second model, launched in 2003 is called "Nuova Panda" or "new Panda." One of the most notable versions of the Panda was the Panda 4x4 which was launched in June, 1993, powered by a 965cc engine with 48 bhp. This was the first small, transverse-engine car in production to be offered with four-wheel drive, and the system itself was manually selectable with an ultra-low first gear.

2008 – Fiat 500: In May, 2006, Fiat announced that a new Fiat 500 would be coming. Images were released to the public in March, 2007, and on July 4<sup>th</sup> the car was officially launched at a party with 250,000 people in attendance. Produced in Tychy, Poland, this 500 is nearly identical to the Trepino concept car that was presented in 2004, and is a four-seat, three-door hatchback, about the same length as the Panda. In different markets it is badged as the Fiat 500, Fiat Nuovo 500, and the Fiat Cinquecento. It's available in

four different trim levels, known as "naked", "pop," "lounge," and "sport." There are 15 available interior trims, 19 decals, 12 body colors, and 9 wheel options, with a total of half a million different personalized configurations that can be made by adding or subtracting any of the above, as well as accessories. One such option is the Blue & Me navigation session.

At this time, it is rumored that the 500 *will* be sold in the United States, but not before 2010.

### **What about Lancia?**

While Fiat-branded cars have an excellent track record when it comes to European Car of the Year awards, the group's track record is better still. For example, Alfa Romeo cars won the award in 1998 and 2001, and the Lancia Delta received the honor in 1980.

Most people recognize Alfa Romeo, but in the United States, Lancia isn't quite as well known as it is elsewhere in the world. This company was founded in 1906 by Vincenzo Lancia, and became part of the Fiat group in 1969. Modern Lancias generally represent a more luxurious alternative to the models branded with the Fiat name, and retain the company's tradition of using letters of the Greek alphabet in their naming schema. The current CEO of Lancia is Oliver François.

There are five Lancia models currently in production. They are:

Lancia Ypsilon: A supermini luxury car originally produced in 2003, redesigned in 2007, and the company's best seller for the last two years. It's available with small gasoline engines - a 1.2- or 1.4-liter version – as well as a JTD diesel engine, and there is special Ypsilon Sport Momo Design, signed by MOMO.

Lancia Musa: A small MPV based on the Fiat Idea, but with luxury appointments. This vehicle has been in production since 2004.

Lancia Delta: This is a small five-door hatchback that was unveiled earlier this year at the Geneva motor show.

Lancia Thesis: Produced since 2002, this four-door executive sedan is the successor to the Lancia Kappa.

Lancia Phedra: Made by Sevel, a joint venture of Fiat Group and PSA, the Phedra is a prestigious MPV manufactured at the Sevel Nord factory near Valenciennes, France, and, like the Thesis, has been in production since 2002.

Lancia's are not currently sold in the United States, but are sometimes privately imported.