MONDRAGON = Network of 260+ cooperative enterprises, subsidiaries and affiliates. 120 coops in MCC core.

- Employee-owned, one worker-one vote, involving nearly 100,000 workers

- 7th largest business group in Spain (€14B, sales)
## COOPERATIVES WITHIN MCC

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDUSTRIAL</td>
<td>87</td>
</tr>
<tr>
<td>CREDIT</td>
<td>1</td>
</tr>
<tr>
<td>CONSUMER</td>
<td>1</td>
</tr>
<tr>
<td>AGRICULTURAL</td>
<td>4</td>
</tr>
<tr>
<td>EDUCATION</td>
<td>8</td>
</tr>
<tr>
<td>RESEARCH</td>
<td>13</td>
</tr>
<tr>
<td>SERVICES</td>
<td>6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>120</strong> cooperatives</td>
</tr>
</tbody>
</table>

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• The Basque Country (Euskadi)
• 2.1 million inhabitants
• Strong industrial tradition since 16th Century
• Unique Language & Culture, Suppressed under Franco

Original Location, but now in Europe, Asia and Latin America
One of the Coops, FAGOR, is a major manufacturer of household appliances, the fifth largest in Europe, with some 6000 worker-owners.
Historical Background:
Basque Country Fiercely Resisted Franco and Suffered Greatly in the Spanish Civil War, WW2 And Afterwards
Father José María Arizmendiarrrieta: Mondragon’s visionary founder

He started by organizing a small technical school…

…Then he met with local farmers and workers, and convinced them to put their small savings into a credit union, which eventually became Caja Laboral, the worker-owned bank
From the technical school’s first class, and funds from the credit union, he organized five of the best graduates to form the first coop factory, ULGOR. It’s first product was a kerosene stove for cooking, much needed at the time.
The First Secret to Mondragon’s Success:

A Three-In-One Combination of

--Factory
--School
--Credit Union

A factory alone will lack ongoing sources of credit and new innovative skills

Photos: Worker-owner at Fagor, Mondragon University today, and a Caja Laboral bank lobby, one of hundreds...all worker-owned
Father Arizmendi’s Core Contribution: The 10 Principles

Open Admission
Democratic Organization
Sovereignty of Labor
Capital as Instrument
Self-Management
Pay Solidarity
Inter-Cooperation
Social Transformation
Universal Solidarity
Education
### Core Value: ‘Sovereignty of Labor’

<table>
<thead>
<tr>
<th>Power Relations Are Reversed</th>
<th>Maximum Authority</th>
<th>Instrument: Who is the tool?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional Company</td>
<td>CAPITAL</td>
<td>LABOR</td>
</tr>
<tr>
<td>Cooperative Company</td>
<td>LABOR</td>
<td>CAPITAL</td>
</tr>
</tbody>
</table>
Sovereignty of Labor: Implications

1. Democratic control—one worker, one vote
2. Distribution of all surplus value only to workers, the coop or the local community
3. Egalitarianism in income spread
4. Participation in decision making
The illustration features the 10 Basic Cooperative Principles currently in force. The depiction makes no attempt to apply a criterion of priority, but rather sets out to establish some form of inter-relation between them:

The core is occupied by **EDUCATION** as the basic mainstream principle that feeds and feeds off all the others, and the **SOVEREIGNTY OF LABOUR**, which is shielded by the other five principles of an internal nature in each individual Cooperative: **INSTRUMENTAL AND SUBORDINATED NATURE OF CAPITAL, DEMOCRATIC ORGANISATION, OPEN ADMISSION, PARTICIPATION IN MANAGEMENT AND WAGE SOLIDARITY.**

**Source:** Web site: www.mondragon corporation.com/mcc_dotnetnuke/Portals/0/documentos/eng/management-model/mgc.swf
Theory behind Arizmendi’s 10 Principles

--Catholic Social Teaching, especially Pope Leo XIII’s ‘Rerum Novarum’

--Study of Marx’s ‘Capital’ and other writings

--Study of Robert Owen’s Utopian Socialist Cooperatives

The Second Secret of Mondragon’s Success: Correcting the ‘Fatal Flaw’ in Owen’s Coops

In the Mondragon Coops, a retiring worker’s share can only ‘cashed out’, but not sold, except to a new incoming worker, or back to the coop. This prevents external stock buyers, ie, speculative capitalists, from taking over successful coops--and thus maintains the ‘sovereignty of labor.’
One View of Mondragon’s Overall Basic Structure and Components: ‘First degree’ and ‘second degree’ coops

MCC General Congress:
- 350+ worker-owner delegates elected from each of the 1st and 2nd degree coops. It meets annually and decides basic policies and strategy. It also has an ongoing Congress Board, made up of managers selected from each division.

First Degree Coops:
- 150+ factories and workshops producing appliances, auto parts, machine tools, electronic components, robotics and automation equipment
- Eroski, a supermarket chain with 30,000 employees and 1000 outlets, including 75 hypermarkets
- CTC Construction, Electra and five other major coops build everything from bridges to museums and housing complexes
- Dairy products, animal feed and seeds are the products of about four coops

2nd Degree Coops:
- Caja Laboral, bank/credit union with 370 branch offices and 1800 employees. More than 4 billion euros in assets and 18 million euros in deposits.
- Mondragon University with 4000+ students, and seven additional R&D centers, such as Ikerlan and Otalora
- Lagun Aro. Social insurance provider for health, pensions, disability, home, etc.

Each Division also has a ‘Zone Assembly’ and a ‘Zone Board selected by the coops in that area’
Basic Structure of an Individual MCC Cooperative

- **SUPREME BOARD**
  - Worker-Delegates

- **GENERAL ASSEMBLY**

- **ACCOUNTING AUDITORS**

- **WATCHDOG COMMITTEE**

- **RUNNING BOARD**
  - Worker Delegate

- **GOVERNING COUNCIL**

- **SOCIAL COUNCIL**

- **ADVISING BOARD**
  - Role of Union

- **EXECUTIVE BOARD**
  - Manager Team

- **GENERAL MANAGER**

- **MANAGEMENT COUNCIL**

- **Department Manager A**
- **Department Manager B**
- **Department Manager C**
- **Department Manager D**
- **Department Manager E**
Growth Timeline … and New Network Institutions

- 1955-59 four new co-ops
- 1959 Caja Laboral (bank)
- 1964 Ularco (regional subgroup)
- 1967 Lagun Aro (social security/insurance)
- 1969 Eroski (retail food)
- 1974 Ikerlan (technology R&D)
- 1984 Cooperative Congress
- 1991 MCC – Sectoral Restructuring / Central Services
- 1997 Mondragon University … ETC.
Sales, 2009

13.9 billion €
(retail & industrial only)

Retail & Allied Group
€8.4 billion

60%

Industrial Group
€5.5 billion

40%
WORK FORCE, 2009

- MANUFACT. ≈ 33,200 (39%)
- RETAIL ≈ 48,000 (56%)
- TOTAL ≈ 85,300
- FINANCE ≈ 3,000 (3%)
- KNOWLEDGE ≈ 1,100 (1%)
Mondragon in the World

- **Corporate Delegations (6)**
- **Manufacturing Plants (70+)**

- U.S.A. (6 corporate delegations)
- Mexico (6 corporate delegations)
- Brazil (6 corporate delegations)
- China (8 corporate delegations)
- India (2 corporate delegations)
- U.K. (4 corporate delegations)
- Spain (3 corporate delegations)
- France (5 corporate delegations)
- Germany (3 corporate delegations)
- Poland (5 corporate delegations)
- Checa (5 corporate delegations)
- Italy (3 corporate delegations)
- Sweden (2 corporate delegations)
- Russia (2 corporate delegations)
- Turkey (2 corporate delegations)
- South Africa (1 corporate delegation)
- Slovakia (2 corporate delegations)
- Iran (2 corporate delegations)
- Estonia (2 corporate delegations)
- Mexico (6 manufacturing plants)
- Brazil (6 manufacturing plants)
- China (8 manufacturing plants)
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- Sweden (2 manufacturing plants)
- Russia (2 manufacturing plants)
- Turkey (2 manufacturing plants)
- South Africa (1 manufacturing plant)
- Slovakia (2 manufacturing plants)
21st Century Challenges Facing Mondragon

Non-Member & New Workers
In coops, 20% → 15%, but reduced to near zero in crisis. Shifts in culture

Manufacturing → Service, Need for Innovation
Photovoltaics, Green Energy
Biotech, Health Technology

Problems of Globalization
- Need to ‘cooperativize’ operations, ensure social responsibility.
- Work and management in other cultures
How is Mondragon Having an Impact in the U.S.?

...Consulting Partnerships with USW and the City of Richmond, CA

USW has strong Interest in New Green Manufacturing

Solar Richmond and Mayor Gayle McLaughlin, of the Green Party
Other Mondragon-Inspired Projects in the U.S.

Cleveland’s Evergreen Coops

Chicago’s Austin Polytechnical

Bay Area’s Arizmendi Bakeries

Madison’s Union Cab Coop
‘Knowledge is power … knowledge must be socialized so power can be democratized.’

D. José María Arizmendiarieta

'This is not paradise and we are not angels.'

--Mikal Lezamiz, Director of Cooperative Dissemination, MCC