

MONDRAGON



HUMANITY
AT WORK

Finance
Industry
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Knowledge



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❑ **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)**



Mondragon-Arraste Valley

BACKGROUND



COOPERATIVES WITHIN MCC

•INDUSTRIAL	87
•CREDIT	1
•CONSUMER	1
•AGRICULTURAL	4
•EDUCATION	8
•RESEARCH	13
•SERVICES	6
•TOTAL	
120 cooperatives	



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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

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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 Arizmendiarieta: 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



Fought against Franco in Civil War



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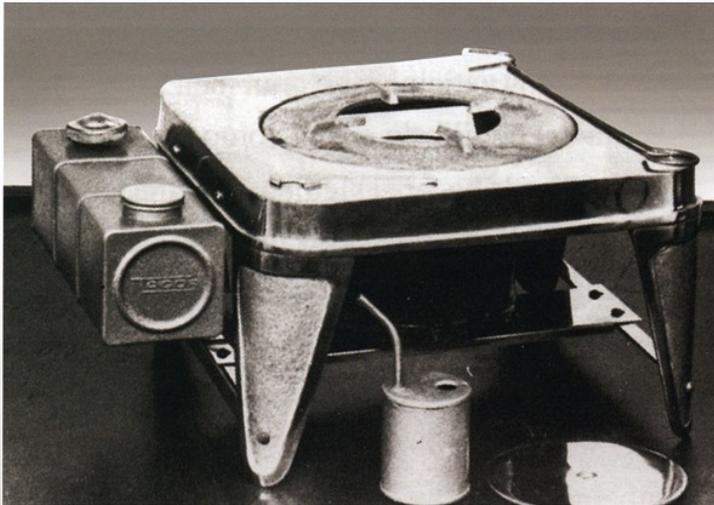
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From the technical school's first class, and funds from the credit union, he organized five of the best graduates to form the first coop factory, ULGOR. It's first product was a kerosene stove for cooking, much needed at the time

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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**



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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'

	Power Relations Are Reversed	
	Maximum Authority	Instrument: Who is the tool?
Conventional Company	CAPITAL	LABOR
Cooperative Company	LABOR	CAPITAL



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**





Corporate Management Model

Basic Cooperative Principles



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.mondragoncorporation.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

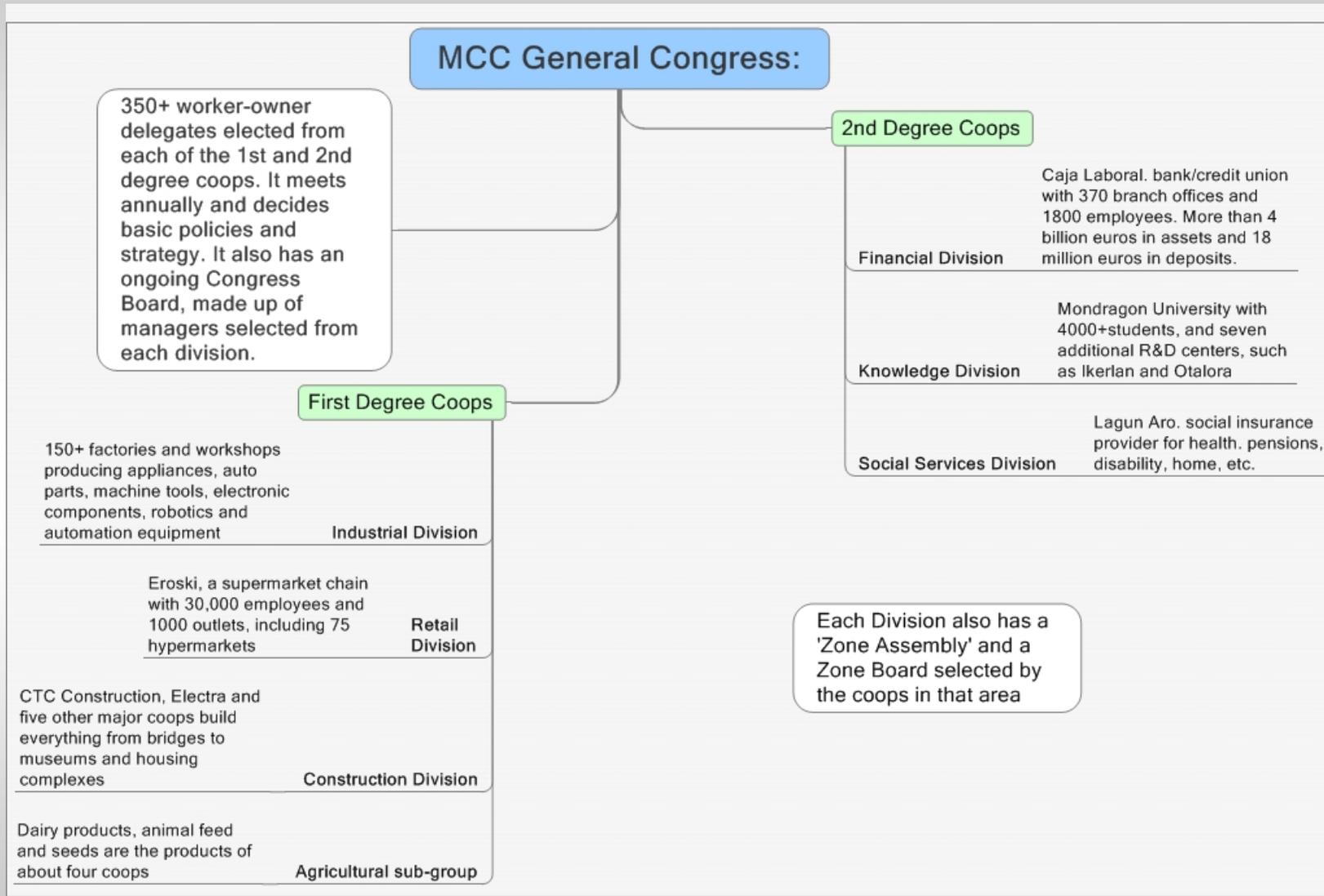


The Second Secret of Mondragon's Success: Correcting the 'Fatal Flaw' in Owen's Coops

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



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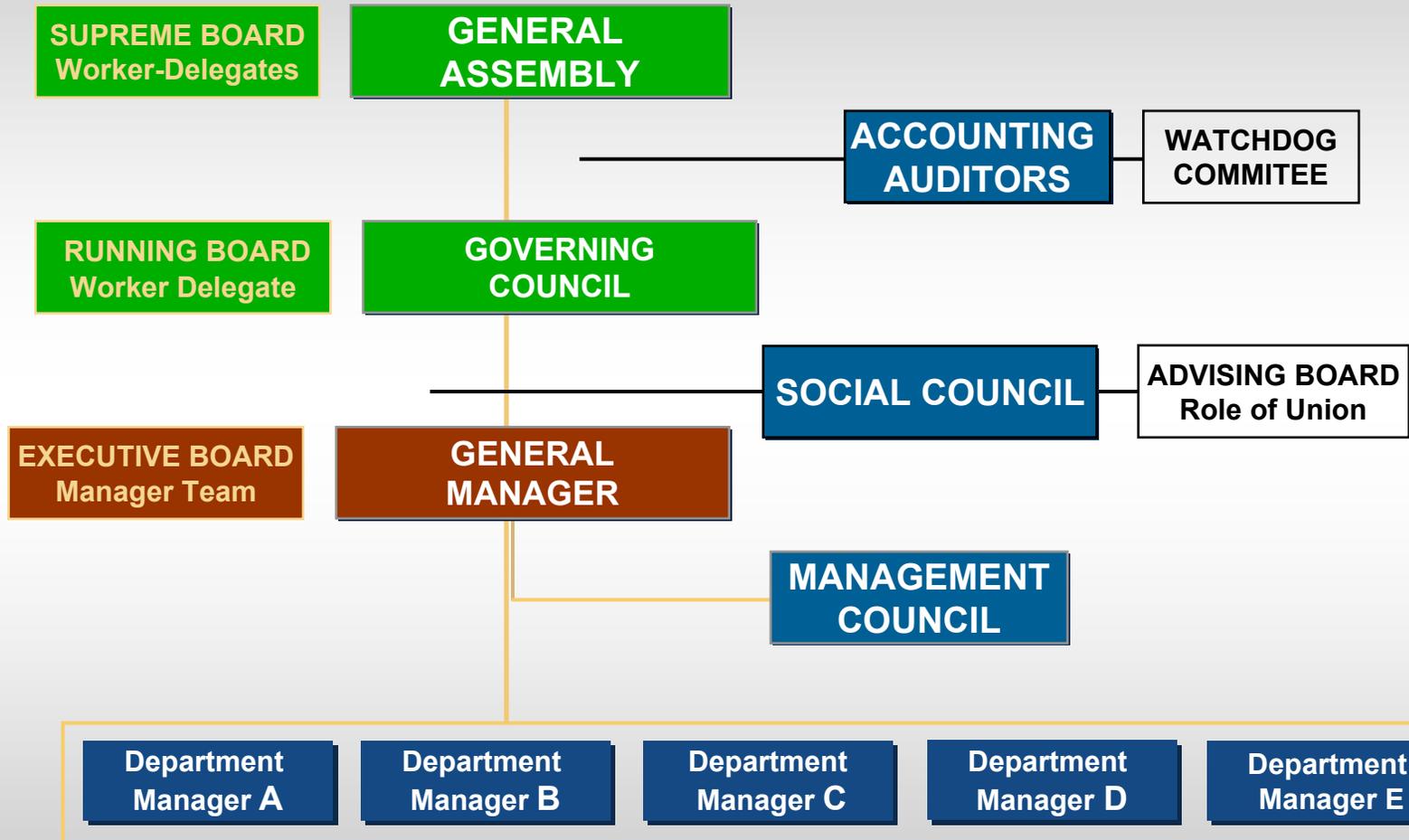


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Basic Structure of an Individual MCC Cooperative



Another View of Mondragon's Network Structure

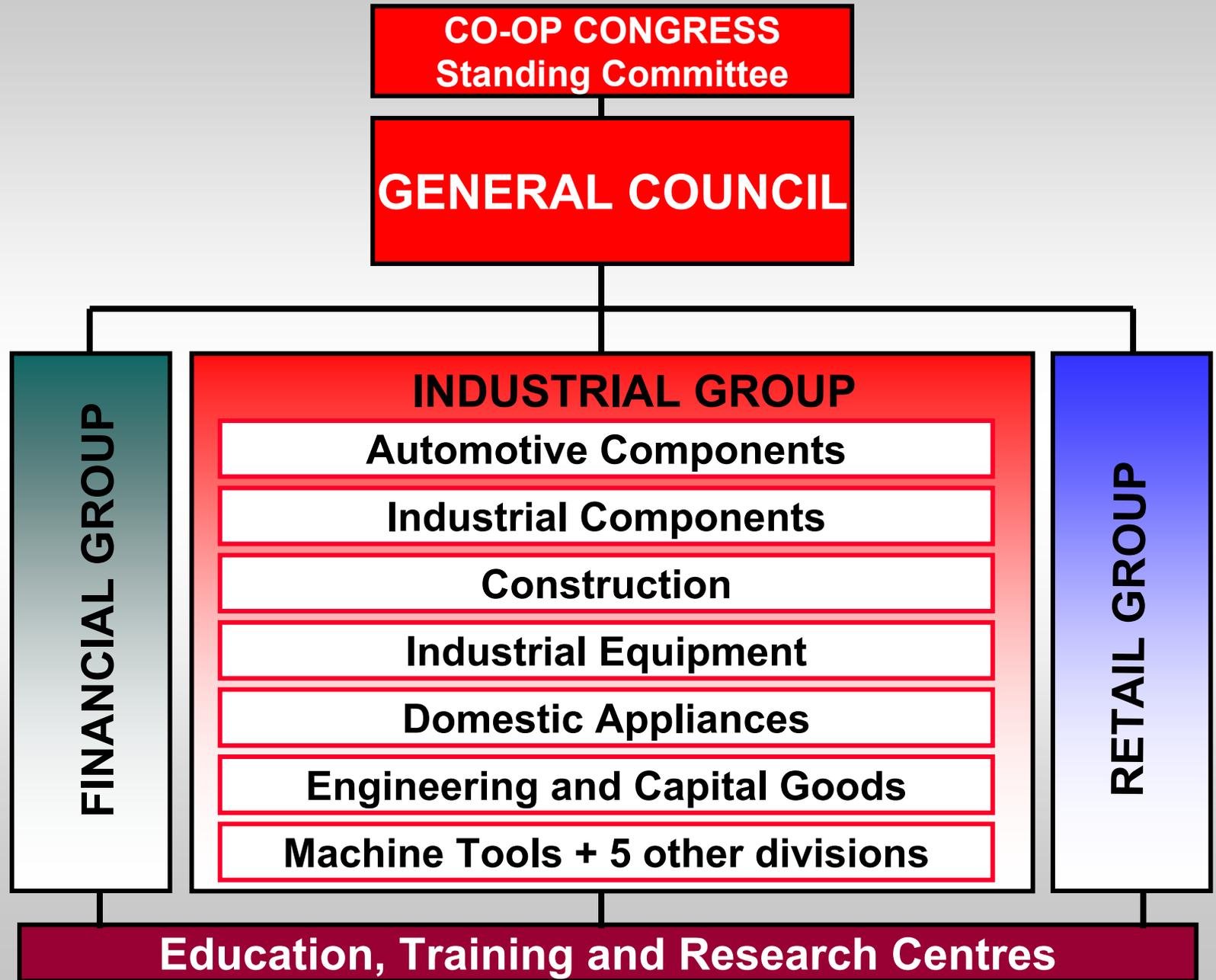
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Growth Timeline ... and New Network Institutions

- ❑ 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.

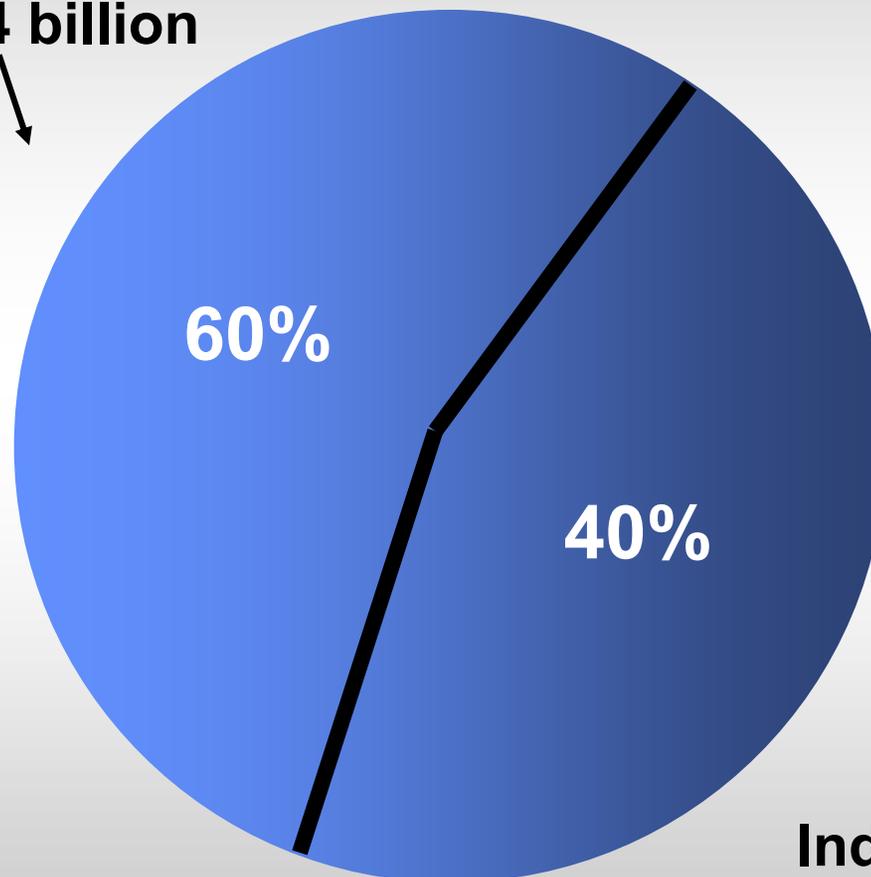


Sales, 2009

13.9 billion €
(retail & industrial only)

Retail & Allied Group

€8.4 billion



Industrial Group

€5.5 billion

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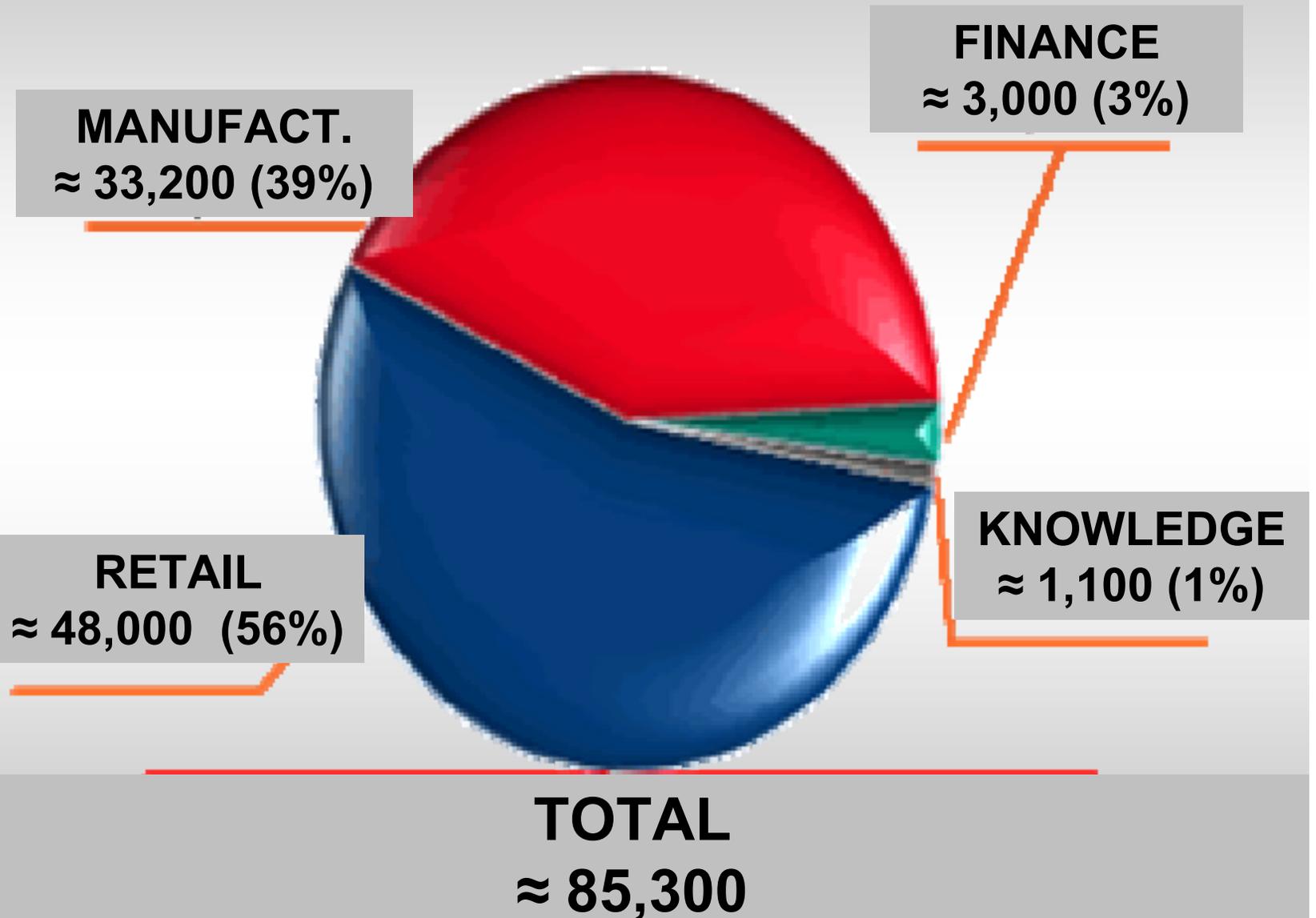


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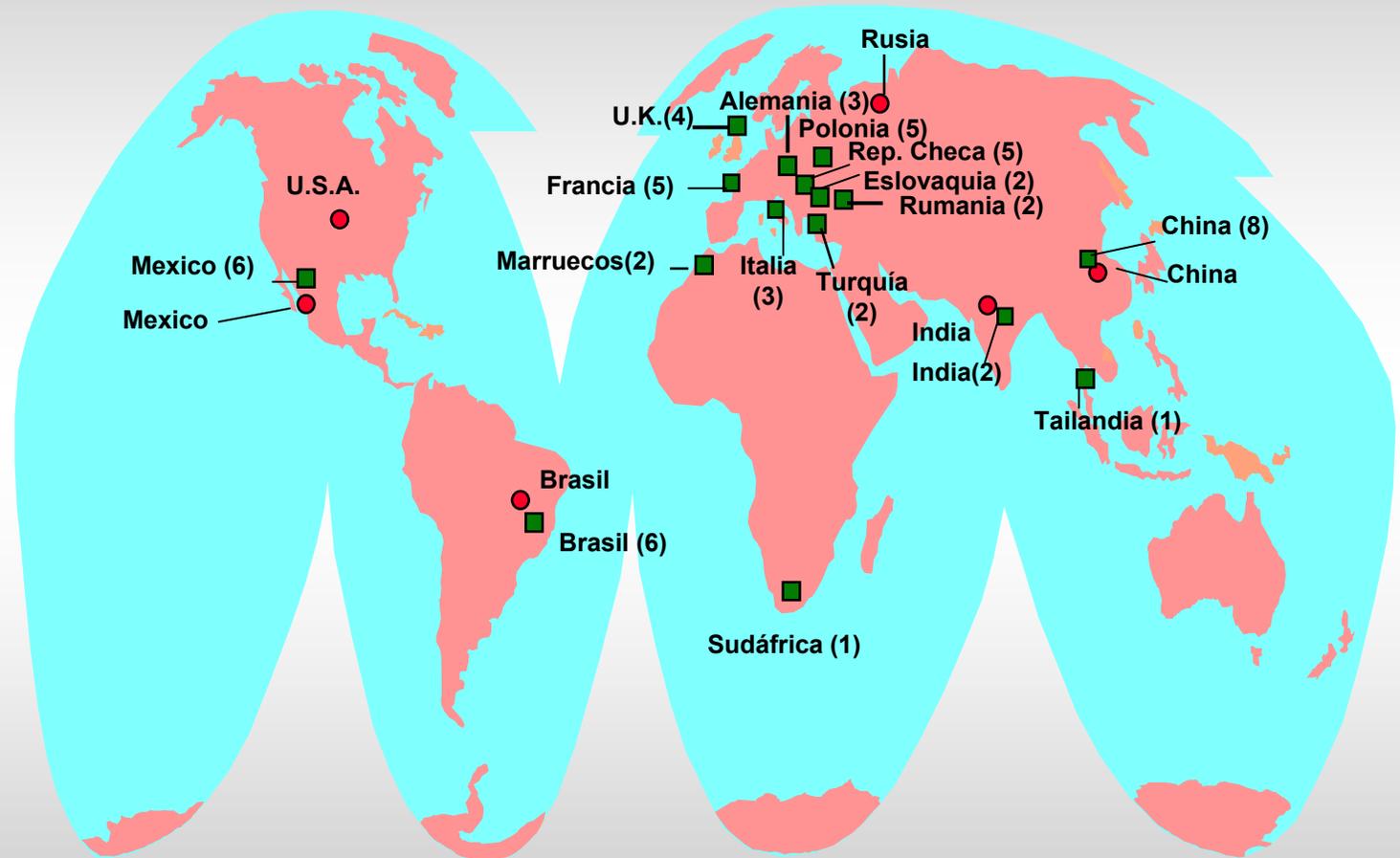
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WORK FORCE, 2009





Mondragon in the World



● Corporate Delegations (6)
■ Manufacturing Plants (70+)



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



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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



 **Evergreen**
COOPERATIVES



 Evergreen
COOPERATIVES

 InioSolar
COOPERATIVE

 GreenCity Growers
COOPERATIVE

 Neighborhood
COOPERATIVE



***'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***

