1. Introduction

Among the multiple experiences of cooperativism, there is one in Spain that is especially recognised as unique or unusual: That of the Mondragon Cooperative Group which is a really paradigmatic example of successful industrial cooperativism. Its study is quite interesting in the field of Social Sciences, especially for those who specialise in Industrial Sociology, as a social innovation which can perhaps only be explained by the influence of the complex political circumstances of the area.

A comprehensive approach to the Mondragon Cooperative Group, from the perspective of industrial cooperativism is attempted in this paper. This shows the reality of the experience, its basis and, consequently, its limits. The information was obtained from direct contact with these cooperatives over a long time span.

It is generally accepted that cooperativism takes on a socioeconomic nature and so it has the same roots as unionism and socialism. "Cooperativism was born, indeed, in the same social atmosphere, in the same period, in the same proletarian misery and oppression, under the thrust of a same spirit as socialism and unionism. It represents the same deep aspirations and the same conception of life" (Aranzadi, 1976, p.42). In broad terms, the aim of cooperativism is emancipation through ownership, not only at production level (production
but also at distribution level (consumer cooperatives) and in the field of savings (investment cooperatives). In this respect, cooperativism has been more radical than unionism and socialism, with the adoption of a new taking-on attitude, which led on to the setting-up of self-managed companies. This is especially true in the case of production cooperatives.

Cooperativism is more of a practical than a theoretical issue, and has been developed through concrete cases. The interest in the Mondragon cooperative group comes from its size and duration. It may constitute a starting point for industrial cooperativism, as Rochdale was for consumer cooperativism, and it may become an important landmark in the history of the cooperative movement.

2. Mondragon: a new Cooperative Strategy

The 143 firms which today make up the Cooperative Group of Mondragon, with their 22,000 worker-owners, close to 3 billion dollars in sales, 500 million in exports and 270 million in investment, are an eloquent manifestation of the success of the most well-known experiment in the field of industrial democracy in the world.

In 1943 just one century after the Rochdale pioneers began the first cooperative in England, Don Jose Maria Arizmendiarieta, the father of Mondragon, established in a corner of the Basque Country, the foundation of the Polytechnical School, which he always considered to be the first step towards the "new Rochdale" which Mondragon epitomizes.

The exemplary character of the Mondragon Cooperatives, makes it very important to know something of its early years of
development. This has not been difficult given that in the last years a good number of books have been published with abundant information about particular aspects of the Group. Nevertheless, it is not surprising that a large part of this has been written in English, perhaps because of the slight Basque nationalist feeling, implicit in the experiment of Mondragon, which has caused rejection on the part of the Spanish social researchers.

Figure 1
Mondragon in Context

THE BASQUE COUNTRY. The three provinces of Guipuzcoa, Vizcaya, and Alava make up the autonomous Basque government, with its capital at Vitoria. The province of Navarre and the adjoining area of France also have large Basque populations.
The main purpose of this paper is to provide some up-to-date data regarding the development of the Mondragon group. We deal particularly with two very current themes which show a strategic shift from traditional cooperativism: the existence of the Social Council and the revision of the cooperative principles.

3. Mondragon and industrial cooperativism

The Mondragon scheme started, in fact, in 1941 with the arrival of the priest Don Jose Maria to Mondragon. Under his thrust, the Technical School was created in 1943. Five people were to come out of it, who decided to found the ULGOR cooperative in 1956, which produced stoves and petrol ovens. The aim of the foundation was made clear in the first article of the Rules of the Organisation: ‘The aim of its members is that human work enjoys the benefit of the prerogatives inherent in its dignity. This is done through the structural subjection of the other necessary elements in every productive process’. In the 50s, other associated cooperatives of consumers and food processing, flourished in the same area. La Caja Laboral Popular (The Workers’ Bank), a second degree cooperative was set up in 1959 by the three cooperatives already existing. This was created as a credit co-operative in order to give a definite impulse to the movement (Nuestra Experiencia Cooperativa, 1979, p.14).

The interest in Mondragon comes from the extent of what has been achieved in an economic sector where cooperativism has achieved little progress in the rest of the world. In order to assess the significance of this case and look at the possibilities for exporting it to other countries, the following specific characteristics should be taken into account:
(a) The confessional Christian character of the experience from the beginning, under the leadership of the priest Don Jose Maria until his death in 1976. He attempted to give a Christian answer to the dehumanization of industrial work. This characteristic has been receding progressively, being framed in a social Basque humanism (Arizmendi-Arrieta, 1984).

(b) The apparent exceptional qualities of the initiators. There was not only Don Jose Maria's well-known leadership role, but also that of the five initiators of the first industrial cooperative of the group: ULGOR (Usarrote, Larranaga, Gorronogoitia, Ormaechea and Ortubay). Three of them are still on the board of directors, another has died and the fifth - who left the cooperatives - is the owner of an important industrial firm near Mondragon (Gutierrez Johnson & Whyte, 1977, pp.19-20; Aranzadi, 1976, pp.419-423). A single visit to Mondragon indeed is enough to notice that they have developed a strong team spirit. Furthermore, the importance of training has been properly stressed from the very beginning.

(c) The nationalist ideology, which promoted the success and uniqueness of the scheme. It could be said that the decreased influence of Christian confessionalism has been replaced by a nationalist identity. Mondragon is in the heart of the Basque country, and the environment helps to set objectives with deep social roots (Nuestra Experiencia Cooperativa, 1985, pp.63-64). Those solid and impressive buildings produced by the cooperatives show the wish of a universal aspiration which is perhaps, something more than cooperativism. The fact that the elections for boards of cooperatives are being held at present under the informal influence of the nationalist parties demonstrates this ideological setting. Without any doubt the nationalist social environment and the closed atmosphere of the
community have enabled a convergence of interests in cooperatives.

(d) The successful setting up of the 'Caja Laboral' could be identified as something that provided a solution for the typical problems of financing of cooperatives. Besides, the expansion of the Bank and the group of associated cooperatives coincided with an expansionist and developing moment of great importance on a national scale. Thus, a productive, financial and organizational structure could be built to face other crisis situations. It is important to note that the 'Caja Laboral' has grown to be a major bank and today occupies the 22nd place among Spain's 300 banking institutions.

(e) The convergence of the above mentioned features has given rise to a complex framework of institutions. Its classification as 'cooperatives' could even be regarded as arising purely from these circumstances. That is to say that this is more than just a group of cooperatives. In the institutionalization process of the Mondragon Group - that is graphically presented in Figures 1 and 2 - the following important stages should be pointed out:

1. The foundation of the 'Caja Laboral Popular' in 1959;

2. The separation of Lagun-Aro (Social Security) of 'Caja Laboral Popular'.

3. The setting-up of Eroski in 1969 by nine consumer cooperatives in this area;

4. The foundation in 1977 of the technological research centre Ikerlan;

5. The creation of the cooperative training centre Ikasbide in 1984; and finally
6. The holding of the First Cooperative Congress in 1987 where some integrating basic rules have been approved in order to improve the set-up of the Cooperative Group (TU-Lankide, 1987, n° 303-307).

As can be deduced, some of the characteristics identified above, shape a very special configuration of this cooperative group. It is clear we are facing an unusual and definitive experience. As a result, its future is perhaps not unaffected by the ups and downs of politics.

As can be seen in Table 1, the development of the group associated to the 'Caja Laboral Popular, has grown from its foundation till the point of reaching the number of 170 (91 industrial, 8 agricultural, 1 for consumers' goods, 46 for education, 17 for housing and 7 for services) in 1986. Table 1 shows that since 1956 with the creation of the first industrial cooperative which dealt with the production of petrol cookers, new economically cooperative companies have been founded and at present their number stands at 143.

Over the years, what linked the cooperatives together was their association with the 'Caja Laboral Popular', a secondary financial cooperative and the financial advisor to the other cooperatives. An important increase in the number of new cooperatives and their association with the CLP occurred in the 60's and to a greater extent in the 70's. The policy was: Promotion of cooperatives by the CLP (almost half of the present total), by way of the transformation of some limited companies, by mergers and splits of other cooperatives, and by the creation of the autonomous or spontaneous cooperatives.
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<td>3</td>
<td>43</td>
<td>83</td>
<td>84</td>
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<td>46</td>
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<td>Services</td>
<td>1</td>
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<td>Total</td>
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<td>3</td>
<td>84</td>
<td>149</td>
<td>161</td>
<td>143</td>
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**Sources:** *Nuestra Experiencia Cooperativa y Memorias CLP*

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<thead>
<tr>
<th></th>
<th>Guipuzcoa</th>
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<td>Services</td>
<td>11</td>
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<td>78</td>
<td>51</td>
<td>7</td>
<td>7</td>
<td>143</td>
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</table>

**Source:** *Memoria CLP 1993*
In recent years there has been a decrease in the creation of new cooperatives and many of them have disappeared altogether either because of financial failures or through mergers, although the net level of employment has remained the same.

| Table 3 |
| ANNUAL ECONOMIC PERFORMANCE (1956 - 1993) |
| (Mondragon Pesetas in millions; Spanish Pesetas in billions) |

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<tr>
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<tr>
<td>Personnel</td>
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<td>---</td>
<td>4,211</td>
<td>8,743</td>
<td>13,808</td>
<td>17,733</td>
<td>19,161</td>
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<tr>
<td>Sales</td>
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<td>1,078</td>
<td>7,059</td>
<td>19,694</td>
<td>69,064</td>
<td>140,020</td>
<td>276,269</td>
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<td>13,576</td>
<td>31,899</td>
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<td>Investment</td>
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<td>580</td>
<td>992</td>
<td>2,851</td>
<td>4,844</td>
<td>9,208</td>
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<tr>
<td>output</td>
<td></td>
<td></td>
<td>410</td>
<td>789</td>
<td>1,763</td>
<td>4,154</td>
<td>7,795</td>
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Source: Memorias CLP y Banco de Espana

The expansion has also been geographical (Table 2). Though the kernel of Mondragon is still the most important one in 1986 there were groups of enterprises in Guipuzcoa (92 cooperatives), Vizcaya (55), Alava (10) and Navarra (13). As can be seen, the expansion is only in the Basque country. In any case, the number of cooperatives is more than 20,000 people (omitting the more than 140,000 members of the consumer cooperative). All the above figures, as well as the turnover reported in Table 3, confirm the exemplary and unprecedented nature of

The growth of the Mondragon Cooperative Group has continued until the present day, both in the number of people employed and in its volume of sales, goods exported and investment according to what can be seen on Table 3.

In general terms, it is considered that the first period, with a large economic expansion, lasted from the beginning of the experiment to the end of the 1970's. This then led on to a more moderate rate of growth in the 1980's. The world's economic petroleum crisis in the first half of the 1970's hit Spain later on account of the political events. But it became clearly visible in the second half of the decade, although in the case of Mondragon the crisis was not felt until the 1980's. Thus from 1965 till 1980 the sales of Mondragon tripled at least every five years, in monetary terms, but in the last two five-year periods, these figures have scarcely doubled. Nevertheless, the last five years have still been a very positive period in terms of growth for Mondragon.

The economic growth of Mondragon - in terms of production - has throughout this period been greater than that of Spain. Thus, while for Spain from 1965 to 1970 industrial production multiplied 30 times, in Mondragon this figure stood at 300. We can therefore say that during the years in question (namely 1965-1990) Mondragon's economic growth was ten times more than that of the average of the Spanish company.

The reduction of Mondragon's dynamism in the 1980's can be seen by studying the sales figures which to some extent show a
moderate increase in exports and a slight increase in the number of employees over the last years.

The amazing thing, nevertheless, is the continued increase in investment in Mondragon which has more than tripled in the last five years and doubled in the previous five, although before that it grew at a much more moderate rate.

4. A New Organizational Experiment: The Social Council

In accordance with Spanish legislation there are three social organs in the cooperatives: the General Members’ Assembly, the Governing Council and the Audit Committee. Furthermore, these organs are the norm for any production cooperative.

As would seem logical, the General Assembly, to which every worker-owner in the cooperative belongs, is the highest governing body and therefore elects the Governing Council which, in turn, elects the managers.

Mondragon’s innovation, in its search for greater worker participation in decision making, has led it to create another two ‘social organs’ which are shown in the organisation chart (Figure 3): the Management Council and the Social Council. Both are a consequence of the work experience since the very first cooperative, ULGOR.

The Management Council consists of the manager and the directors of each of the departmental sections. In this way, it has formalized something which in certain private companies works informally.

More important than this was the change introduced by ULGOR, namely the creation of the Social Council. This
council came into being in the ULGOR Cooperative in 1958 as Whyte very clearly wrote: 'As a social invention unique to Mondragon, the Social Council is of special interest. We wondered about its intellectual origins and the social influences that led to its creation. At one time, we assumed that the rapid growth of ULGOR had created a need for participation beyond that provided by the annual meeting of the general assembly. That seemed unlikely, however, once we discovered that the first meeting of the precursor social committee was held when ULGOR had fewer than fifty members' (Whyte & Whyte, 1988, p.38).

It would seem then that the origin of the Social Council stems from the 'Jurado de Empresa' from the Franco era. It represented the workers and advised the management in its decisions, although perhaps the directors of the companies did not listen to them very much. Certainly, these ended up by fulfilling trade union functions like, for example, in the organising of collective bargaining.

The Social Councils were created with an integrator role, serving to advise the management on various matters which traditionally would have called for union intervention; an act which is considered unnecessary in the Mondragon Cooperatives given that all of the workers are also owners. These ideas are picked up by Whyte from T.U., the monthly internal magazine of Mondragon (December 1966) which states: 'Leaving aside for the moment the characteristic of membership enjoyed by each member, we see that each one is a worker in the cooperative... From the point of view of membership, we are all represented in the Governing Council, but if that were the only organ of representation, our participation in the firm would be very little, at least regarding the ordinary matters of working life. To avoid
NOTE: In general, all Mondragon cooperatives have the same superstructure, from general assembly to manager. The structures vary, however, depending on the size of the cooperative and its field of activities.
this passivity and to facilitate direct experience with many problems, what we call the Social Council came into existence' (Whyte & Whyte, 1988 pp. 38-40).

The Social Council, always consists of less than 50 people, proportionally elected by their department or work section. Although its functions are very close to those of a union, they are even more like an advisory body for discussions and advice to the Governing Council and management. Its rationale is still based on traditional unionism (work conditions, etc.), but the role of the Social Council remains subordinate to that of the Governing Council. Thus it is not authorized to negotiate directly with the executive in formal terms; neither can it call for strike action. As a last step, the Social Council can bring its grievances to the General Assembly so that all the cooperative members take the final decision.

The interesting and original aspect of Mondragon’s Social Council is that it offers the workers a ‘double representation’. As owners and members of a cooperative, they are represented by the Governing Council and, at the same time by the Social Council.

Really, the experience of cooperativism tells us that in the social organs, such as the Governing Council, the representatives of cooperativists acquire ‘entrepreneurial behaviour’, which they have to control through other means such as the Social Council.

As far as the evolution of the Social Council is concerned, it is necessary to be aware of the latent conflict between Mondragon and the unions, because these practically have no representation in the companies which make up the Group. This conflict has got worse in so far as Mondragon, in order to increase its size in
certain productive sectors, has recently bought over two large private companies which operate in the same productive field (Fabrelec and Orbegozo). Here the unions already had a solid base. The expansion of Mondragon with the arrival of the Single European Market in 1993, has given rise to labour conflicts.

5. Principles of the Mondragon Cooperative Group

One of the concerns of cooperativism since its conception has been how to accumulate organisational experience within cooperative principles. This is a useful way to reflect on the values which control the direction a cooperative takes and to put forward performance formulas to those who wish to follow similar paths.

On the basis of its specific socio-economic experience the Mondragon Cooperative Group has redefined the traditional cooperative principles which it considers to be dynamic. This job, which was carried out in the First Congress of The Mondragon Cooperative Group in 1987, has taken the following points into account:

(a) The Universal Cooperative Principles formulated for the first time by the Rochdale pioneers and updated in successive congresses of The International Cooperative Alliance;

(b) The experience amassed after more than thirty years in the practice of cooperative management;

(c) The open and dynamic character of these principles subject to the development of objective circumstances and the enriching contributions of future cooperativists.

The new principles considered basic are the following:
1. Free membership.
2. Democratic organisation;
3. Sovereignty of work;
4. Instrumental character of capital;
5. Participation in management;
6. Salarial solidarity;
7. Intercooperation;
8. Social transformation;
9. Universal character;
10. Education

A little reflection on the ten principles proposed by Mondragon and the six traditional principles of cooperativism shows us that there is a clear correlation between the two. We can also see that the newly proposed and clearly defined principles of Mondragon to a certain extent not only mirror the previous ones but also clarify them. As a result, principles 1, 2, 3, 4, 7 and 10 of Mondragon are practically within the same tradition of cooperativism.

Furthermore, Mondragon has put forward four new principles:

**Management Participation** - which is especially needed in the industrial production cooperatives. This point previously had little relevance and was almost non-existent.

**Salarial Solidarity** - previously coming under the general characteristics of 'mutual aid' in the cooperative;

**Social Transformation** - which follows the tradition of 'taking into account the general interests of the community'. But this is done in a *sui generis* form, putting the accent, for example, on
promoting the Basque language and other characteristic elements of the Basque culture;

**Universal Character** - whereby a general attempt is made to counteract the excessive concern with 'local topics' which might be interpreted or derived from past principles of social transformation.

Under the title of 'Basic Principles of the Mondragon Cooperative Experiment' there are ten statements which sum up the ideas that have been put into practice by the cooperative enterprises of the Mondragon Group during the course of more than 30 years. Without making any comment, it would seem appropriate here to reproduce the definitions of these ten principles.

(1) **Free Membership**

The Mondragon Cooperative Group declares itself open to all men and women who accept the Basic Principles and who prove themselves to be professionally suited to the work places open to them. Therefore, when applying to the 'Group' there will be no discrimination whether for religious, political, ethnic or sexual reasons. One is only asked to comply with the demands made by the internal constitution. Free membership constitutes the principal guideline of performance and interpersonal relations within the cooperative development.

(2) **Democratic Organisation**

The Mondragon Cooperative Group proclaims the basic equality of its workforce with respect to their rights to live, to possess and to know, which are implied in the acceptance of democratic organisation of the enterprise, specified by the following:
(a) The sovereignty of the General Assembly, composed of all the members, following the practice of one person, one vote.

(b) The democratic election of governing bodies i.e. precisely the Governing Council which is responsible for its management to the General Assembly.

(c) Collaboration of the directing bodies in the task of managing the enterprise equipped with powers delegated by the corporation as a whole. These have at their disposal sufficient authority to carry out their functions efficiently for the common good.

(3) **Sovereignty of work**

The Mondragon Cooperative Group considers that the workforce is the principal transforming factor of nature, of society, and even of the human being and consequently:

(a) It renounces the systematic contracting of salaried workers.

(b) It appropriates complete sovereignty to the workforce within the organisation of the cooperative enterprise

(c) It considers the worker to be the essential creditor of the distribution of the wealth produced.

(d) It declares its willingness to extend the choice of work to all the members of the society.
(4) **Instrumental and subordinated character of capital**

The Mondragon Cooperative Group believes that Capital is an instrument subordinated to the workers, but it is necessary for the enterprise development, and in consequence proposes:

(a) A just reward, proportional to the efforts, adequate to bring out the necessary resources, limited in its amount by the corresponding regulation, and not directly linked to the results obtained.

(b) The availability of capital is related to the continuity and development of the cooperative and does not render difficult the application of the principle of free association.

(5) **Participation in management**

The Mondragon Cooperative Group believes that the democratic character of the cooperative does not simply end with participation in social organs, but rather that a progressive development of 'self management' is needed. Consequently the participation of members in enterprise management in turn requires:

(a) The development of the mechanisms and adequate channels of participation.

(b) The transparency of information in relation to the evolution of the basic variables relative to the management of the cooperative.

(c) The putting into practice of consultation and negotiation methods with the members-workers and their social
representatives in economic, organizational and labour decisions which concern or even affect them.

(d) The systematic application of social and professional training schemes for the members.

6. Retributive solidarity

The Mondragon Cooperative Group advocates sufficient compensation jointly shared by all, as a basic principle, expressed in the following terms:

(a) Sufficient, according to the realistic economic possibilities of the cooperative.

(b) Solidaristic, in internal and external areas.

7) Inter-cooperation

The Mondragon Cooperative Group considers that, as a concrete application of solidarity and conditional to enterprise efficiency, the principle of intercooperation should exist:

(a) Between every single cooperative as a means of constituting group membership creating a homogenous socio-labour regime. This includes the common renovation of results, the regulation of worker-member transfers and the search for potential benefits derived from the joining dimension.

(b) Between groups of cooperatives through the constitution and democratic control for the common good, of entities and organs of the superstructure.
(c) Among the Mondragon Cooperative Group and other Basque cooperative organizations, with the aim of strengthening the Basque Cooperative Movement.

(d) With other Spanish, European and foreign cooperative movements reaching agreements and establishing joint bodies aimed at helping their common development.

(8) Social transformation

The Mondragon Cooperative Group declares its commitment for social solidarity and transformation along with that of other peoples through its role in the framework of Euskal Herria (Basque Country), the expansion process towards the economic and social restructuring and the construction of a Basque society which is more free, more just and more solidaristic. This is achieved through:

(a) The reinvestment of most of the net surplus obtained, sending a significant proportion to the Funds of a communal nature, which will allow for the creation of new jobs in the cooperative regime.

(b) The support of community development initiatives by the application to the Social Activities Funds.

(c) A social security policy coherent with the cooperative system based on solidarity and responsibility.

(d) The cooperation with other Basque economic and social institutions and especially that promoted by the Basque working class.
(e) The collaboration with regard to the revival of ‘Euskera’ (Basque language) as the national language, and in general, of the characteristic elements of the Basque culture.

(9) **Universal Character**

The Mondragon Cooperative Group, as an expression of its universal calling proclaims its solidarity with all those who labour for economic democracy in the field of ‘Social Economy’, making its own objectives of International Cooperativism: Peace, Justice and Development.

(10) **Education**

The Mondragon Cooperative Group states that in order to promote the implementation of the previous principles, it is fundamental to devote sufficient human and economic resources to education which is:

(a) Cooperative, of all members and especially of those elected to the social bodies.

(b) Professional, especially for those members appointed to directive positions.

(c) General, with regard to the young, contributing to the emergence of men and women co-workers, capable of strengthening and developing the Group in the future.

The presence of principles in the life of economic institutions always brings difficulties. This is because principles or values as a guide to behaviour are one thing while the urgent necessities
of ordinary life is another. It would therefore seem interesting to remind ourselves that two recent studies have shown that the success of Mondragon appears to be based on its insistence on certain values.

On the basis of the analysis carried out by recent studies, the fundamental Mondragon values may be summed up as follow:

1. *Equality*: All men and women were basically created equal, with the same rights and obligations.

2. *Solidarity*: The members of a particular cooperative must win and lose together. This principle must be applied to the relations of cooperatives with each other, with the Basque Community and the community of workers as a whole.

3. *The dignity of work*: Because it is a human activity, be it manual, clerical or managerial.

4. *Participation*: All members have the right and duty to take full part in the decisions that affect them.

It appears that one of the factors that has contributed to the success of the Mondragon case is the harmony achieved between these values. There is also harmony with the concrete objectives proposed and with the guiding principles of management. All this balanced set is what makes up the industrial culture of the Mondragon Cooperative Group. The conclusion could therefore be that in Mondragon, there is a clear correlation between general principles proposed by the community and social life.
6. Participation and cooperative success

The reference to the most recent research on participation shows the need to distinguish between participation 'de jure' and participation 'de facto'. It is essential to shy away from declarations of principles and to avoid the optimistic conception that cooperativism means reaching full industrial democracy. No doubt that 'de jure' cooperation, as a really free association, never implies alienation. This is not only because the goal of the institution is the service it gives, but also because the cooperators remain as owners of their destiny. Direct democracy also implies dialogue and choice in the main steps of the institution. But 'de facto' the way to follow is still long. It is necessary to use all the participative techniques at one's disposal, to overcome psychological difficulties and to intensify personal training in order to avoid the difficulties that arise from the cooperative model.

The following synthesis intends to be a summary of the notable aspects necessary for implementing successfully the cooperative experience:

1. Finding a way to maintain the level of investment which the growth of modern industry demands. This is one of the greatest successes achieved in Mondragon (Table 3). The workers may easily be tempted to vote for a higher level of wages and so withdraw the profits received as dividends. This lack of vision has meant in other cases, negative long-term consequences.

2. Fighting continuously to reach participation and equality; once capitalization has been achieved, the board of the cooperative could also become autocratic. To achieve participation it is important to maintain a motivating approach.
in the cooperative movement. This is more difficult to achieve in the more complex factories, with many workers. Logically, the choice of leaders requires a participative management, because, in fact - as the Webbs have indicated - it is not easy to be an owner to choose the bosses and to be subjected to them, all at the same time. This is an important challenge to cooperativism, which Mondragon has strongly undertaken through the training centres that it promotes. The egalitarian ideals that have been kept have been answered in practice by adapting the salary differential from the initial 1-3 to 1-6 as been recently approved in the Cooperative Congress (TU-Lankide, 1987, no 305).

3. Getting a cultural support that has been so natural in Mondragon. The failure of some initiatives is, to a great extent, a consequence of the workers not being trained enough to make participation possible. The motivation for participation must be achieved through a formal educative setting. But sometimes it is necessary to add other ingredients that help to meet the cost of participation (nationalism, religious idealism, utopian wishes, etc.). Anyway, it is necessary to reach a high desire for ‘social achievement’ among the cooperativists.

4. Establishing clearly the roles of the representatives of the workers and of the trade unions. That is not a problem with an easy solution. There is the danger that the social council acts as if it was the administration council, in relation to profits and personal problems. Getting an inner balance of political forces as Mondragon has done, based on the ‘abertzales’ parties may be the solution. The realisation through cooperatives of the difficult ideals of a community and its labour forces - in the case of Israel - may be another solution. In any case, it is important to avoid the iron-law of oligarchies. As far as this aspect is concerned, Mondragon is now in a crucial phase, because the three founding partners will leave their posts in next years, and
they have had a very extensive role in keeping the spirit of solidarity among the cooperatives and among their people.

References


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