

CO-OPERATIVES UNITED / WORLD FESTIVAL AND ICAEXPO

29 OCT — 2 NOV 2012
MANCHESTER CENTRAL, UK



The **co-operative**
good for everyone



WORKSHOP

Mondragon

A view from Wales

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Chair – Co-operatives & Mutuels Wales



Mondragon – a view from Wales



Our visit

- 6 delegates on visit
- 3 days intensive visits
- OTALORA – central management centre
- FAGOR ELECTRODOMESTICOS
- EROSKI supermarket
- GSR (Co-operative Residencies for elderly people)
- MONDRAGON UNIVERSITY (Faculty of Business)
- SAIOLAN - Company Incubation Centre
- IKERLAN - Technological Research Centre
- CAJA LABORAL (credit co-operative)



With our host, Mikel Lezamiz (centre)

Footsteps

- We were conscious of following in the footsteps of a previous Wales TUC visit at the end of 1980 :-
 - George Wright, Wales TUC General Secretary
 - Les Paul, Wales TUC Vice Chair
 - Viv Balmont, TASS
 - Gwyn Jenkins, Aberystwyth Engineering Co-op
 - Jim Ryan, West Glamorgan Trades Council
 - Joyce Schutt, Bargoed Blouse Co-op
 - Barry Scragg, UCATT
 - Robin Reeves, Financial Times
- That visit led to the creation of the Wales Co-operative Centre in 1982 with the support of the Wales TUC. We want this visit to have a similar impact if we can

Don Jose Maria Arizmendarrieta

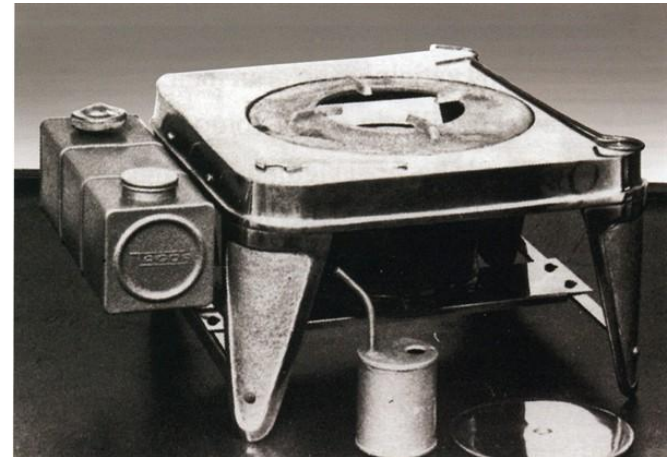


Don Jose Maria Arizmendiarieta

- The instigator of Mondragon, Don Jose Maria Arizmendiarieta was born in 1915 in Barinaga about 25 miles away, and joined a catholic seminary at age 13.
- Like many Basque priests, he served on the Republican side during the Civil War. He had lost an eye as a boy so could not join up, but served as a war reporter for a Basque language paper. Arrested by the fascists, he was one of the lucky ones – sentenced to death then released. In 1941, having completed his training he was sent to Mondragon as a curate, to replace the local priest shot by the Franco's forces.
- He took on the role of religious instructor in the local technical school which was funded by the Unión Cerrajera company

Don Jose Maria Arizmendarrieta

- In 1943 he founded his own independent, community owned technical school funded by public donations.
- In 1955, he selected five students (Luis Usatorre, Jesús Larrañaga, Alfonso Gorroñoigoitia, José María Ormaechea and Javier Ortubay.) who were working at the Unión Cerrajera company to take over a local factory making paraffin stoves under licence.
- They raised £60,000 in loans from 100 local people to buy the factory
- **ULGOR** is now known as **Fagor Electrodomesticos**
Spain's largest manufacturer of white goods





ULGOR FOUNDERS 1956



ULGOR 1956



Javier Ortubay today



CAJA LABORAL 1959



ULGOR 1961



ASSEMBLY 1963

History

- **1941 - DON JOSÉ M^a ARIZMENDIARRIETA** arrives in Mondragón
- **1943 - DON JOSÉ M^a** sets up the Polytechnic School
- **1956 - THE FIRST CO-OP IS CREATED: ULGOR (FAGOR)**
- **1959 - CAJA LABORAL** (Bank + Entrepreneurial Division)
- **1959 - LAGUN ARO** (Own Social Welfare System)
- **1964 - FIRST CO-OPERATIVE GROUP** (ULARCO-FAGOR)
- **1966 - ALECOP** (Students working in a worker co-op)
- **1974 - IKERLAN** (Research Centre)
 - - Design and Production Technologies
 - - Information Technologies
 - - Energy
- **1987 - 1st CONGRESS of Co-ops:** Creation of Mondragon Co-operative Group (**GCM**)
- **1991 – 3rd CONGRESS: of Co-ops:** Creation of Mondragon Co-operative Corporation (**MCC**)

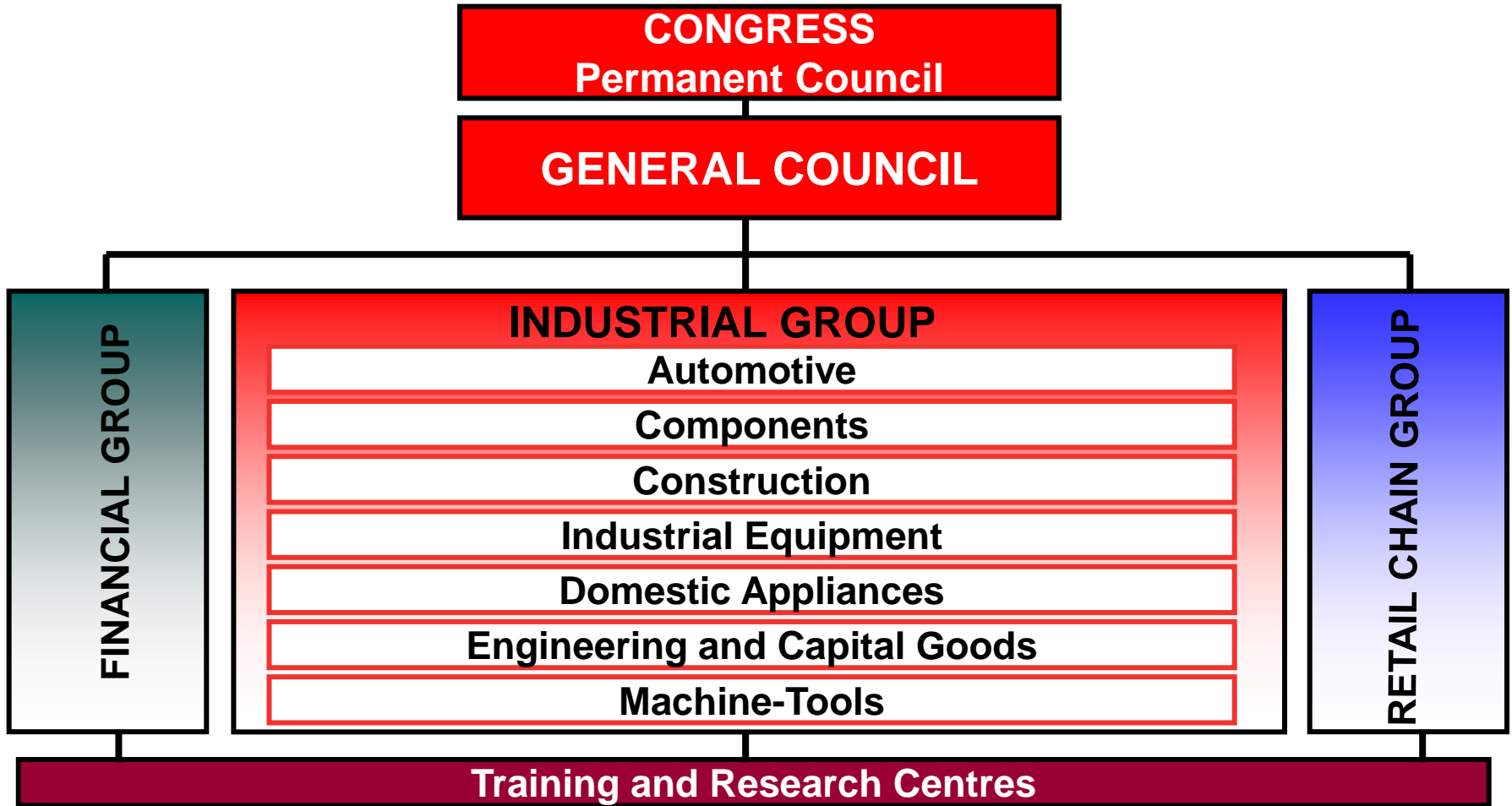
Co-operatives within Mondragon

• INDUSTRIAL	87
• CREDIT	1
• CONSUMER	1
• AGRICULTURAL	4
• EDUCATION	8
• RESEARCH	12
• SERVICES	7
• TOTAL	120 co-operatives

MCC Rules

- Relocation of staff among co-operatives
- Profit sharing
 - Within the sectorial groups (15% - 40%)
 - Within corporate funds in MONDRAGON
(Investment 10%, Education 2%, Solidarity 2%)
- Solidarity in profit distribution
 - 10% Education Fund *(Legal minimum 10%)*
 - 45% Fund or Reserve of Co-op *(Legal minimum 20%)*
 - 45% Returns to workers → Capitalise → Interest 7.5%
- Initial capital (€3,000 to €14,000)
- Solidarity in compensation (6:1)
- Reporting of data to MCC
- Not internal competition between co-ops within MCC

MCC Structure



MCC Results

	2003	2004	2005	2006	2007	2009	2010	2011
SALES	€9,638M	€10,406M	€11,859M	€13,390 M	€16,300 M	€14,780 M	€17,80 0M	€14,832 M
ASSETS	€16,309 M	€18,593 M	€22,977 M	€27,550 M	€32,840 M	€33,499 M	€33,090 M	€32,450 M
PERSONNEL	68,625	70,884	78,455	83,601	103,731	85,066	83,859	83,569
NET PROFITS	€411M	€502M	€545M	€677 M	€792 M	€61 M	€178 M	€125 M

MCC's basic co-operative principles

1. Open Admission
2. Democratic Organization
3. Sovereignty of Labour
4. Instrumental and Subordinate Nature of Capital
5. Participatory Management
6. Wage Solidarity
7. INTERCO-OPERATION
8. Social Transformation
9. Universality
10. Education

Business development

- Emphasis on product or service
- €140 million on R&D each year
 - IKERLAN established 1974
- Business incubation support
 - SAIOLAN established 1985
- Caja Laboral
- Funding from MCC and others for new ventures
- Split ownership at launch

Business development

- Education and Training
 - Technical school established 1943, now Mondragon University – a co-operative of students and staff
- Inter co-operative support – financial and labour – organised via MCC
- Financial contribution from workers €3,000 to €14,000
- Mixed funding at start-up ~ but plan for transition to 100% workers ownership
- 10% to MCC central fund – only when in profit

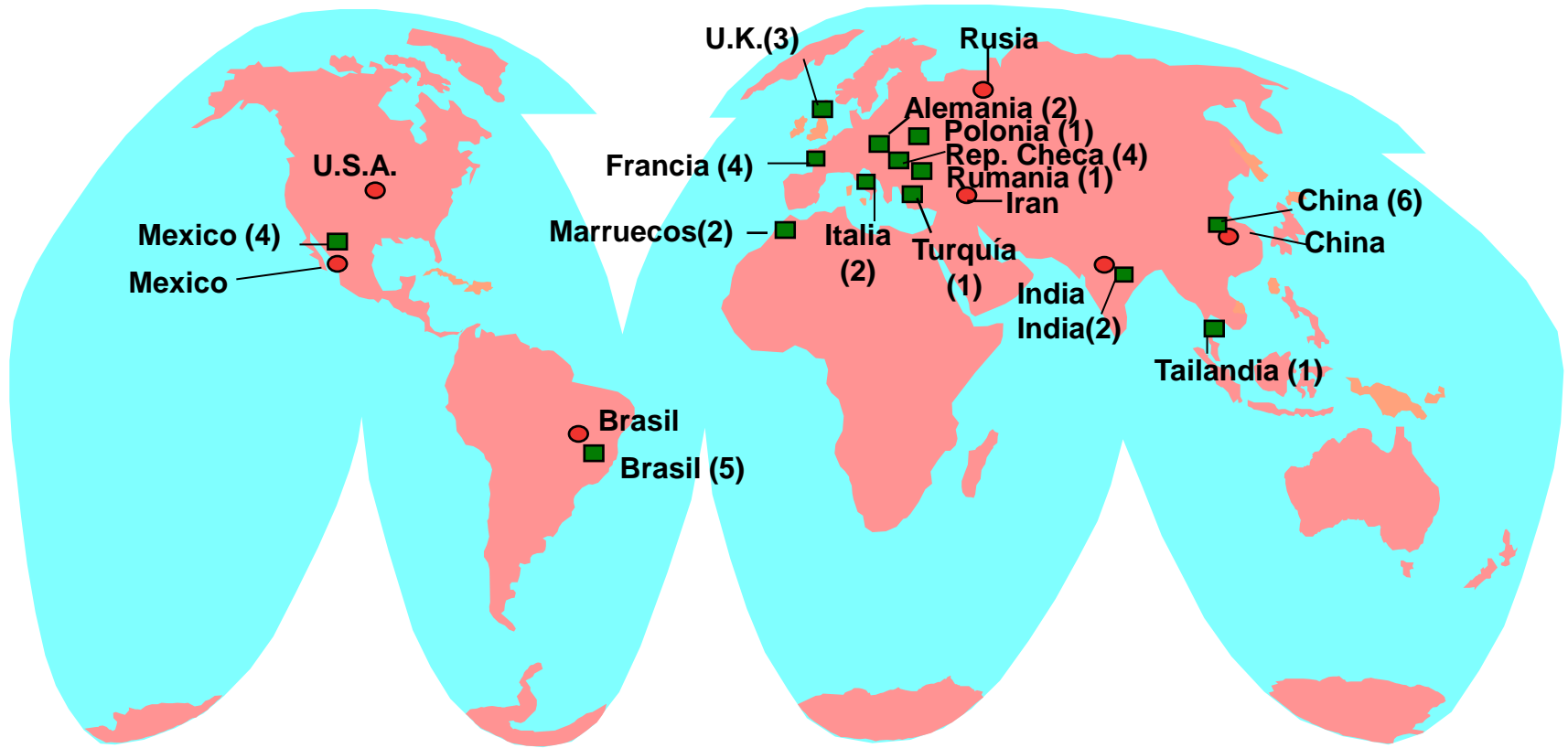
Business development

- Works with conventional businesses
 - Gaztempresa established 2,600 local businesses since 1994
 - Partnerships with Toyota, General Motors, Microsoft, worldwide
 - Owns enterprises worldwide ~ Brandt, Thomson

Business development

- Income equality – no milking of profits by management
 - Most co-ops work on 6:1 ratio
 - Exceptions up to 15:1
 - FTSE100 = 262:1

Mondragon worldwide



- Offices (9)
- Production Plants (75)

Worldwide model

- Wholly owned subsidiary
- Information transparency
- Same management style as in co-ops
- 30% of shares belong to workers
- 5% of profits dedicated to local development
- Developing a methodology for integration into MCC

Secrets of success

- Capturing their own money – the initial loans
- Repatriating their own money – the bank – Caja Laboral
- Substantial investment by every new member
- Wage solidarity – senior wages based on lowest paid
- R&D led business development - Saiolan
- Product prototyping and incubation – Ikerlan
- Development finance & support from MCC
- The tithe – 10% of all profits to MCC
- Solidarity between co-ops – finance and labour swops
- Maintaining and developing the co-operative ethos – MCC management school - Otalora

Can we have one here?

We would need:-

- Social solidarity – still strong in many places in the UK
- A substantial bank that puts co-ops first
- Cash - no shortage if we repatriate it to our movement
- Worker involvement and wage solidarity
- To be product/service led
- To do Principal 6 properly
- To share profits within the movement
- The will and the courage to take the risk
- We don't **necessarily** need Govt. support – Mondragon didn't get any at all until after Nov 20th 1975 – but it would help!

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With special thanks to

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