

PRAXIS PEACE INSTITUTE

# the Mondragón Report

Compiled and edited by Georgia Kelly





# The Mondragón Report

**Published by Praxis Peace Institute  
Compiled and edited by Georgia Kelly**

**February 2017**

**[www.praxispeace.org](http://www.praxispeace.org)**

**Cover design by Leslie Hendin.**

**Book layout by Tom McKean.**

**Copyright © 2017 Praxis Peace Institute**

All rights reserved. No part of this book may be used or reproduced in any manner without written permission from Praxis Peace Institute., P.O. Box 523, Sonoma, CA 95476. Exceptions to this copyright include page 11, Mondragón's Ten Core Principles and all quotes from Don José María Arizmendiarieta.

# Table of Contents

## Introduction

page 5

## Corrections and Explanations

page 6

## The Culture of Mondragón by Georgia Kelly

page 7

## The Ten Core Principles of the Mondragón Cooperatives Corporation

page 11

## Essays and Interviews from Participants of the Praxis Mondragón Seminars

Christine Mrak	page 12	Jo Ann McNerthney	page 43
Gayle McLaughlin	page 15	Eric Kornacki	page 45
Jabari Jones	page 19	Marilyn Langlois	page 48
Tim Palmer	page 21	Derrick Johnson	page 50
Mariela Cedeño	page 24	John Bloom	page 52
Sushil Jacob	page 26	Mallory Cochrane	page 55
Matthew Keesan	page 28	Omar Freilla	page 56
Esteban Kelly	page 31	Carl Davison	page 58
Brian Van Slyke	page 35	Phyllis Robinson/ Mehie Atay	page 63
Caitlin Quigley	page 36	Jihan Gearon	page 64
Nancy Berlin	page 38		

## Group Photos of the Seven Mondragón Trips (2008-2016)

pages 39-42

## Conclusion

page 67



## Introduction

As of May 2016, Praxis Peace Institute completed its seventh seminar and tour of the Mondragón Cooperatives in the Basque region of Spain. These seminars have had a profound effect on the state of cooperatives in the United States and on the education about cooperatives. Before 2008, very few Americans, including economists and business people, had ever heard of the Mondragón Cooperatives. Today, thanks to Praxis Peace Institute's efforts in bringing more than 140 people to Spain in order to study this model, the word Mondragón starts more conversations and elicits fewer blank stares.

From our first seminar at Mondragón in 2008, it was clear that the driving force behind the cooperatives and their success was an ethic, a system of values, a code of respect that permeated their businesses, research and development, a university system, social welfare, and financial institutions. We were introduced to this ethic directly when visiting Baketik, the Basque Peace Center, located on the property of a 500-year-old Franciscan Monastery in Aranzazu. In 2013, this ethic was further enhanced by the formation of the Basque Department of Peace within the Basque Parliament.

As the largest consortium of worker-owned businesses in the world, Mondragón has a culture of cooperativism that is an important part of its success. Mondragón's Ten Core Principles (included in this report) are the embodiment of this culture. At the center is Education, which is essential for the emergence of social and personal change. In the outer circle is Social Transformation, a systemic approach to their ever-evolving model of cooperativism.

The interviews and essays contained in this report are examples of what people have accomplished with the knowledge gained at Mondragón. Many were on full or partial scholarships, and their contributions to the cooperative movement in the US have been particularly notable. For seven of these seminars, Praxis received generous donations from the Massena Fellowship program. That foundation has dissolved and we hope, with the demonstration of this program's success, to continue the scholarship program with the help of new funding sources and individual contributions.

**Praxis Peace Institute is actively seeking donations to the Praxis/Mondragón Scholarship Fund** and/or a donor-based fellowship program to make scholarships available for deserving workers in the cooperative movement. Please contact me at Praxis Peace Institute if you are interested in contributing to this important fund.

In Peace and Solidarity,

Georgia Kelly, *Founder/Director*  
Praxis Peace Institute  
707-939-2973 - [www.praxispeace.org](http://www.praxispeace.org)

From a brass plaque at Otalora, the Mondragón Educational Center:

*Solus labor parit virtutem  
Sola virtus parit honorem*

*Labor alone begets virtue  
Virtue alone begets honor*

## Corrections and Explanations

Some of the people writing these essays participated in the Mondragón seminars at different times, so the numbers they cite might be different. This includes the number of cooperatives in the Mondragón system and the number of worker-owners, which changes from year to year. In some cases, corrections have been made to bring the numbers up to 2016 levels.

The four pillars upon which Mondragón bases its model are Education, Financial, Research and Development, and Retail. However, many of our participants remember the fourth pillar as Social Services instead of Retail. I have left this in their respective essays because it demonstrates how they view the relevance of social services in the Mondragón Cooperatives.

Some of the entries in this report are essays written by the participants in Praxis Peace institute's seminar in Mondragón, and others are articles written from telephone interviews.

**All Quotes in this report are the words of Mondragón founder Father Don José María Arizmendiarieta. They are from *Reflections*, a book of his quotations.**

### Abbreviations and Definitions

MCC – Mondragón Cooperatives Corporation

MMPlace – Mandela Marketplace

ASECO – Arroyo Seco (Community Revolving Loan Fund)

NCBA – National Cooperative Business Association

CDF – Cooperative Development Foundation

ETA (Euskadi Ta Askatasuna) – Basque terrorist organization

NASCO – North American Students of Cooperation

LESFCU – Lower East Side Federal Credit Union

Otalora – The Mondragón Management Training Center

Father Don José María Arizmendiarieta is sometimes referred to as Arizmendi.

### Acknowledgements

**Praxis Peace Institute** would like to thank those who have contributed to this report for taking the time and thoughtfulness to share their experiences at Mondragón and the effect of the seminar on their lives and work. We would also like to thank those in Mondragón who have helped with interviews, answering questions, and keeping us up to date on developments there. They include Mikel Lezamiz, Fred Freundlich, Ander Etxeberria, Pio Aguirre, and Michael Peck. Also, thanks to Liher Pillado for arranging our programs with Team Academy at Mondragon University. Thanks to Sarah Ford for editing assistance, proof reading, and helpful suggestions. Thanks also to Praxis board member Laurie Gallian for support and suggestions and to Keith Wilson for his assistance and support of the Praxis Mondragon seminars.

Appreciation is also due to foundations and donors who have helped make this report possible: the Firedoll Foundation, the Massena Fellowship Program, Shaula Massena, Don Davis, and Faye and Sandor Straus.

\*\*\*\*\*

***In order to democratize power, one must socialize knowledge.***

## The Culture of Mondragón

*By Georgia Kelly*



There was a popular phrase among some economists and politicians a few years back that proclaimed, “There is no alternative” (TINA) to the status quo of neoliberal capitalism. After spending much time in the Basque region of Spain and attending seven week-long seminars at the Mondragón Cooperatives, it is crystal clear: there is an alternative! And, the Mondragón Cooperatives have proven it with their highly successful model of worker-owned and democratically run businesses.

Founded by a Basque Catholic priest, Father Don José María Arizmendiarieta, in the 1950s, the cooperatives began with one small worker-owned business that made kerosene stoves. Today, with 105 businesses and nearly 80,000 worker-owners, the Mondragón Cooperatives comprise the largest consortium of worker-owned businesses in the world. They include Laboral Kutxa (the third largest bank in Spain), three university campuses, a Culinary Arts Centre and University, social services and insurance (Lagun Aro), and the largest Research and Development complex in all of Europe, consisting of fifteen separate entities.

Based on a philosophy of human values, respect, and equality, the cooperatives are an inspiration in demonstrating what an evolved culture and democratic business environment look like. The mission of the Mondragón Cooperatives is to create wealth within a culture, to foster a people-centered society instead of a capital-centered society, to honor work with dignity, and to limit the number of work hours. Mikel Lezamiz, the recently retired Director of Dissemination at the Mondragón Cooperatives Corporation, said “People are the core, not capital. This is the main point. If capital has the power, then labor is simply its tool.”

Producing everything from computer chips and bicycles to elevators and auto parts, the Mondragón Cooperatives’ businesses produce a wide range of products and services. Their continual search for new products reflects their flexibility in dealing with changing times. Their commitment to innovation and job creation is a stated goal of the corporation. For entrepreneurs, Mondragón includes an incubation center where they help develop and fund new projects. A promising idea can result in help to develop a business plan, funding to produce a model, and support right up to the finished product.

The average CEO of an MCC company receives six times the salary of the lowest paid worker, a far cry from US corporate CEO salaries, which might exceed 300 or 400 times the lowest salary. When a company CEO addressed our group, one participant asked why he stayed working for the Mondragón business when he could earn at least 20 times that amount in a for-profit business. That was an easy question for him to answer. It was about the community of people, the camaraderie, and the values. Why would anyone want to trade that for mere money?

To become a worker-owner in Mondragón, one must fulfill a job needed and be on a probationary period for eighteen months. If all is copacetic at the end of that term, he or she can become a worker member. Their initial investment is 15,000 euros and, since very few people would have that cash ready to invest, Laboral Kutxa offers a ten-year loan at 1% interest. Payments are deducted from monthly salaries until paid off. The democratic process means one worker-owner equals one vote. There are no stocks to sell or trade.

But Mondragón is not just about business. It is also about a system of values that allows cooperation to thrive and evolve. A few people in our seminars have asked what managers would do with a worker who was inattentive or goofing off on the job. Given that the worker is also an owner, could he or she be fired? “We don’t believe in confrontation,” our instructor said. “We would initiate a dialogue in order to find out what was causing the problem.” The focus at MCC is not punishment for bad or inattentive work but interest in the individual having the problem. Their approach in caring for the individual as well as the business is what makes Mondragón exemplary in people relations.

Although these cooperatives were founded in the town of Mondragón, their businesses, universities, bank branches, etc., are located throughout the Basque region and in other areas of Spain. They also have businesses in several other countries.

Many people who live in the town of Mondragón are not worker members in the Mondragón Cooperatives. Some work in other cooperatives and some work in private enterprises. With a population of about 23,000 inhabitants, the town of Mondragón is solidly middle class. There are neither mansions in the hills nor poverty in the streets. Most Americans who have taken our seminar notice early in the week that there are no homeless people and no poverty. But, often they do not notice the other part of that equation. There is also no display of great wealth. The concept of “enough” is alive and well in the Basque Country. Everyone is not at the same level of income, but no one seems ostentatiously wealthy. I have described it as gradations of middle class, a society that eliminates the extremes at either end of the economic spectrum.

## **Values**

The Basque Department of Peace exhibits the qualities that underlie a community built on superior human relations. Under the direction of peace educator and negotiator, Jonan Fernandez, the five-year plan that was developed through citizen input and international peace and human rights organizations demonstrates that human rights must always have a greater value than ideas. In cultures where ideas and ideologies have strong emotional power, this is a difficult concept to grasp, let alone achieve.

Understanding this difficulty, the department’s five-year plan outlines the type of education that is necessary for achieving its goals. It begins by placing human rights above ideas and acknowledging our limitations, accepting the idea that no one person or ideology has the whole truth. It includes education in ethical conscience, the core of ethical awareness, and embracing ethical responsibility in all circumstances. The concept of human dignity -- a concept lacking in too many cultures -- comes before any ethnic, political, cultural, or

religious creed. The core of this education is to promote an empathic civil society. It is both an ideal and a goal. It forms the basis of civil society and the core components of co-existence in a diverse and democratic society. It constitutes a foundation for peace and peaceful relationships and is a necessary skill in dealing successfully with societies that have different values.

The Mondragón Cooperatives Corporation has taken many of our groups to Baketik, a peace center located in the hills above Mondragón on the property of a 500-year-old Franciscan monastery. At Baketik, instructors focus on the ethical management of conflict and the ethical basis for a personal stance on conflicts. This type of training provides another way to understand the ethics of Mondragón and of cooperative culture.

The ethical foundation of Mondragón has impressed me deeply over the years. Cooperatives do not just arise under any conditions or in any location. Like well-prepared soil for planting, they need a nurturing environment. At Mondragón, the instructors seem to take that environment for granted. It had been there so long that they didn't think to mention it when talking about the cooperatives. For me, the support structure and values that are part of the cooperative culture were of the greatest importance. They are the bedrock that makes everything possible at Mondragón. Since the Basque region has the largest number of cooperatives in the world, something had to be different there.

The cooperatives in the US all seem to share the same values and culture as those in Mondragón, but they operate mostly in isolation. There isn't a network like the Mondragón Cooperatives Corporation or a bank that exists as a support for their inception and success. That said, the cooperative movement is growing in the US and part of that is due to the education people have received at the Mondragón Cooperatives.

In the following reports from participants in the Praxis Mondragón seminars, one can see how a week steeped in Mondragón businesses and culture instructs, inspires, and illuminates the possibilities that may have seemed out-of-reach before this experience. For some, the results are almost immediate upon returning home; for others, there is an incubation period in which the ideas germinate and eventually reach full blossom.

I hope that in studying these articles, the reader will appreciate the value these seminars have brought to many people and communities. Senator Bernie Sanders has talked about the value and timeliness of worker-owned cooperatives in his book, *Our Revolution*. He cites Mondragón as well as worker-owned cooperatives in Vermont and Mandela Marketplace in Oakland, CA. A Mandela representative participated in the 2010 Praxis Mondragón seminar, and her work is profiled in this report.

In the next Congressional session (2017), Sanders will introduce "a bill to create a US Employee Ownership Bank to provide low-interest loans, grants, and technical assistance to help workers purchase businesses through a majority-owned employee stock ownership plan or a worker-owned cooperative."

The timing is right for an alternative to job loss, low wages, part-time dead-end jobs, and the afflictions that outsourcing and automation have brought to American workers. Worker-ownership is the key to work with dignity, work with respect, and work with a future.

It seems that Mondragón has taken the very best ideas from both capitalism and socialism and created a hybrid that supports people, as well as their ideas, health, education, personal development, and society. Whatever one calls it, it works. And, it works better for more people than any other economic system today.

The Mondragón Cooperatives are a beacon to those looking for an alternative to cutthroat capitalism and state-owned businesses. They have nurtured a hybrid economic path that values both cooperation and entrepreneurship and is a compassionate relational model that values people over profit.

***GEORGIA KELLY** is the Founder and Executive Director of Praxis Peace Institute. She creates educational programs for Praxis and has developed study tours in Spain, Cuba, Italy, and Croatia. She also leads workshops in communication and conflict resolution. Georgia is a strong advocate for cooperatives and is instrumental in furthering the education of this economic model. She co-authored and edited "Uncivil Liberties: Deconstructing Libertarianism," a critique of laissez-faire capitalism, and writes a blog on current events for the Huffington Post. She has chaired and been active in many issue-based political organizations and educational forums. Her previous career was as a musician: harpist, composer, and recording artist.*

\*\*\*\*\*

***Revolution is inevitable when the process of evolution has been impeded or stopped.***

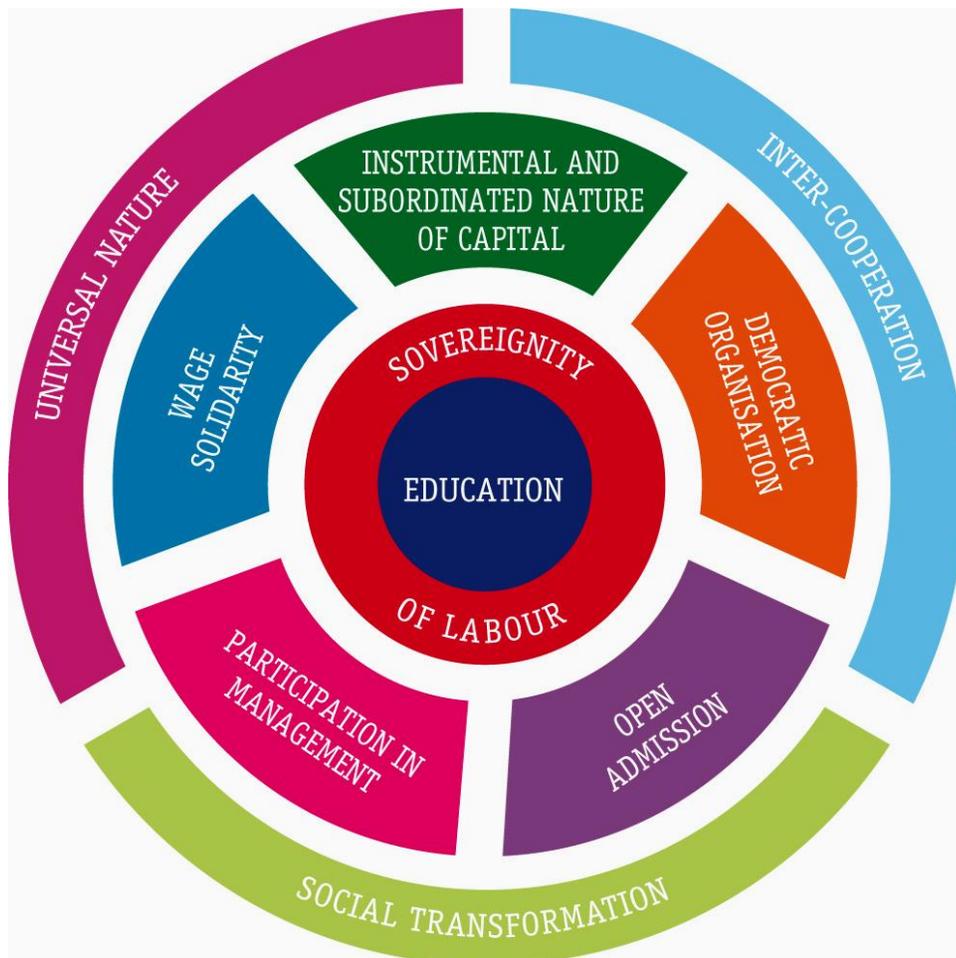


**Don José María  
Arizmendiarieta,  
founder of the  
Mondragón  
Cooperatives**

# Mondragón Cooperatives Corporation

## TEN CORE PRINCIPLES

1. Open Admission
2. Democratic Organization
3. Sovereignty of Labor
4. Instrumental and Subordinate Nature of Capital
5. Participatory Management
6. Payment Solidarity
7. Inter-Cooperation
8. Social Transformation
9. Universality
10. Education





**CHRISTINE MRAK** has practiced law on behalf of labor unions representing carpenters, bus drivers, fire fighters, Teamsters, woodworkers, and office workers. During the famous “Contra War,” she traveled to Nicaragua with a National Lawyers Guild delegation. They produced a paper on Nicaraguan unions, which was entered into the 1985 Congressional Record. She earned a BA from Stanford University and her Juris Doctor from the University of Washington. She attended the 2015 Praxis Mondragón seminar. She has prepared an excellent PowerPoint presentation from her week in Mondragón and has been sharing this information with her community.

## **Focus: Labor and Education**

### **A Brief History of the Mondragón Cooperatives By Christine Mrak**

So how did the Mondragón Co-ops begin? How and why have they grown? How are the Co-ops administered and governed?

Mondragón is located in the foothills of the Pyrenees in northern Spain and is populated primarily by the Basque people. The Basques are traditionally Catholics and have their own unique language that pre-dates Spanish. The Basque name for the town of Mondragón is Arrasate.

Basques have for centuries had an uneasy relationship with Spain, sometimes suffering suppression of their culture and language and sometimes resorting to militant separatist movements.

The Spanish Civil War, which immediately preceded WWII, pitted fascists led by General Franco against the new and fragile Republic represented by an elected government. Franco was aided by Hitler and Mussolini, which included the first blanket bombing of civilians in the Basque town of Guernica, the subject of Picasso’s famous painting.

The Basques, the Catalans, and various socialist, anarchist, communist, and liberal factions supported the elected democratic government. In addition, sympathizers from around the world flocked to Spain to help fight the fascists. (The only monument in the US dedicated to students who died in the Spanish Civil War is located outside the student union building at the University of Washington.) However, Western democracies like the UK and US failed to provide the necessary support to the anti-fascist forces due to the inclusion therein of left-wing factions, and thus permitting the fascists to win.

One of the Basques who served as a reporter for the anti-fascist forces during the Civil War was Father Don José María Arizmendiarieta. He barely escaped execution by the fascists following the war and in 1941 was assigned by the Catholic Church to the impoverished town of Mondragón. There he found little education or employment opportunities for youth.

Father Arizmendi had a vision for the creation of an economic ecosystem based upon principles of self-help, entrepreneurial spirit, and cooperative interdependence. He understood that the first requirement was education. Therefore, he lobbied the citizens, poor as they were, to scrape together funds to start a polytechnic school for boys, the Escuela Profesional in 1943.

In 1956, five of the young men who had graduated from this school as engineers founded the first Mondragón co-op, ULGOR, based upon principles established by Father Arizmendi.

Arizmendi saw that merely having a school and a cooperative manufacturing facility did not an economic ecosystem make. He saw the need to consolidate capital and build financial expertise to seed entrepreneurial growth of more co-ops and product lines. In 1959 a cooperative bank, Caja Laboral, was founded to serve this function. The growth of the Mondragón Cooperatives from one to 105 co-ops is due in large part to this wise move.

Father Arizmendi was a priest, bound to a vow of poverty. He never owned any aspect of the Mondragón Co-ops or personally made any money from them. Rather, he was the visionary who provided the intellectual and moral structure for them. His name, image, and quotations are ubiquitous in Mondragón.

### **What I Learned**

Since I am interested in the evolution that follows capitalism as we know it, Mondragón proved enlightening. By contrast, an economic system dependent upon unending growth is clearly on a collision course with a planetary ecosystem of limited resources and resiliency.

I am also interested in the elusive balance of centralization vs. de-centralization of economic and governmental control of human endeavor. Which things should be left to voluntary individual or cooperative initiative? Which things should be regulated by a central authority? This is an age-old dispute between liberals and conservatives and between anarchists and socialists.

In May 2015, I spent a week in Mondragón, Spain studying the sophisticated and long-lived cooperative system that has thrived through Spain's differing contexts of fascism, democracy, entry into the EU, and participation in global capitalist competition.

### **Overview**

Almost all of US cooperative ventures are consumer cooperatives, not worker cooperatives. Group Health Cooperative was a consumer co-op, as are REI, PCC, and the credit union movement. Mondragón Cooperative Corporation (MCC) is a constellation of 105 worker cooperatives, one of which, the retail merchandiser Eroski, is both a consumer and worker cooperative.

The self-described mission of Mondragón is quite wordy and hard to distill, but to create a definition as the elevator doors close, I would say this: **The mission is to “create wealth and**

**justice within society through entrepreneurial development and job creation, preferably membership jobs in worker-owned cooperatives.”**

In addition to its primary industrial and retail cooperatives, **MCC includes secondary co-ops that provide financial, administrative, and educational services to the primary cooperatives.**

**Financial:** Mondragón’s bank Laboral Kutxa, serves not only its sister co-ops but has branches all over northern Spain serving the general public. Secondary co-op Lagun Aro administers the health and welfare, unemployment, insurance, and pension benefits accorded to the worker-members of all co-ops.

**Education:** Mondragón University offers undergraduate and graduate degrees to 5,000 students in the humanities, business, engineering, and culinary science. Its Culinary Arts Institute in San Sebastian is its newest educational endeavor. Vocational training is offered at the Polytechnic School.

**Research and Development:** Never one to rest on its laurels, Mondragón has fifteen cooperatives devoted full time to Research and Development, the primary one being Ikerlan, which provides R&D to clients all over the world as well as to its sister coops.

**Retail:** Mondragón’s retail co-op, Eroski, is like Wal-Mart but with ethics. Its stores are ubiquitous and many are huge. It is a hybrid consumer/worker cooperative with representatives of both constituents on its governing council. Mondragón’s retail sector also includes its food and agriculture cooperatives.

While the bulk of Mondragón’s operations and workers are located in Spain, it has facilities all over the world, including the United States. Its Arkansas facility makes Orbea bicycles. Its Georgia facility makes hunting equipment. Its Massachusetts facility makes packaging systems. Its Montana facility makes thermo-injection molded plastic products. Its New York facility makes formwork and scaffolding for construction. MCC has consulted with the City of Cleveland and with the United Steelworkers regarding the formation of cooperatives.



**GAYLE MCLAUGHLIN** was the Mayor of Richmond, CA when she received a full scholarship to attend the Praxis seminar at the Mondragón Cooperatives in 2010. Today, after being termed out from two terms as Mayor, she successfully ran for a seat on the Richmond City Council. She has used her position in government to teach her community about cooperatives and help launch them.

## Focus: Government and Policy

### What I Learned

Imagine a world where businesses derive their power from the people who work there and capital is used as a tool to serve the people, instead of the other way around, as is the case with conventional corporations. A world of true workplace democracy, where each worker has an equal say in how the business is run. A world where workers pool and leverage their resources to start new businesses and create new jobs. A world where top managers earn no more than six to eight times the salary of the lowest paid workers, and everyone has a secure and decent standard of living. A world where education, training, and innovation are abundant.

I had the opportunity to immerse myself in just such a world in the Basque region of Spain, where I attended an intensive five-day seminar at the Mondragón Cooperative Corporation, along with 25 worker cooperative enthusiasts and practitioners from all over the US and Korea.

There is a great deal of collaborative and cooperative spirit in Richmond, CA, and numerous residents and city staff have indicated to me their interest in exploring the possibility of starting worker-owned cooperatives here. Given the need to think outside the box in addressing our high unemployment rate, Richmond could provide fertile ground for implementing this model of job creation along with other strategies.

At the conclusion of the Mondragón seminar, Mondragón's Director of Dissemination, Mikel Lezamiz, and I signed a letter of Intent and Endorsement (see below) to pave the way for initiating conversation with stakeholders in Richmond and beyond.

**Editor's Note:** Mayor McLaughlin and her aide Marilyn Langlois (her report is also in this document) produced several educational forums for the Richmond community on what they learned in Mondragón that could be useful for Richmond. Mayor McLaughlin and the City of Richmond hired a consultant (a co-founder of the Arizmendi Cooperative Bakeries in the Bay Area), to help stimulate the growth of cooperatives in Richmond. Fusion Latina is a catering cooperative that is operating in Richmond and is supported by city workers. Others include a bicycle cooperative and a new agricultural cooperative. Richmond also has a Cooperative Revolving Loan Fund to help start-up cooperatives.

## Mayor Gayle McLaughlin at the Mandela Marketplace Cooperative in Oakland, CA



**Mayor Gail McLaughlin** of Richmond, CA speaks with **James Bark**, Mandela Foods Cooperative worker-owner, during the City of Richmond's field trip to West Oakland.

**Mayor McLaughlin** and **Marilyn Langlois** from the Mayor's office in Richmond, CA attended Praxis Peace Institute's seminar in Spain in September 2010. **Maribel Cedeno** from Mandela Marketplace in Oakland was also a participant in this seminar and her work is profiled in this report.

### **The City of Richmond Visits West Oakland: Bringing the Mondragón Cooperative Model Home**

*Article provided by the Mandela Foods Cooperative.*

In an effort to continue to promote, support, and incubate cooperative enterprises in our neighborhoods, Mandela Marketplace invited The City of Richmond to visit and learn about the initiatives that are growing in West Oakland. Because West Oakland and Richmond share many of the same environmental justice, food security, and economic development concerns, the visit was meant to provide a venue to inform, share, and incite activism. With Mayor Gayle McLaughlin, Thomas Mills (Richmond's Economic Development Administrator and MMPlace Board member), and many other Richmond community members and organizers present, we shared healthy snacks and information about MMPlace programs, Mandela Foods Cooperative, and People's Federal Credit Union.

This field trip to West Oakland was the brain child of a chance meeting between an MMPlace staff member and City of Richmond representatives 6,000 miles from home: in Spain's Basque Country. At the Mondragón Cooperative Seminar, organized by Praxis Peace

Institute, we shared in presentations about Mondragón's Cooperative Model and toured cooperative businesses, research facilities, business incubators, and educational centers. Through our exposure to a half-century old network of over 120 cooperatives with more than 80,000 workers, we came to see "Humanity at Work," Inspired by a cooperative network that uses democratic methods and sound business practices to foster the worker not just the enterprise, a promise was made to continue finding avenues to bring this model back home. In fact, upon her return Mayor McLaughlin signed a "Letter of Intent" with Spain's Mondragón Co-ops to bring the cooperative model to Richmond.

With a great deal of enthusiasm, community support, and recognition of long roads ahead, The City of Richmond is actively working to bring this model home. With the field trip as the kick-off to a continued partnership, MMPlace will collaborate with and support The City of Richmond in hopes of promoting community development and well-being through cooperative enterprises.

In 2016, the city of Richmond won two gold awards from the Institute for Local Government's Beacon Program, which aims to celebrate and promote ideas and programs that develop healthier, greener, and more sustainable communities.

**Website: [www.richmondprogressivealliance.net](http://www.richmondprogressivealliance.net)**

September 17, 2010

**Letter of Intent and Endorsement**

Mayor Gayle McLaughlin of Richmond, California attended a five-day seminar in Mondragón, Spain in September 2010 to learn about the Mondragón Cooperative Corporation's mode of worker-owned cooperatives as a strategy for worker empowerment-based economic development and job creation. Based on this seminar and the considerations listed below, a commitment to explore possibilities for future collaboration emerged.

The Mondragón worker-owned cooperatives in manufacturing, retail, financial services, and education have flourished for over 50 years in the Basque region of Spain, bringing prosperity and social equity to a region that had been stricken by high rates of poverty and unemployment.

\* Mondragón collaborated with non-profits, foundations, and city officials in Cleveland, Ohio to assist in the successful 2008 launch of the Evergreen Cooperative Initiative aimed at stabilizing and revitalizing low income neighborhoods in Cleveland.

\* Mondragón and the United Steelworkers signed an agreement in 2009 to collaborate in the United States/Canadian marketplace by adapting collective bargaining principles to the Mondragón cooperative model and worker ownership principles.

\* Mondragón provided inspiration to community organizers in recently establishing Austin Polytechnic High School in Chicago, which is designed to prepare students in low-income

neighborhoods to start cooperative high tech manufacturing enterprises along the Mondragón model after graduating.

\* Richmond, California's commitment to promoting financial health, social well-being, education and training, and innovation (particularly in the green business sector) corresponds to the four pillars on which Mondragón's cooperatives are built.

\* Formation of worker-owned cooperatives could be the next logical step, building on existing job training programs, to address persistent problems of poverty and unemployment in Richmond. Mayor Gayle McLaughlin of Richmond, California and Mikel Lezamaz, Director of Cooperative Dissemination of Mondragón Cooperative Corporation, affirm the shared values of cooperation, participation, social responsibility and innovation as well as the common goal of creating sustainable jobs that support stronger communities and sustainable environmental practices. Mikel Lezamaz furthermore endorses Mayor McLaughlin's intent to explore how the Mondragón model of worker-owned cooperatives can be applied in Richmond, California and to initiate conversations and facilitate collaboration among potential worker owners, labor unions, community organizations, local funders, and city officials in Richmond.

Gayle McLaughlin, *Mayor*  
Richmond, California

Mikel Lezamaz, *Director of Cooperative Dissemination*  
Mondragón Cooperative Corporation



**Basque Culinary Arts Center, part of Mondragón University**



***JABARI JONES** was a worker-owner at the Arizmendi Bakery in Emeryville, CA when he received a scholarship to attend the 2012 Mondragón seminar.*

## **Focus: Management**

### **What I Learned: The Role of Management in Cooperatives**

One of the aspects of the seminar that made an impression on me was the intentional development of corporate management, leadership, and cultural evaluation and management that is facilitated at Otalora, Mondragón's management training center. In my cooperative experience (in the US), I have witnessed resistance to hierarchical management, leadership, consistency, and enforcing standards and policies. I think that these typical attributes of business organization and management are identified as "authoritarian" and are rejected as such. In other words, there is a contradiction between this desire to be "our own bosses" and a rejection of the administrative responsibilities of the "boss" role where they may impose on personal autonomy.

In the US, there is a reactionary, libertarian spirit that resists authority, sometimes for valid reasons, but there is the tendency to overreact in the name of preserving personal autonomy at the expense of collective unity and success. The cooperative model offers people a space to learn how to relate to one another without an authority figure, so anti-authoritarianism is an essential aspect of co-ops. In my view, problems arise when an individualistic attitude positions itself in opposition to the need for strong organization and production standards, a balance between autonomy and teamwork, and a balance of entitlements and responsibilities. The leader-as-facilitator can be confused with leader-as-dictator. There need not be this binary relationship between liberty and organization, but years of pro-neoliberal capitalist, anti-communist/socialist propaganda has reinforced this false consciousness of individualist freedom vs. collectivist slavery. **Work needs to be done to deconstruct the myths that support this reaction against forms of management, and move towards a theory and practice of non-authoritarian cooperative leadership in a business environment.**

In this way, we can address concerns about economies of scale, and how to retain cooperative values in large organizations such as the MCC. From what I saw, Otalora seems like a key institution, and I hope something like it emerges in the Bay Area to cultivate cooperative business leaders.

In my co-op, I've seen several members leave out of frustration or demoralization, take their knowledge and entrepreneurial spirit with them, and start their own businesses. At

the same time, there is a tendency to shy away from taking on the responsibilities of a leader or manager for fear of being perceived as “bossy.” To be fair, I believe this attitude towards leadership is a natural and valid reaction when we consider how people are affected by, and internalize, the authoritarian, competitive, coercive, hierarchical behaviors and structure of most workplaces of our society in general.

**Cooperation, it seems to me, is an action and a relationship that is manifested through a set of learned social skills.** The existence of the training program at Otalora has convinced me that cooperation can be learned and deployed in the field of management to effectively help businesses succeed.

In conclusion, I want to balance my critique of cooperative culture by saying that I have never been more satisfied, felt more empowered or respected, and been more fairly compensated at any other job, and I’m proud to be a worker-owner at Arizmendi. I’ve also never worked with such a diverse group of people who bring with them special skills, egalitarian values, and a lot of heart.

I feel that the Bay Area has a special opportunity to create successful models of anti-authoritarian, anti-oppressive, feminist, robustly democratic, multicultural, socially conscious, and responsible cooperative businesses. We can accomplish this by building supportive institutions like those that exist in Mondragón, and build a cooperative business complex in a manner that is sustainable, practical, liberating and has an uplifting effect on the whole society.



**Patrica Royman and Nwamaka Agbo, 2008**



***TIM PALMER** was a Senior Research and Policy Analyst at SEIU Healthcare 775NW labor union when he received a full scholarship for the 2013 Mondragón seminar. Today, he is the Director of Research at the Democracy at Work Institute in Seattle, WA. He holds a Master's degree in labor history.*

## **Focus: Labor**

### **What I learned - Cooperatives and Labor Unions**

Knowing the outlines of this story about Mondragón in advance really did not prepare me for what I saw and experienced when I arrived in the Basque Country. Actually seeing Mondragón up close allowed me to start to understand the key elements needed for the US worker cooperative movement to move beyond the small scale and isolated experiments that characterize much of its history here. Yet, one key observation I took away from my trip was that Mondragón's growth and success was not connected much with larger political or social movements. As a labor activist, when I think about how Mondragón's experience can be replicated in the US, I can imagine this becoming easier if the full resources, expertise and political influence of unions could be harnessed for the task. Conversely, the economic sustainability and worker empowerment associated with Mondragón has much to offer labor as it finds itself suffering from declining membership, stagnation, right-wing hostility and recession. **I hope that my work and that of others can help link cooperatives and unions together as a means to both promote cooperative ideals and reinvigorate our collective ability to improve the lives of workers in conventional settings.**

The most obvious take-away I had from the Praxis tour is the immense value added by the four pillars and ancillary cooperatives that perform special functions on behalf of the other cooperatives and their members.

The first and most valuable pillar is financial, exemplified by Laboral Kutxa, the credit union for all the cooperatives in the Mondragón Corporation. With over 18 billion euros in customer deposits, Laboral Kutxa has become the economic engine that drives new business development and the formation of new cooperatives. Just as important, it also provides a means of transferring money between cooperatives, allowing more stable and profitable enterprises to help sustain other businesses during periods of economic difficulty. These two features, more than anything else, have allowed Mondragón to grow exponentially in the last few decades. But in the US, the cooperative movement lacks a significant source of capital that could truly jump-start significant growth. While American unions are undoubtedly in decline, they still command significant financial resources that could be used to help develop cooperative businesses. Few other progressive groups are in a comparative position.

The second pillar is Lagun-Aro, which provides social services and a variety of social welfare benefits including healthcare and retirement benefits that supplement the Spanish and

Basque public systems. Such an arrangement allows all of the cooperatives to share the considerable costs associated with caring for the sick and elderly. The size of these benefit pools lowers the level of financial risk involved and allows Mondragón to be as efficient as possible with its resources while also improving quality of life. By contrast, the US cooperatives have no similar structure on which to rely. This problem is exacerbated by the comparative paucity of America's public social programs like Social Security and Medicaid. US unions historically have tried to deal with this problem by creating multi-employer trusts that can offer social benefit programs to large numbers of workers and also create more purchasing power than any one group could command on their own. Further, collaboration between unions and cooperatives could allow cooperatives access to ease benefit pools, thus freeing up cooperatives to reinvest more profits into their business and/or to provide higher wages and dividends instead.

The third and fourth pillars encompass Mondragón's cooperative education system and its research and development (R&D) centers. The former offers higher learning opportunities that help assure that the cooperatives have access to future members with the technical skills needed for specific positions as well as individuals with knowledge of how a cooperative workplace operates. The latter develop new product and service lines to meet changing demands in the global economy as they connect to each sector in which Mondragón has a presence. Together, these pillars allow the cooperatives to more smoothly navigate the transition to a twenty-first century workforce and business environment. US worker cooperatives, instead, must rely solely on outside institutions to supply the appropriate skill sets to their members. Such institutions often do not prepare members for work in a cooperative, nor do they necessarily match skill needs. Once again, unions with experience in operating their own worker training programs, apprenticeships, and schools could offer cooperatives a valuable tool for worker development and allow worker cooperatives to spread into sectors of the economy where they have little or no current presence.

The Praxis study tour of Mondragón has also allowed me to sharpen my understanding of how promoting cooperativism can be beneficial in promoting the overall goals of US labor unions. Talking to workers and others in Mondragón reinforced the notion that they promote democratic workplaces and flatten income differences within their cooperatives. By becoming one of the Basque Country's largest employers, the Mondragón network has helped spread and sustain these values of autonomy and egalitarianism wherever it has a presence.

I believe that by helping to build local cooperative networks, US unions could talk credibly about a realistic vision of what work could look like when workers gain more control over the decisions in their lives. These real world examples could be quite inspiring for non-union workers in conventional firms and help change the national discourse on the benefits of all types of worker solidarity, including forming unions. Moreover, members in cooperatives developed in collaboration with labor unions may be more inclined to become active in larger worker and political struggles central to the growth and strategic goals of unions.

There are obviously many important critiques of growth in organizations that want to maintain a specific set of values while maximizing membership participation. Mondragón has experienced these tensions between values and growth, particularly as its cooperatives expanded operations overseas. Undoubtedly, any serious partnership between US unions and cooperatives may create similar tensions if growth actually can be achieved. Yet, if we really want cooperatives to be part of serious social change, they cannot remain small and disconnected from other worker and political efforts. Some unions, particularly the Steelworkers who began working with Mondragón in 2009, already seem to grasp what cooperatives can do for unions. I hope to use what I've learned in Mondragón to expand this circle further and help promote more collaboration. While American unions and cooperatives have not always connected in the past, the opportunities now for both groups are too large to ignore.

**Website: [www.institute.coop](http://www.institute.coop)** (Democracy at Work Cooperative website)

\*\*\*\*\*

***None of our acts is indifferent, all have some kind of social repercussion.***



**Otalora, Mondragón Educational Center**



**MARIELA CEDENO** was born in Venezuela, grew up in California, and has lived, worked, volunteered, and traveled all over the world. Mariela holds B.A. degrees in Economics and International Relations with honors from the University of California, Davis, and an M.A. in Latin American Development from Vanderbilt University. She is a Sustainable Alliance of the East Bay Advisory Board member, as well as a member of the West Oakland Bart Community Advisory Committee.

## **Focus: Food-Oriented Economic Development & Finance**

Mariela is the Director of Business Development & Lending at Mandela Marketplace in Oakland, CA, a non-profit that works in partnership with local residents, family farmers, and community-based businesses to improve health, create wealth, and build assets through cooperative food enterprises in low-income communities. Mandela MarketPlace's work focuses on the development and growth of locally owned economies and sustainable food systems. They host weekly community produce stands, manage a Healthy Retail Network that partners with corner markets, and run other programs that encourage consumption of healthier food options and combat the effects of diet related disease. Mandela Marketplace also provides multi-tiered business development services, through workshops, one-on-one advising, and business incubation rooted in deep investment and long term support. Incubated businesses include: Mandela Foods Cooperative, Zella's Soulful Kitchen, Mandela Foods Distribution, and the Ashland Market + Café.

### **How the seminar at Mondragón impacted her work at Mandela Marketplace:**

- 1) It provided tools and guidance for cooperative specific business support.
- 2) It provided a framework that allowed Mandela MarketPlace to provide Mandela Foods Cooperative with technical assistance focused on pay-scale development and management training.
- 3) It provided a tangible example of a business model founded on cooperative principles that was viable, profitable, and had positive community impact.

As the Director of Business Development & Lending, Mariela manages Mandela MarketPlace's economic development programming, as well as the Ladder-Up Loan Fund - a low-cost, relationship driven access to capital tool. Through the California FreshWorks Fund, Mandela Marketplace was able to secure a loan that allowed them to provide debt capital to community-owned businesses in need of start-up and growth loans. The loans targeted in-network businesses that would not typically qualify for traditional bank loans. Loans made through the Ladder-Up Fund ranged from \$5,000 to \$26,000, and so far Mandela MarketPlace has a 100% repayment rate. Mandela also partners with California Farmlink, a farm lender – allowing them to provide under-resourced farmers with loans that are repaid in product (fruits and vegetables) - and as a Trustee endorses 0% interest rates loan targeting local entrepreneurs through Kiva.org. Their goal is to expand this function and

provide more loans to small community businesses, particularly (but not limited to) cooperatives.

### **What Mandela Marketplace Does**

- 1) 56% of Produce sold through Mandela Foods Distribution comes directly from local farms. This brought in \$425K in additional revenue for local, under-resourced farmers.
- 2) 76% of community shoppers reported increased consumption of vegetables and fruits as well as a stronger connection to their self-efficacy regarding healthy food because of Mandela MarketPlace programs.
- 3) 800,000 pounds of produce made available in food insecure communities, most of which is sustainably grown.
- 4) Mandela Marketplace is responsible for \$7 million in revenue generated by local businesses and incubated by Mandela Marketplace = money created and retained in the community.
- 5) Farmers → Neighborhood Corner Stores & Grocers → Local Businesses → Community.
- 6) Job/Ownership opportunities supported through the Mandela Family.

**Website: [www.mandelamarketplace.org](http://www.mandelamarketplace.org)**

\*\*\*\*\*



**Team Academy students from Mondragón University visiting Sausalito, CA with Angeles Arrien, 2012**



**SUSHIL JACOB** participated in the Mondragón seminar on full scholarship in 2012. At that time, he worked with the East Bay Community Law Center. He also founded a community economic development legal clinic focused on worker cooperatives. He co-founded a Worker Cooperative Academy that provided assistance, legal advice and cohort-based training for Bay Area residents who sought to create worker-owned cooperatives. Today, Sushil is an associate at the Tuttle Law Group, where he provides legal counsel to all types of cooperatives, including worker cooperatives, platform cooperatives, and consumer cooperatives. This legal firm is focused on cooperatives. He is also a travel leader with Praxis Peace Institute.

## Focus: Legal

### Applications

After attending the Mondragón seminar, Sushil provided legal counsel to a coalition of worker cooperative advocacy organizations in order to draft a worker cooperative law for California (AB 816). AB 816 provided a legal framework for worker cooperatives in California and provided specific incentives for people to launch new worker cooperatives by easing the regulatory burden on capital raising and indivisible reserves for worker cooperatives. AB 816 was signed into law in 2015 and went into effect in 2016. The law has already enabled a number of new worker cooperatives to be formed.

### What I Learned

The four main things I learned at Mondragón that have impacted my work are the following:

- 1) Intercooperation
- 2) Cooperative education
- 3) Cooperative entrepreneurship
- 4) Global scale

**Intercooperation** is a term Mondragón uses to refer to the way in which the 105 cooperative businesses in the Mondragón system support each other. Their main support is the Laboral Kutxa bank, which invests in each cooperative, and in which each cooperative is invested. But, beyond the bank, the cooperatives are also supporting each other through healthcare and pensions, joint purchasing, through Lagun-Aro, and through their investments in research and development, and education for the next generation. This systematic level of collaboration is what allows the individual Mondragón cooperatives to thrive in an otherwise competitive global marketplace. The Mondragón Cooperatives also help each other if one is having financial difficulties.

**Cooperative Education** is a core principle in the Mondragón system. Mondragón has three university campuses in which the next generation of cooperativists is being trained for management and innovation in the Mondragón system. Many of these young people are

children of the earlier generation of Mondragón workers, thus providing a pathway from blue-collar work to management. The individual cooperatives, the bank and local government have all invested in these universities. Mondragón's universities allow the system to replicate itself by training future managers who are cultivated to understand the unique system of Mondragón and its cooperative values.

**Cooperative Entrepreneurship and Innovation** is another core element of the Mondragón success story. In addition to the university courses, the Laboral Kutxa Bank has a division that supports and encourages entrepreneurship. Workers at the cooperatives who have an idea for a product can apply for a loan from the bank and get help in creating a business plan. While a business does not have to be a cooperative, there are clear advantages to being one, including access to additional resources in the Mondragón Cooperative system. Moreover, Mondragón has invested heavily in research and development across their fifteen research centers.

**Global Scale** is the final take-away from the seminar. Mondragón is not a group of cooperatives that are merely having an effect on the local Basque economy. They are one of the largest manufacturers in Spain. A Mondragón construction company built the Guggenheim Museum in Bilbao and also worked on the construction site at Ground Zero in New York. Through a network of research institutions, a powerful financial sector, and international production facilities, they are working globally. I don't think the US cooperative movement could reach this level for a long time, and perhaps that should not be our vision. It may be better for us in the US to focus on cooperativizing first those industries that cannot be outsourced and that are less susceptible to the pressures of globalization.

## **Applications**

Upon returning to the Bay Area, I organized a "Community Economies Roundtable" at the Ella Baker Center in Oakland, CA. The goal of the Roundtable was to bring together cooperative developers and racial justice organizations in the East Bay and to talk about how we can spur cooperative business development in low-income communities. The second Roundtable will focus on cooperative development. As part of that meeting, we will have reports from some members of the Praxis Peace Institute's Mondragón trip, including myself and Jabari Jones.\* The Roundtable provides a platform to discuss how we can start building secondary-level institutions in the Bay Area to spur cooperative development.

The Roundtable will also explore cooperative education in the form of a cooperative enterprise program at a local community college; local policy reforms to encourage the growth of cooperatives; engaging anchor institutions to support cooperative businesses; and, increasing the availability of financing for cooperatives.

*\* Sushil Jacob and Jabari Jones continued working together for a couple of years in cooperative education in the East Bay. They met at the 2012 Praxis Mondragón seminar.*

**Websites:** [www.cooplawgroup.com](http://www.cooplawgroup.com) [www.theselc.org](http://www.theselc.org) (the sustainable economies law center)



**MATTHEW KEESAN** attended the 2015 Praxis Mondragón seminar on a partial scholarship. At the time of this seminar, he was President and Co-Founder of 3B Brooklyn, a cooperatively-owned Bed and Breakfast Inn in downtown Brooklyn. He is also a board member at Raaka Chocolate and an advisor to Oak Tree Builders in New York.

## Focus: Finance and Management

### What I Learned

For years I was told that I had to take a trip to Mondragón. The cooperative was spoken of reverently, mythically, as if it had sprung fully formed from the head of Don José María Arizmendiarieta. I knew from articles that it was a sophisticated, diversified multinational corporation, akin in some ways to a General Electric or a General Motors from a parallel universe where people were in charge of capital, and sustainability was a virtue; nevertheless, I could only visualize a quaint Basque village where every shop, school, and institution just happened to be operated cooperatively.

In 2010, six friends and I opened the first cooperatively-owned bed and breakfast in New York City, designed as a cottage industry built into our housing cooperative. The business quickly subsidized everyone's lives in full, allowing us to focus on our art, music, journalism, education, and other personal creative projects. We weren't at all engaged in the world of worker cooperatives; we just applied our values to the problem of supporting ourselves. Yet, as the story of our success spread, I was invited to join the board of the New York City Network of Worker Cooperatives to help grow our nascent cooperatives. Suddenly, without intending it, I was part of the movement. Over the past couple of years, I've had the privilege of teaching college students about worker cooperatives at the NASCO Institute (North American Students of Cooperation, the national organization for student housing cooperatives). I also gave a presentation at the Eastern Conference on Workplace Democracy on our unique sweat equity model.

The more involved I got, the more skeptical I became of domestic cooperative development practices. Many cooperatives created by well-meaning community-oriented non-profits are simply low-income service jobs aggregated into slightly less-low-income service jobs without an eye to long-term sustainability or growth. Mondragón represents an entirely foreign paradigm, no pun intended – scalable, sustainable cooperatives employing over 85,000 people and building real wealth not just for individuals, but for an entire region. Naturally, I was excited to learn what made Mondragón possible and whether it could be replicated here.

Arriving in Arrasate (Mondragón is the Spanish word) with Praxis, I discovered the quaint Basque village of my imagination. But no cooperatives! Before I even set foot in an actual cooperative, the enormous scale became concrete in its conspicuous absence from the village of its namesake. Except for a branch of the Mondragón bank, Laboral Kutxa, and an

exhibition on Arizmendiarrreta's life at the Basilica of San Juan Bautista, most of the businesses seemed to be privately owned.\*

Sitting in the old church and reading about its early years, it all felt achievable. And, it felt even more achievable when Mikel Lezamiz, Director of Cooperative Dissemination for the Mondragón Cooperatives, explained to us the best metaphor for their system: a table.

**The table is held up by four legs: Finance, Education, Research and Development and Social Services.**

### **The Mondragón bank and credit union**

I was struck by the power of a credit union where people deposited and agreed to use their funds to create businesses in their communities, instead of personal financial products. In New York, by way of contrast, the Lower East Side Federal Credit Union (LESFCU) has shown interest in the cooperative movement, but much of its resources are (justifiably) focused on its underserved community members.

Although the lives of individuals and small businesses are certainly improved by a compassionate credit union, Mondragón's financial approach has built massive wealth for the entire community to share. While the National Cooperative Bank and organizations like the Working World (a non-profit that provides capital and technical assistance to cooperatives in the US and around the world) make broad investments across the US, local banking institutions have incredible power to support entire communities. Inspired by Mondragón's example, building deeper relationships with LESFCU and other cooperative-friendly banking institutions is now a priority for us. I have been helping the new NYC Real Estate Investment Cooperative with fundraising. Our goal is to purchase property and set up community land trusts to support local businesses that would normally be priced out of gentrifying neighborhoods.

Although impressed by Mondragón's ideas about education and their university system, I was struck most by the collaborative spirit of the Team Academy and the Culinary Arts Institute. In my case, I was able to build a successful small business with six other people – none of us ever having owned a brick-and-mortar before, let alone owned a business at all – because we entered with a spirit of cooperation from our years of living in intentional communities. The Team Academy approach, also a learn-by-doing model developed when they were undergraduates at Mondragón University, is brilliant.

Due to my experience in cooperative hospitality, the US Department of the Interior invited me to speak at a conference for Erie Canal Way Corridor a few weeks after our trip to Mondragón. Small canal towns are banding together to increase community wealth through their shared resources. Unfortunately, without exception, every town's top priority is securing a name-brand chain hotel like a Hilton or Marriott. Rather than investing in what might arise from their unique qualities of place and local development, they cling to the hope of generic outside operators to deliver wealth on a platter.

In conversation with town and county planners across New York State, I felt fortunate to be able to invoke the lessons of Mondragón, a type of development that truly builds sustainable wealth for communities. The beneficiaries of the Erie Canal didn't anticipate railroads or interstate highways and were left behind when mule-pulled barges were made obsolete. Mondragón points to a better way, where the details may change but the infrastructure remains to support the next generation.

*\* However, many of the people living in Mondragón work at one of the Mondragon Cooperatives.  
¶ There is more information on Team Academy in other parts of this report.*

\*\*\*\*\*

***We need less triumphalism and more realism; fewer words and more actions, fewer prophets and more people who keep their word; fewer utopians and more practical people.***



**Countryside Near Otalora**



**ESTEBAN KELLY** is the Co-Executive Director of the US Federation of Worker Co-ops. He is also a founder and worker-owner with AORTA, a co-op that offers consulting, facilitation, and training for co-ops and organizations working to build a solidarity economy. He serves on the boards of the Cooperative Development Foundation (CDF) and the National Cooperative Business Association (NCBA-CLUSA).

## **Focus: History, Possibility for Replication of Mondragón System**

### **Pensamientos de Mondragón**

*The Tale of the Mountain and Solidarity In Context*

June 2016

Much ado has been made about the indisputable gravitas of Mondragón, as planet Earth's largest, and by some measures, most successful worker cooperative complex. Seventeen years into my own cooperative journey, I was elated to join Praxis Peace Institute's delegation of visitors to the hallowed monastic town-cum-economic-miracle, for a week as chock-full of industrial cooperative eye-candy as it was pulsing with cultural immersion.

I was surprised and delighted in the ways that the trip animated my own disparate professional trainings, in worker co-op organizing on the one hand, and socio-cultural anthropology on the other. Whether by accident or by design, the Praxis program was equally an experience about the Basque people (their culture, history, and more recent political struggles), as it was about what some of those people created through the leadership of a maverick assistant priest sixty years ago.

Mondragón, historically and locally known as Arrasate, is a small town, nestled in the Basque countryside – one hour inland from the industrial heft of Bilbao or the tourist glitz of San Sebastián, and a little less than an hour's drive from the Basque people's capital city, Vitoria.

Like any Game of Thrones fan thrust in the shadow of a mountain town with a namesake like "Mondragón, " I had discreetly suspected the summit was some portmanteau of "Mount" and "Dragon." I was vindicated when our guide shared the local lore of how the Dragon of Dragon Mountain was slain. That is, not by a single St. George-esque hero. Rather, legend has it that a community of concerned citizens banded together to defeat the menacing beast. Solidarity, we were told, runs deep with these folks.

I share this to help convey the critical integration of these two seemingly separate modalities: the cultural and the cooperative. Above all else, my primary take away from the Praxis visit to the Mondragón Cooperatives was the inextricable fusion of Basque culture and the scale of their cooperative businesses. I found myself drawing on my anthropological as well as worker co-op background in order to make sense of Mondragón's success, and to

understand my sense that this was something special, and yet lamentably irreplicable beyond the Basque region.

Mondragón stands, in my view, more for world heritage than paragon for emulation. But that doesn't mean there aren't gems to be gleaned – strategies for worker co-op development elsewhere.

Our delegation was hungry for such strategies. With each guest speaker and site visit, I or someone else posed some version of the key question: What advice do you have for someone else starting up their own version of this? How would you start this nowadays? What would it take to initiate a project along these lines...?

Responses ranged from vague puzzlement to outright refutation that replication was in any way possible. Not one of our hosts gave any indication that Mondragón's strategies for cooperative development could translate elsewhere. Some speakers were downright nonplussed, even after we reframed the question or posed it in different ways. They simply didn't understand our orientation toward being initiators, instigators, and catalysts.

Paraphrasing:

*"What do you mean initiate this? It is already here."*

*"One cannot start something like this."*

*"This was unique to Arizmendiarieta, it cannot be copied."*

*"This was started many, many decades ago... for my life it has always been here. I do not know how one would build what we have."*

This helped me situate where we stood as North Americans with a cultural disposition toward development, initiative, entrepreneurship, and a grassroots ethic for movement-building. It also revealed a deeper context of Mondragón's experience, which is where the culture, history, and cooperative economics become constituted. Contemporaries felt unqualified to speak about kick-starting the institutional pillars of Mondragón: a lending operation, a full employment program, shared benefits programs, a tithing system for cooperative development, or certainly a university.

Our hosts were simultaneously proud of what Mondragón had established and at a loss for how anyone, even they themselves, would go about launching these initiatives today. This left me feeling unclear as to what they believed our purpose was in visiting. Did they imagine it was pure voyeurism, that we simply wanted to ogle and marvel at the scale and stature of their worker cooperative economy? Perhaps that is true of their typical visitors, but they seemed unprepared for our delegation's interest in being movement-builders and cooperative developers; leaders committed to spurring worker co-op growth in the US for community improvement, workers' dignity, democratic practice, and racial and economic justice.

But what about the origins of what some of us had read or heard about, and what all of us had traveled to Spain seeking to understand? The canonized version is handily available elsewhere, so allow me to share my revised impression from what we heard in Spain of what transpired in Mondragón, and why it was possible.

In short, there are three very particular elements to the experience that make it exceptional.

1) **Basque cultural identity.** With a language that is at least 7,000 years old, this cohesive ethnicity forged a sense of interdependence, trust, solidarity, and a drive for self-sufficiency. The crucible for this was a fraught political landscape of a heavy-handed central government seeking, over centuries, to corral multicultural regions into a unified nation (Spain). I think the importance of linguistic, cultural, racial, and ethnic singularity gets overlooked or deemphasized in the analysis widely exported onto Mondragón, and it weakens our ability to comprehend the situation.

2) Several speakers were astute in reminding us that Father Arizmendiarieta's organizing efforts all took place underneath **the dictatorial regime of Spain under Franco**. Again, I'm cutting corners here, but some of the implications of this were that Spain's economy was not in good shape; trade was fairly limited, creating a rare opportunity for domestic research, engineering, and ultimately manufacturing to produce, distribute, and sell industrial goods such as the early stoves that fueled the success of Fagor. The constraints of Franco's dictatorship also meant that socially there were very few opportunities for anyone who in a freer society might be involved in a range of activities like non-profit work, community organizing, radical grassroots/provocation, volunteerism, and even many forms of entrepreneurship. All of these were squelched by Franco, leaving a pool of talent with just one option for channeling their energy: the cooperative. Co-ops, headed up by Arizmendiarieta were the only option left standing.

3) As part of the Catholic Church, Father Arizmendiarieta was politically inoculated from the squelching hand of Franco. The Church of course was everywhere. Franco was loathe to overstep or disrupt the détente between his hold on Spain and the international ire that meddling with the Vatican and its personnel would incur. Instead, Franco maintained his isolationist policies by giving the Assistant Priest, Father Arizmendiarieta, a long leash to do his strange community development projects that established cooperatives, schools, and local programs in the Basque Country.

Essentially, community improvement through cooperative development was insulated from dictatorial repression. Monopolized do-gooder community talent flourished in the market opportunities of an economically isolated domestic market, and was held together by the glue of a mono-ethnic Basque culture dating back hundreds if not thousands of years.

Those conditions for Mondragón's success seem pretty difficult to duplicate. It's why I have some sympathy for the baffled responses to our American questions about creating and developing the worker co-op sector on our side of the Atlantic.

Nevertheless, I ascertained some useful lessons by listening to the anecdotes our hosts shared, and the histories of the projects that they introduced.

First, Mondragón's cooperative ecosystem is inspirational, to say the least. Indeed, I couldn't help but recognize that the very ecosystem model propelling worker co-op development in the US is an iteration of what Mondragón depicts as pillars of a table.

Second is a lesson in humility. For all of the rhetoric of solidarity and the collective strength of the group, their network includes 103 cooperatives out of nearly 1,500 co-ops in the Basque Region. That is not even a tenth of the region's co-ops. The US Federation of Worker Co-ops has about a third of the estimated worker co-ops in our country as active, dues-paying members. We beat ourselves up sometimes about the extent to which our membership penetrates the worker co-op sector, and comparing this to Mondragón helped ease up my expectations a little bit. To be fair, the 100 co-ops that are in the Mondragón group employ 74,000 workers and account for nearly all of the market share of the region's cooperative economy. But it was humbling to know that even *they* don't have full membership in their network, including co-ops spun off or incubated by itself.

Lastly, to counterbalance the aforementioned humility, I left Spain feeling that we should take pride in the political and systemic change-orientation of the American worker co-op cause. I say this without hubris, I hope, but rather in recognition of the challenge we have courageously taken on, and how that differs in scope from the mid-twentieth century self-help initiative of a Basque assistant priest. At the root, our countries share a political motivation for cooperatives as a robust tool to ensure self-determination. Grappling with the ravages of hyper-fueled late capitalism, we have higher stakes, and hopefully a bigger win with our vision of a successful co-op movement ushering in a post-capitalist new economy! The American prospect for a new economy corrals a multi-racial, post-colonial, grassroots network acting on its own flavor of solidarity. While not contending with a dictatorship, our challenge is building up a movement for worker co-ops and workplace democracy not in a 20<sup>th</sup> century industrial economy, but a 21<sup>st</sup> century context. Under Franco, the Basque people strove to carve out socio-economic autonomy (in addition to the obvious and more subversive political calls for autonomy) in order to exist, persist, and thrive. Here and now, Americans hope to utilize the worker co-op structure to build resilience to our neoliberal, late-capitalist, gig economy. Mondragón proves that our new economy can be one where people are the center rather than capital (see their core principle on the subservience of capital). The power of Mondragón's "success" is also that workers can have agency in the workplace and in the economy, and can even build on that by practicing democracy.

This brings us back to solidarity. The tale of the Dragon, the Mountain, and the heroic community coming together belies the insularity of Mondragón's solidarity. In their tale, as in their cooperative structure (despite growing into international operations), the community is the local Basque worker-owners and their families. But that bounded frame of solidarity would have us leave behind a global crisis of refugees, climate change, and the fallout of capitalism's cyclical crises — all of which need our cooperative solutions.

Who is the "us" amongst whom we are building solidarity? How can we expand the community threatened by the dragon menace of global capitalism? Our movements must come together to put all dragons at bay, and not just smite the one that haunts our own small mountain town. We have a case to make in the importance of global solidarity, and supporting wins not just in our backyards, but building strength through integrating our struggles trans-socially, and internationally. That is our context for workers' and co-op solidarity.



**BRIAN VAN SLYKE** is the founder of TESA Cooperative, a co-op that created educational resources for social and economic changes. They create games and documentaries and develop programs that encourage democratic team-building. They work with businesses and organizations outside the co-op world too. TESA was formed in 2010 with the goal of building a more democratic world.

## Focus: Education

TESA has collaborated on projects ranging from building year-long and nationwide programs, creating documentaries, conferences, interactive webinars, board games, handbooks, cooperative academies, community-based initiatives, and more. They work with some of the best co-op educators and social justice organizations available.

Brian was a 20-year-old student at Hampshire College when he joined the Praxis seminar at Mondragón in 2008. Three years later, he created *Co-opoly: The Game of Cooperatives*. The object of the board game is for players to start a cooperative (a democratic business or organization). In order to survive as individuals and to strive for the success of their co-op, players make tough choices regarding big and small challenges while putting their teamwork to the test.

This is an exciting game of skill and solidarity, where everyone wins – or everybody loses. Will the Point Bank continue to dominate the players, or will they break free and take control by jump-starting the movement for a truly democratic economy in their community?

### Take-away from Mondragón seminar

- 1) The message board in FAGOR where worker-owners could post their recommendations and ideas for consideration by everyone. This is a great way to share information.
- 2) The educational importance of the book, *Reflections*, that is composed of seminal quotes from Father Arizmendiarreta. Brian has used them in all his presentations and writings about Mondragón and cooperatives.

Brian expressed interest in a 2.0 follow-up seminar at Mondragón. The specifics that he would like to learn:

- 1) How do they get co-ops off the ground? What is the procedure, the process?
- 2) How do new co-ops fit into the network of co-ops?
- 3) What is the role of education in training for starting and running co-ops?

These questions need instruction from both Mondragón and US cooperatives as well as lawyers, because our state laws render incorporation for cooperatives different than in Spain.



*CAITLIN QUIGLEY received a full scholarship for the Praxis Mondragón seminar in 2013. At the time of the 2013 seminar, she was a board member of the Mariposa Food Co-op, the Energy Co-op, and the Philadelphia Federal Credit Union. She was also a steering committee member of the Philadelphia Area Cooperative Alliance, a non-profit chamber of commerce for cooperative businesses. Today, Caitlin is the Director of Communication and Development at the Philadelphia Area Cooperative Alliance, an organization she co-founded.*

## **Focus: Membership Engagement**

### **What I Learned**

While visiting Mondragón, I was particularly interested in hearing about methods for building and maintaining member engagement in their co-ops. Worker co-ops have an advantage over other types of co-ops in that members spend eight hours a day there, so decisions made by the co-op have a direct effect on their everyday lives. Decisions made at my food (consumer) co-op's membership meeting, on the other hand, might not affect me at all as a consumer member. Either way, the question is the same: what makes an individual feel invested enough in a cooperative to motivate him or her to participate in it?

Mondragón has some interesting strategies for maintaining member participation. For example, if a member doesn't attend a general assembly meeting, s/he does not get a vote at the next meeting. However, a proxy vote is allowed. One member can cast his or her own vote and up to two proxy votes. This policy incentivizes members to make sure their vote gets cast even if they cannot attend the meeting.

Another piece of this strategy is that at large co-ops, there are small group meetings leading up to General Assemblies. These meetings convene about thirty people, so they can have a deeper discussion of the agenda and issues addressed at the General Assembly. The General Assembly meeting can then spend more time making decisions and less time deliberating, although deliberation certainly takes place. The small group meetings give worker-members a chance to ask clarifying questions. The results of this strategy are impressive: at large co-ops, about 70% of members vote on a regular basis, but at small co-ops it's more like 90%-95% participation.

### **Applications and Reflections**

How can we adjust and apply these strategies in our US co-ops? Making voting more accessible, such as by offering online voting, seems like an easy out, but only if the goal is limited to increasing the number of votes. Clicking a button on your laptop at home doesn't do much to make you feel like part of a group or community. Engagement has to happen on an ongoing basis before the moment of a vote. Again, in worker-co-ops such as Mondragón, there are ample opportunities to have discussions with other members and deepen

relationships that build community and trust. Many consumer co-ops use working-member programs to invite members to get more involved in their co-op while also lowering costs.

Some Philadelphia co-ops have gotten creative in engaging their members. Swarthmore Food Cooperatives and Weaver's Way Co-op both established programs to engage young co-operators when they enter the store. Giving out a piece of fruit or a sticker book that gets stamped upon each visit, which leads to a prize, are ways to foster member engagement.

At Mondragón, member engagement flows naturally from cooperative education. Philadelphia area co-ops are already offering great educational events to their members, but these events don't tend to address the cooperative model. Credit unions offer budgeting and credit seminars, food co-ops host nutrition workshops, and healthcare co-ops give webinars on changes to Medicare. At Mondragón, they teach members how to make decisions together. This type of education is not currently being offered on an easily accessible basis in the Philadelphia area, and this is a need that our co-op alliance is hoping to meet. As a start, I've been working on a Co-ops 101 presentation to be used at co-ops of all sectors in the Philadelphia area.

Our task now is to do what Mondragón has done and unite the local cooperatives and supportive institutions in launching a regional cooperative culture and identity. Our cooperative alliance is leading this effort, and we are fortunate to have such a diverse network of cooperatives in our region, ones that are excited about building this culture together. Mondragón's example shows us that it is possible to bring cooperation to the mainstream, and it challenges us to be persistent and creative in finding ways to get there.

**Website: <http://philadelphia.coop>**

\*\*\*\*\*

***Human beings are made human through education. Civilization progresses at an increasing pace only through formative and educative action along a path searching for human and social values.***



**NANCY BERLIN** participated in the 2012 Praxis seminar in Mondragón. Nancy is the Board President of the Arroyo Seco Sustainable Economies Community Organization in Los Angeles and is the Policy Director for the California Association of Non-profits. She is the former Director of the California Partnership and a project coordinator of the Los Angeles Coalition to End Hunger and Homelessness. She is the Loan Coach for the ASECO (Arroyo Seco) Community Revolving Loan Fund. She has been recognized with numerous awards, including Outstanding Public Citizen of the Year Award from the California Chapter of the National Association of Social Workers, among others.

## **Focus: Finance**

### **What I Learned**

My visit to Mondragón in 2012 inspired me to find ways to support solidarity economies at home. A big take-away was that we have to be able to finance our own efforts. So, working with a few like-minded people, our time bank, The Arroyo Seco Network of Time Banks, created a Community Revolving Loan Fund, which offers micro-loans to local, Los Angeles-based businesses. One of the very first loans we made was to a worker co-op. But, we realized that co-ops were unfamiliar to many, and that led us to organize educational events. At the first one, we play Co-opoly\* to introduce our community to the tenets of co-ops in a fun and interactive way. We are busy planning more workshops for the fall of 2016, as well as technical assistance for people ready to take the leap and form a co-op. I continue to connect with people who've gone to Mondragón with Praxis over the years. Each year, there are more of us who can bring back the knowledge and experiences to our home communities.

**Website: [www.arroyo-seco.org](http://www.arroyo-seco.org)**

*\* Co-opoly is a game created by Brian Van Slyke. His profile is also featured in this document.*

## First Mondragon Conference – 2008



Front row sitting (from left): Julianne Maurseth, Gloria Walker, Nwamaka Agbo, Cynthia Lolik, Christopher Lindstrom, Lori Heath. Back row: Mikel Lezamiz, Omar Freilla, Shaula Massena, Adam Trott, Mondragón university student, Patricia Royman, Cathleen Dorinson, Joyce Douglas, Richard Brooks, Georgia Kelly, Melissa Ennem, Linda Ellinor, Philip Beard, Sergio Lub. Missing from photo: Brian Van Slyke

## Second Mondragon Conference – 2010



Front row (from left): Michael Ratner, Karen Ranucci, Rebecca Kemble, Jake Ratner. Second row: Mayor Gayle McLaughlin, Mariela Cedeno, Chamorro Diaz-Sarmiento, Chandra Friese, Seon-Woo Chung, Greg Brooks-English, Georgia Kelly, Elizabeth Coenen, Mikel Lezamiz. Back row: Paul Kilkenny, Hal Johnson, Carl Davidson, Mary Fenelon, Mark Hefferman, Michael Archbald, Matt Friese, Ed Whitfield, David Smathers-Moore, Rod Butler, Marilyn Langlois, Misha Rauchwerger, Iain Ward.

### Third Mondragon Conference – 2011



Front row (from left): Jay Thiemeyer, Joan Jennings, Georgia Kelly, Abigail Jennings, Safiya Omari, Letitia Johnson, Mark Chasen, Carol Robinson, Chrsitine Renner, Sara Colby, Nick Colby, Ellen Brown, Tao Hastings. Back row: Robin Daugherty, Grady Daugherty, Wintergreen Lubell, Philip Beard, Bill Marsh, Jennifer Martinez, Derrick Johnson, Michele McGeoy, Rajesh Alreja, David Peer, Tristan Peer.

### Fourth Mondragon Conference – 2012



Front row (from left): Sherry Knight, Adele Wallace, Elizabeth Sholes, Georgia Kelly, Gus diZerega, Nancy Berlin, Brian Reilly, Shirley Mock, Ilya Sheyman. Back row: Sushil Jacob, Kitty Kroger, David Tresemer, Lila Tresemer, Roy deGiere, Keith Wilson, Jabari Jones, Leland Ellis, Jeffrey Scott.

## Fifth Mondragon Conference – 2013



Front row seated (from left): Christian Weber, Anna Hicks, Caitlin Quigley, Richard Hobbs, Zoe Creighton. Back row: Mikel Lezamiz, Peter Murphy, Georgia Kelly, Wendy McGuire, Mike Gregorich, Deb Coldberg, Charlotte Dvorak, Donald Williams, Tim Palmer, Mike Charlos, Larry Mondragón.

## Sixth Mondragon Conference – 2015



Front row (from left): Beth Gehred, Jihan Gearon, Georgia Kelly, Christine Mrak, Maya Conn, Mehie Atay, Ofelia Alvarado. Back row: Mikel Lezamiz, Phyllis Robinson, Jonathan Beatrice, Mallory Cochrane, Larry Mondragón, Gilda Haas, Matthew Junker, Matthew Keesan. Forrest Perry missing from photo.

## Seventh Mondragon Conference – 2016



Front row (from left): JoAnn McNeerthney, Esteban Kelly, Peggy Wolf, Jessica Nembhard, Georgia Kelly, Kate Kelly, Nick St Charles, Maggie Cohn, John Bloom, Siphon Dube. Back row: Eric Kornacki, Timothy Mosteller, Ander Etxeberria, Guy Slater, Gregory Dees, Dorothy Johnson, Richard Giordano, Bob Herrschaft.





**JO ANN MCNERTHNEY** received a full scholarship for the 2016 Praxis seminar in Mondragón. She founded the Circle of Life Caregiver Cooperative in Bellingham, Washington. The caregivers are worker-owners and Jo Ann is the Administrator of this very successful cooperative. Established in 2009, today Circle of Life has more than 50 caregivers and 70 clients. Gross proceeds exceed \$1,000,000 annually. In January 2015, the Cooperative Development Foundation in Washington, DC funded the development of a report on this caregiving cooperative. This report is available here: [http://seniors.coop/wp-content/uploads/2015/01/CircleofLife\\_12.29.14.pdf](http://seniors.coop/wp-content/uploads/2015/01/CircleofLife_12.29.14.pdf)

## Focus: Caregiving

### What I Learned

There were several aspects that impressed me about the Basque culture, the city of Mondragón, and the Mondragón Corporation. Learning that the Basque language is unique to this area and not connected to any other known language, and is probably at least 7,000 years old, was fascinating. That means the Basques are indigenous to this region and are deeply connected to place. Having such a rich and continuous history in community probably enabled them to be more receptive to Arizmendiarrreta's instruction and vision.

In any community where one is thinking of introducing concepts about cooperatives, it is important to consider the history and culture in order to determine the right approaches. To be successful, one must be sensitive to traditions and not proselytize. It was interesting to learn that Arizmendiarrreta was not a good presenter to large crowds but was very effective in small groups. He was a good community organizer.

His first business effort, which was unsuccessful, was to work with a locksmith company in the area. He wanted the owners to sell the business to the workers, but the company did not want to sell. Arizmendiarrreta's first plan was to work with what already existed instead of creating something new if it was not needed.

### Applications

I am currently on a sub-committee of our local Community Food Co-op called Cooperative Education Project. Our goal is to provide classes about how to form cooperatives. As of this writing, we have conducted four classes so far and our next one is scheduled for September, 2016. The plan is to gather together professionals in the alternative medicine world to see if there are ways to create shared service cooperatives or worker-owned cooperatives in this field. I am planning to incorporate some of the lessons learned in the Mondragón seminar.

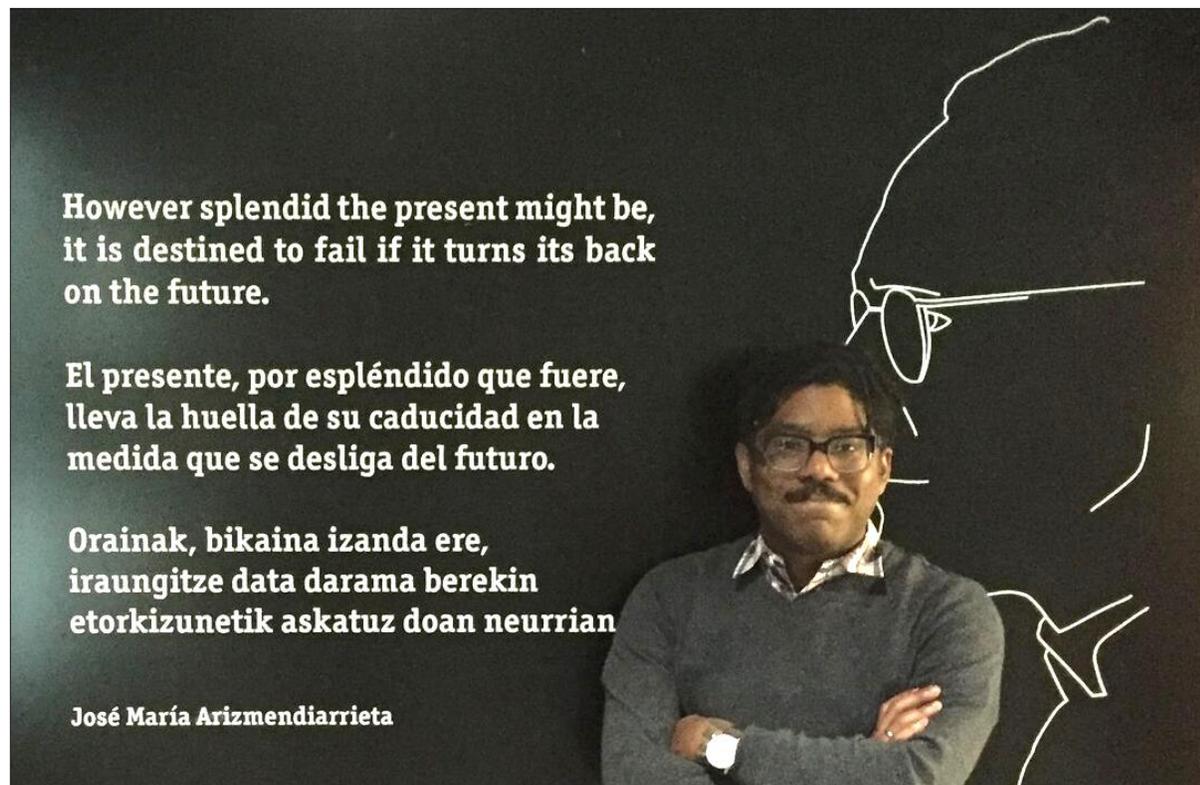
When I was anticipating what I would learn in Mondragón, I thought that it would be techniques about organizing, creating incubators, etc. While I was surprised that it was different, I was not disappointed. In reflecting on the experience, what I came away with

was more philosophical and inspirational. It's wonderful to have contact information for some of the presenters for future questions and resources.

The book, *Reflections*, containing seminal quotes from Arizmendiarrreta that was given to us during the seminar, is now in the Circle of Life Caregiver Cooperative in Portland, Oregon.

\*\*\*\*\*

*Love is the indispensable complement of justice.*



Quote of Arizmendiarrreta behind Esteban Kelly - 2016



***ERIC KORNACKI** is the founder and Executive Director of [Re:Vision](#), a non-profit organization in Denver, CO. Their work is based in low-income communities where they develop locally-owned economies that build community wealth. Eric is also a travel leader with [Praxis Peace Institute](#).*

## **Focus: Community Building**

Today, the wealth gap in America is at the widest point in our country's history. This gap is not only unsustainable, it is undemocratic. An increasing majority of Americans feel that they are being left behind and that the system is rigged. The overriding theme of the 2016 presidential race was populism, and it favored the perceived outsider. People believe that the economic and political systems are broken, and they are looking for answers. Sadly, Trump channeled this angst towards a gross misinterpretation of what it means to make a country great. We don't have very many alternative economic models to learn from in the US. This is why Mondragón is so important.

The problem of poverty will not be solved just by creating jobs for people who live in impoverished areas. Poverty is symptomatic of an economic system that concentrates wealth at the top. I work and live in one of the poorest neighborhoods in Denver (Westwood) and I know firsthand that people aren't poor because they don't have jobs and/or that they don't work hard. People are trapped in poverty by a system that concentrates wealth and power.

I believe that the scourge of poverty can only be solved by building new economic systems that are owned by a community with the purpose of generating wealth that stays in the community. I started to build this world in 2007, when I founded an organization called [Re:Vision](#), which aims to cultivate thriving, resilient communities in marginalized neighborhoods.

We believed the most immediate system that the community could take ownership of was their food system. We began hiring and training women to be the community-wealth building leaders in their neighborhoods. They build relationships with families, teach them self-sufficiency skills, and connect them to other families. These women are "cultivating the soil" by uniting a community around a common vision of ownership, prosperity, and resilience. Through this relationship, we began teaching the community to use the assets they already have to develop a food system owned by and for the benefit of Westwood. Over the past six years, we have helped over 600 families in the neighborhood to grow food in their backyards so that they can feed their families and exchange their bounty with neighbors. This is now the largest community-owned food system in the entire country.

And, we are in the process of starting one of the first grocery stores owned by a low-income community, called the [Westwood Food Cooperative](#).

The success of our work has caught the attention of traditional foundations and government agencies, both locally and nationally. In 2015, I gave a [TED Talk](#)<sup>1</sup> about the “Power of Building Place-Based Economies.” And in December, [YES! Magazine](#) featured Re:Vision as one of the 50 best models across the country for building community strength and resiliency.<sup>2</sup>

When Re:Vision began working in Westwood, we didn’t have a guiding model for inspiration. So, in 2013, a Denver contingent, including myself, program officers from several foundations, city officials, and nonprofit organizations, traveled to Cleveland to learn about the Evergreen Cooperatives, which were largely inspired by Mondragón. The Evergreen Cooperatives were impressive, but something was missing for us. The approach seemed very top-down, driven by researchers, foundations, and city officials. It was missing the bottom-up, movement-building aspect that we believe is critical in order to truly change the economic system.

Upon returning from Cleveland, we created the Community Wealth Building Network of Metro Denver for the purpose of creating a new economic system in Denver. This network is part of community wealth building and the new economy work emerging across the country. We have held several large conferences to raise awareness about community wealth building and we viewed Mondragón as an inspirational model. And yet none of us had ever been there.

## **What I Learned**

In May, I had the opportunity to travel with Praxis Peace Institute for an exclusive, insider’s look into the workings of Mondragón. The Mondragón model is staggering in its success and complexity. Even after hours of research prior to the trip and first-hand access with experts about how it all works, it still feels difficult to grasp the financial and governing machinations of the system.

However, I believe the most important lesson Mondragón has to offer isn’t what Mondragón is and how the pieces of it work. It is the softer side of Mondragón, the humanity, the community, the relationships and values that offer the true wisdom to those of us on this path. Mondragón has flourished in large part due to the homogeneity of the Basque people, a shared history of struggle and oppression, a unique shared language, and thousands of years of developing their culture.

America has a very different history. We are a young country, independent and individualistic. We do not start from the same place that the Basque people did 60 years ago when they formed the first worker co-op that would eventually flourish into the multi-

---

<sup>1</sup> [www.revision.coop/tedxmilehigh2015](http://www.revision.coop/tedxmilehigh2015)

<sup>2</sup> <http://www.yesmagazine.org/issues/50-solutions/peek-inside>

faceted Mondragón Cooperatives. But if we look closely along the margins, there exist the same opportunities for small, autonomous groups of people with a shared language, identity, culture, values, and experience of oppression to begin forming economic solidarity networks. Mondragón type cooperatives can flourish in the US, but only if we're committed to cultivating a strong local community and a strong network of cooperative communities.

**Website: [www.revision.coop](http://www.revision.coop)**



**Guggenheim Museum, Bilbao, Spain.  
Designed by Frank Gehry and built by Mondragón Cooperatives Construction Company**



***MARILYN LANGLOIS** participated in the 2010 Praxis seminar at Mondragón. At that time, she was and for several years has been, a Community Advocate in the Mayor's Office in Richmond, CA. She is currently retired but active in Richmond Co-op Loans and Cooperation Richmond (incubator). She also serves on the boards of both organizations.*

## **Focus: Cooperative Incubator**

### **Take-away:**

- 1) Learning that such a phenomenon as Mondragón exists. The seminar led me to think of cooperatives in a new way.
- 2) That capital can exist to serve people instead of the other way around.
- 3) The seminar inspired me to help set up a loan fund for people who would be interested in starting a co-op in Richmond, CA.

The city of Richmond was able to get a \$50,000 grant to help local people create cooperatives, but the educational piece was a missing part in the formation of co-ops, as were a few other key components. However, this experience has generated more knowledge toward manifesting sustainable cooperatives.

The two catering cooperative that were started in Richmond did not last past a few years. The main reasons: a) they did not have adequate start-up funds; b) the worker-owners had to keep other jobs in order to survive; and c) they were not able to give enough time to the co-op.

At this point, they realize that more education is necessary before a co-op can be launched. So, they have organized an Incubator, **Cooperation Richmond** to provide the education and coaching.

Start-up funds are a serious dilemma in launching a cooperative in a poor area. The legislation that Sushil Jacob helped pushed through the CA State Legislature will help in raising funds for new cooperatives.

Currently, there is a bicycle cooperative in Richmond that focuses on repairs and sales of used bikes. This is the only such shop in Richmond, so it is working well.

The lessons learned in Richmond demonstrate how important it is to have the following pieces in place before forming a cooperative business:

- 1) Adequate funding to launch a new business.
- 2) Adequate education in running a business and running a cooperative.
- 3) A commitment from the people entering into a cooperative business.

**Websites: [www.richmondprogressivealliance.net](http://www.richmondprogressivealliance.net)**

**<http://cooperationrichmond.wordpress.com>**



**Flower Puppy, created by Jeff Koons.  
The four story sculpture sits in front of the Guggenheim Museum.**



**DERRICK JOHNSON** is the Founder and CEO of One Voice, a Mississippi non-profit organization that focuses on community and economic development, education, and voting rights in disenfranchised communities in MS. He is also President of the Mississippi NAACP and associated with the Massachusetts Institute of Technology Co-Labs program. In response to the Hurricane Katrina devastation in Mississippi, he was appointed to serve as Vice-Chair of the Governor's Commission for Recovery, Rebuilding, and Renewal. Johnson has become a leading voice for equitable rebuilding for the working poor in the aftermath of the hurricane.

## **Focus: Community Development, Rebuilding Rural Energy Cooperatives**

Recently added to his extraordinary list of accomplishments was his successful management of the Jackson Public School District bond referendum campaign that brought \$150 million in renovations and new schools to the Jackson, Mississippi area.

Johnson founded One Voice, Inc. (formerly Community Policy Research and Training Institute (CPRTI), a non-profit social justice organization whose mission is to improve the quality of life for African Americans and other disenfranchised communities by increasing civic engagement in the formation of public policy through leadership development, research support, training and technical assistance. Since its inception, One Voice has sponsored an annual Black Leadership Summit for elected and appointed officials, and it established the Mississippi Black Leadership Institute, a nine-month program to support local leadership development for emerging and established community leaders between the ages of 25 and 45.

### **Take-Away**

#### **Current activity that is in Part a Result of the Week Spent in the Mondragon/Praxis Seminar in 2011:**

One Voice has identified Rural Electric Company Cooperatives that were formed under the New Deal in the 1930s. These rural cooperatives were formed to bring electricity to all areas of the country and are located in rural areas throughout the US.

Many of the workers in these utility companies did not know they were worker-owners because the hierarchy has changed so much since they were created.

1) **One Voice** has created an electrical cooperative training institute to do the following:

- a) Teach the principles of cooperatives.
- b) Teach campaign strategies.
- c) Convert the hierarchy of the cooperatives by educating prospective board members to replace the current crop.
- d) Plan to increase renewables in the electricity supplied.

The training program just started in July, 2016 and will be a six-month program, meeting on Saturdays in these rural areas.

2) One Voice spent one year on fact finding, creating by-laws, and securing a money flow to accomplish this program. Formerly, the worker-owners had signed a paper giving up their power, and now gaining board membership is the way to restore their power. Once a majority of real worker-owners, who understand how to run a cooperative, are elected to the board, all the changes outlined in Point 1 can be implemented.

93% of the people in Mississippi are serviced by rural electric cooperatives. 46% of electricity in Mississippi is generated by cooperatives.

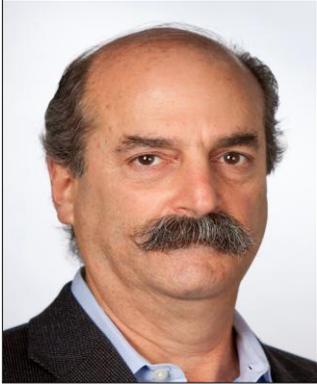
**Rural Water Cooperatives** – The farmer class has controlled these cooperatives quietly. It is time to educate worker-owners in the same manner as we are doing with the rural electricity cooperatives.

Electricity companies are job creators in any community.

**Website: [www.onevoicems.org](http://www.onevoicems.org)**



**Sergio Lub, Mikel Lezamiz, Georgia Kelly, Philip Beard in Oñati**



**JOHN BLOOM** is the Vice-President of organizational culture at RSF Social Finance in San Francisco, CA. He has worked with over 100 non-profit organizations for the past several years in the areas of capacity building and culture change. He has written extensively on charitable organizations and associative economics.\* He is the author of *The Genius of Money: Essays and Interviews Reimagining the Financial World* and his forthcoming book, *Inhabiting Interdependence: Essays on Being in the Next Economy*. He is also General Secretary of the Anthroposophical Society of America.

## Focus: Culture

### Industrial Strength Cooperatives – Mondragón: Humanity at Work

You cannot just go visit Mondragón; it is not a singular thing. It is a concept, a focus of cooperative practice based upon a shared set of values, a complex of enterprises – industrial, management service, consumer-based, and cultural-educational. In Mondragón’s language: Finance, Industry, Retail, Knowledge. Its history was birthed in the being of Don José María Arizmendiarieta, a Basque priest whose vision for the evolving dignity of the human being and the deepest and practical values of learning and work was the divine and worldly inspiration for what became Mondragón. For anyone working in the worker-owned cooperative movement in the US, Mondragón operates on an industrial scale with many years of shared and learned experience, but in an environment that celebrates organizational autonomy rather than conformity. While it continues to have somewhat of a social justice agenda, the human being remains at the center. Right livelihood holds precedence over the output of the enterprises, which are designed to meet the needs of the marketplace. Mondragón remains rooted in the production side of the economy even though retail is a part of the complex of activities. In this economic context (producers, distributors, consumers), consumers are simply part of the marketplace landscape – that is, they are not part of the owner-membership.

Much can be learned from what Mondragón exemplifies, not just by the worker-owner movement, but by anyone who has an interest in seating their activities, organization, enterprise, or community in the wisdom of deeply shared values, self-governance, and empowerment, and by anyone who celebrates the dignity and value of the gifts that each person brings to economic life.

My particular interest in Mondragón is to see how a culture is developed and sustained based upon core values and practices, regardless of the forms of social and economic activity that give expression to those values. A second key interest, given my work in social finance, is to understand how the money and their financial system work in a way that supports and enables the culture – that is, the dignity and freedom of each person, and the notion of labor (or work) as a path of self-development.

## **Key Learnings**

### **Mondragón arose from:**

- \* Arizmendiarieta's relentless, transformative religiously-inspired focus on the issues and opportunities that resulted from the poverty of post-Civil War in the Basque region of Spain.
- \* A spirit of invention (of which necessity was the mother) and co-creation.
- \* Seeing the value of the formative forces of learning and knowledge acquisition in the community of young people.
- \* A belief in the noble value of work and enterprise as a basis for social transformation.

### **Mondragón is sustained by:**

- \* A coherent set of principles and values.
- \* A commitment to learning and knowledge across multiple fields, but especially technology-based.
- \* A keen sense of the marketplace as an opportunity to create meaningful work.
- \* An effective system of self-governance in which each member is connected to and has responsibility for the whole, along with delegation of responsibilities (with accountability) to those with the necessary management skills and expertise.
- \* Internal capacity for training and renewal (e.g., management) based upon leaned experience.
- \* Mentorship and financial support for innovation and new cooperative activities across a spectrum of business and industry needs.
- \* An openness and willingness to share the years of learning with others interested in the Mondragón approach to worker-member "owned" cooperative entities.
- \* A financial infrastructure to invest in new activity.
- \* A financial infrastructure to support member welfare with healthcare, retirement, and reemployment.

### **Mondragón has benefited from:**

- \* Unprecedented growth in the world economy since WWII (though Spain did not participate in WWII, it certainly was an active player in the world economy following WWII and especially after Franco).
- \* The growth in investments (retirement funds and other long-term pools of capital) during this period.
- \* A somewhat friendly and challenging relationship between Franco and the Catholic Church in the early years.
- \* An unprecedented need for industrial technology, whether in manufacturing, sophisticated parts for machinery, medical technology, or product design and development.
- \* A commitment to professionalism in all aspects of the work, even the often-messy social/people side.
- \* A keen attunement to market need and opportunity (witness the newest of the Mondragón University campuses, The Basque Culinary Arts Center).

\* Its ability and agility to innovate and redesign (witness the evolution of Laborall Kutxa from Caja Laboral – now the third largest bank in Spain and basically a retail bank with limited direct connection to Mondragón Cooperative activities.

\* Keeping the integrity of the core principles as it gains scale and scope in the marketplace. For example, does the next generation understand the origin story, the life of Arizmendiarieta, and the emergent core principles? And, how many of the worker-members in Eroski have a deep connection to Mondragón's founding ideals, even though Eroski is a Mondragón Cooperative?

*\* Associative Economics is a market-free, human-centered approach to economic life in which all parties to the transactions – producer, distributor, and consumer, – work together to set prices for economic products such that all parties' needs are met. Associative Economics was first put forward by Rudolf Steiner in a series of lectures published under the title World Economy, given in 1922. The lectures are currently in print under the title, Rethinking Economics.*

**Website: [www. rsfsocialfinance.org](http://www.rsfsocialfinance.org)**



**Mondragón Apartments**



**MALLORY COCHRANE** is a worker-owner at Our Table Cooperative in Portland, OR. She is building the family of regional producers for Our Table. She lived in San Diego, CA for ten years, where she managed four weekly, year round farmers' markets throughout San Diego County. Currently, Mallory is pursuing a Master's degree in Food Systems and Society from Marylhurst University, researching multi-stakeholder cooperatives as a new approach to local food system development. She received a scholarship for the Mondragón seminar in 2015.

## **Focus: Cooperative Management and Development**

Our Table leases a 60-acre property to grow crops in Oregon. They operate multiple sales channels and have a subscription service for people to buy their farm products. Currently, there are 230 people who subscribe to this service of receiving boxes of organic food. They also have a retail and grocery deli on the farm. There is a non-profit leg of the co-op too. The co-op is still reliant on investment dollars and aspires to pay a living wage.

### **Take-away from the Mondragón seminar:**

- \* Workplace Democracy – how to organize structures for equity and education.
- \* Intercooperation as highlighted at Mondragón. Our Table is building a whole food system and understands the need to create the culture that makes this possible. Education and intercooperation, Mondragón core principles, are important in navigating between the different food entities and will be the key to successful enterprises.
- \* There is an inherent aspect of social justice in Mondragón. The Basque Department of Peace confirms this aspect.
- \* They operate locally and in a global context, the balance they maintain in a capitalist society is an example to learn from.
- \* Ethical Industrialism – they operate in a global capitalist economy but are still ethical and democratic.
- \* Mondragón Social Commitments – healthcare, pensions, training programs, and unemployment payments advise us on programs that should be developed in our cooperatives.

**Website: [www.ourtable.us](http://www.ourtable.us)**



**OMAR FREILLA** is the founder of Green Worker Cooperatives and the creator of the academy model of cooperative development in the Bronx, NY. Omar has over thirteen years of experience in cooperative and green business development. He was a founding board member of both Sustainable South Bronx and the US Federation of Worker Cooperatives, and he was a founding advisory board member of the Democracy At Work Institute and the Story of Stuff Project. His writings have appeared in numerous books and blogs, and he has been featured in several documentaries, including Leonardo DiCaprio's environmental documentary, "The 11th Hour." He holds a Master's degree in Environmental Science from Miami University of Ohio.

## **Focus: Cooperative Incubation and Development. Co-op Education Academy**

### **Take-away from the Mondragón Seminar:**

Omar participated in the first Praxis study tour at Mondragón in 2008, and the following year he founded the Co-op Academy in the Bronx. The Academy started out as an experiment but since 2012 it has been a thriving educational and supportive structure for developing cooperatives. The week-long seminar at the Mondragón Cooperatives showed Omar what was possible in terms of developing cooperatives. He saw how the pieces worked together: Research and Development, the Mondragón universities, the financial structure, and the supportive role that each part played in developing and sustaining their cooperatives. He also learned the importance of one of Mondragón's core values, education. It was through this understanding that the Co-op Academy was founded.

By 2012, Greenworker Cooperatives shifted to incubating new cooperatives and the Academy was part of that strategy. The Co-op Academy consists of a five-month training program for cooperative entrepreneurs who know what type of business they want to launch. This way, they are ready to launch when they finish the program.

Today, Greenworker Cooperatives launches new cooperatives and directly incubates new businesses. Their search for cooperative entrepreneurs has been responsible for 20 new cooperatives forming in their area. These cooperatives include language translators, food-related businesses, catering, a small farm, food production, graphic design, a skateboard manufacturer, and several others.

In 2014, Greenworker Cooperatives began working with a city council member in the Bronx who became a champion for cooperatives and urged other council members to support this endeavor. Ultimately, they received a grant of \$1.2 million, which was split between thirteen organizations doing cooperatives' capacity building.

From Greenworker Cooperatives website:

**Green Business. Worker-Owned. Doers Wanted.**

**COOP academy**

---

**WHAT YOU GET IN THE CO-OP ACADEMY:**

- Over 60 hours of training by skilled experts
  - One-on-One mentoring with a successful entrepreneur
  - Legal assistance with business incorporation and structuring
  - Logo design
  - Training and support in fundraising
  - Access to a peer-support network beyond the length of the course
  - Greater visibility and name recognition for your cooperative
- 

**The Co-op Academy is how we build a strong local economy  
rooted in democracy and environmental justice ...  
one cooperative at a time.**

**Website: [www.greenworker.coop](http://www.greenworker.coop)**



**CARL DAVIDSON** is the national co-chair of the Committees of Correspondence for Democracy and Socialism, a national board member of Solidarity Economy Network, and a local Beaver County, PA member of Steelworkers Associates. Previously, he was a student leader of the New Left in the 1960s and was Vice-President of Students for a Democratic Society (SDS) from 1968 - 1976. He is also a journalist who worked on the Guardian as a writer and news editor. He has written several books, the latest being *New Paths to Socialism* (2011). He participated in the 2011 seminar.

## **CARL'S EXCERPTS from his Daily Blog While attending the Mondragón Seminar**

*"This is not paradise and we are not angels."*

*--Mikal Lezamiz, Director of Cooperative Dissemination (now retired), Mondragón Cooperatives Corporation, (MCC)*

### **DAY ONE**

After a short bus ride through the stone cobbled streets of Arrasate-Mondragón and up the winding roads of this humanly-scaled industrial town in Spain's Basque country on a sunny fall morning, taking in the birch and pine covered mountains, and the higher ones with magnificent stony peaks, I raised an eyebrow at the first part of Mikel's statement.

The area was breath-takingly beautiful, and if it wasn't paradise, it came close enough. I'm with a group of 25 social activists on a study tour organized by Praxis Peace Institute.

The Mondragón Cooperatives Corporation (MCC) reception center is part way up on a slope of a much larger mountain, but it offers a magnificent view of the town and the dozens of industrial and commercial cooperatives in and around it in the valley below. After watching a short film on the current scope of MCC, we move to a lecture room for Mikel's talk. The signs on the wall say "Mondragon: Humanity at Work: Finance-Industry-Retail-Knowledge," in Basque, Spanish, and English.

"Humanity at Work," Mikel starts off, reading the slogan. "This means we are the owners of our enterprises, and we are the participants in their management. Our humanity comes first. We want to have successful and profitable businesses and see them grow, but they are subordinate to us, not the other way around."

After World War II, the area was poor and devastated, and the Franco regime was in no mood to give it much help. But one who did rise to the challenge was Father José María Arizmendiarieta, a priest who had fought Franco, ended up in prison, but managed to get released instead of executed. Father Arizmendi, as he is popularly called, was assigned by the church to the small town of Arrasate-Mondragón. He set to work trying to solve the massive war-created problems at hand. He began by building a small technical school, and

later on a credit union where the region's peasants and workers pooled meager funds. In the mid 1950s, with just five of the best students in the polytechnic the school, he started a small factory making one product: a small paraffin-burning stove so people could cook and heat water. It was a good stove, and sold well.

## **DAY TWO**

This bright and sunny morning in the Basque Country mountain air again began with our bus slowly winding up the mountain slopes. But this time it was a short ride. We stop at ALECOP, a unique worker-student cooperative that is both part of Mondragón's production units and its educational system. Think of it as a small worker-owned community college, but with technology shops that actually produce items for sale in industrial markets, and you won't be far off.

Once we got settled in a classroom, our MCC mentor, Mikel Lezamiz, introduced us to a young 30-something worker-technician who was going to explain ALECOP to us, and a good deal more.

“First of all, we are a mixed cooperative,” he said. “This means we are made up of both worker-owners and students. There are 59 worker members and about 300 student members. Some of our students also work in other co-ops part-time, but our students are mainly working to earn a little money to support themselves while they are students.”

The first school's students helped form the first factory, but the school also continued, and over the decades, it evolved into what is now ALECOP, several more co-op high schools, and what is now Mondragón University.

“To democratize the power, we have to share the knowledge,” interjected Mikel, summarizing Arizmendi's theories. “Thus continual study throughout life must not only be for the rich, but also for the workers.”

What kind of jobs do the ALECOP students have? Our young guide showed us a list: Research and Development assistant, storekeeper, publisher, process technician, electronic assembler and several others

## **DAY THREE**

Today, our bus again took us far up the winding mountain road to the fifteenth Century blockhouse fortress now transformed into a conference center. I've since discovered that it is called Otalora, after an old noble family who owned the whole area reaching back 600 years. In those days, it was an armed way station on a trade route between the center of Spain and the sea, and the Otalora family extracted heavy taxes on the traffic going both ways.

Otalora is now owned by Caja Laboral (now Laboral Kutxa), the worker-owned credit union of the Mondragon Cooperative Corporation, which operates on the scale of a major bank

with outlets across the country, in addition to serving as a source of finance to all the MCC coops, which dominate its governing council. The other voice on the council is a bloc of representatives from the Caja Laboral staff workers themselves. A few farmers use the land for dairy cows and sheep, but otherwise, the whole area looks like a well-tended national park.

## **DAY FIVE**

*The world has not been given to us simply to contemplate it, but to transform it. And this transformation is accomplished not only with our manual work, but first with ideas and action plans. ~ Father José María Arizmendiarieta, founder of the Mondragón Co-ops*

### **Need, Trust, Realism and Well-Chosen Allies: Mondragón and the Transition to a Third Wave Future**

Today, the Mondragón valley is misty and grey, with small clouds drifting close to the valley floor between the mountain peaks. It was somewhat otherworldly, I thought to myself on the bus ride up the slopes, almost like a scene from “the Lord of the Rings.”

Today is also our last day in Mondragón, and we're full of mixed feelings. Melancholy that our week-long seminar is coming to a close and that the new friends we've made will scatter. But there's also excitement that we'll soon be back home and able to share it all with our communities.

Our first stop is another component allied with Mondragón University called SAIOLAN. It's an incubator project for helping to launch new coops and high-tech businesses. We're greeted in a classroom by a young woman from Mexico, Isabel Uriberen Tesia, who is also our presenter. She wastes no time bringing up her PowerPoint on the screen and getting into the topic.

“Our aim is generating employment, creating new jobs,” she says. “Our purpose is to do this by developing new business projects and training new entrepreneurs.”

A few years back, as the economic crisis was developing, nearly 60% of the students graduating in the Basque Country were having a hard time finding employment. The government, the MCC co-ops and other businesses, as well as the students themselves, all turned to SAIOLAN to help launch new enterprises that could put young people to work.

What kind of businesses did they start? One involved processing plants for cleaning waste water in a new and better way. Another was called “micro-manufacturing,” producing very small components accurately. Quite a few were new software products.

Some in our group were concerned that many of the new startups were simply new businesses rather than also co-ops. SAIOLAN didn't seem worried. “It's their choice,” was the explanation. “Some of them will later transform into co-ops, and in any case, it's good to

create new employment for our entire Basque community, not just the minority in cooperatives.”

I asked a question. “Have you had any inquiries from those countries trying to define a new twenty-first century socialism, in whatever way, such as Venezuela, Cuba, China, Vietnam or even South Africa, on how they might use Mondragón's ideas and services? Do you think you have something to offer here?”

“Yes and No,” was the cautious answer. “We get queries from all of them. We've been to China and other places, and there is some genuine interest, to a point. But since spreading knowledge and workers' power at the workplace also often runs against the clinging to control by bureaucrats, socialist or capitalist, the interest often comes to a dead end. But it's not always the case, and we keep working on doing what we can.”

He went on to discuss the problems of cultural differences. “We Basques are often risk-averse when it comes to business, unlike Americans. We often avoid risks when we shouldn't. On the other hand, when we talk with Mexican workers about taking over and owning the firms we started, and where they elected the leadership, they simply don't believe us. They want to know what “the trick” is since businesses, in their culture, are always owned by bosses, never by workers. There is no trust, at least trust with us, that it can be otherwise.”

“So what are the basic things needed to start worker-cooperatives in our countries,” asked one of our group?

“First, the workers themselves must FEEL THE NEED. Without that, it's hard to get anywhere. Second, there must be a culture of TRUST, since you are sharing money, sharing risks, and supporting new leaders. Third, they must be REALISTIC. You need successes, especially in the beginning. Too many early mistakes, and you are finished. Finally, you need friends and collaborators -- but pick them carefully!”

This had us inspired and buzzing all through lunch, another amazing sampling of Basque cuisine. I had steamed artichokes with a delicious sauce and braised pork, finished off with dark strong coffee and ice cream with slivers of dark chocolate.

Our final session was with Fred Freundlich, the American professor, who was a veteran of the movements against plant closings in the US a few decades back, and who was now a faculty member at Mondragón University. Since he understood both our realities and those at MCC, he could handle most of our remaining questions.

There were a lot of them. The first was how much MCC's success was a result of factors unique to the Basque Country. “It's somewhat important, but not decisive,” Fred answered. “One very important factor was that it started at just the right time. If it had started ten years earlier, conditions may have been too harsh. But the first co-ops were launched at a time when people really needed lots of things and finally they had a little savings to spend.

Many businesses grew in this period. If it started ten years later, MCC may have had much stronger competition, and may not have gotten off the ground so well.”

I asked what the response was of the socialist and communist groups in the Basque County and Spain to MCC? “Mixed and confused,” was the answer. Some thought it utopian. Others dismissed it as a diversion, as making workers into capitalists. "But they still keep sending delegations for visits, and going away impressed," Fred noted.

After a thoughtful pause, Fred made a point that applied to the American Left as well. “There are two trends on the left,” he explained. “Those who think long and hard about business and what to do with it. And those who mainly like to discuss left ideas.” The implication was that the two trends most often didn't overlap, even if it was wise to do so, both tactically and strategically.

**Website: [www.cc-ds.org](http://www.cc-ds.org)**



**The Grounds at Otalora**



**PHYLLIS ROBINSON** and **MEHIE ATAY** participated in the 2015 Praxis Mondragon seminar on scholarships with funds raised from donors associated with the Hawaii Farmers Union United, Maui, Hawaii. Phyllis has been the President of the Haleakala Chapter of the Hawaii Farmers Union United and Mehie is a paid staff member of the Farm Apprentice Mentoring Program.

*From left: Mallory Cochrane, Phyllis Robinson, Jihan Gearon, Mehie Atay – Mondragon, 2015*

## **Focus: Farm Cooperatives**

Upon returning from Mondragón, Robinson and Atay applied for grants in order to organize the farmers union into a cooperative. The idea was to create a state-wide cooperative that would provide food for the school lunch program on Maui. Unfortunately, they did not receive the first two grants for which they applied, but they did receive three grants that allowed them to mount a cooperative training component to the Farm Apprentice Mentoring (FAM) Program. They have finished training 28 applicants for 15 slots for the next cohort of the FAM Program.

### **What We Learned – The Role of Education and Mentoring in Creating Cooperatives**

There is a growing movement in the Haleakala Farmers Union to get farmers involved at the state level in the Farm-to-School movement. Simon Russell, our new HFUU Haleakala Chapter President (Phyllis stepped down in order to become the Program Director for the FAM Program), is leading our efforts in the Farm-to-School initiative statewide. He shares my belief that in order to accomplish our goal to get more local, healthy food into the school lunch program we must create cooperatives around food hubs. In this previous round we had matching funds from both the County and the State Departments of Agriculture.

As a follow-up to the Mondragón seminar, Phyllis, Mehie, and several members of the Haleakala Farmers Union convened in a classroom at Maui Community College in order to have a two-hour session with Fred Freundlich on Skype. One thing that became very clear from this session was the need for education with the farmers on cooperative principles and the need to clearly map out the process for creating the cooperative structure. In the meantime, they have constructed a very comprehensive Cooperative/Food/Hub planning process and are seeking additional funding to help launch this ambitious program. They are also working with the Kohala Center for Cooperative Business Development on Maui. The Kohala Center's Rural and Cooperative Business Development Services program works to expand and strengthen Hawaii's rural economies and food systems by providing cooperative and business development services to farmers, value-added producers, and small businesses.



**JIHAN GEARON** is Dine (Navajo) and African-American. She grew up in Fort Defiance, located on the eastern part of the Navajo reservation in Arizona. She is a graduate of Stanford University with a Bachelor's of Science in Earth Systems and a focus in Energy Science and Technology. Jihan is Executive Director of the Black Mesa Water Coalition, which is building a just transition away from a fossil fuel-based economy, and which honors the culture of the Navajo people. She works in the areas of Indigenous peoples' rights, environmental justice, and climate justice. Jihan received a scholarship for the Praxis Mondragón seminar in 2015.

## **Focus: Climate Justice**

### **Key Lessons Learned: Just Creating Jobs Isn't Enough and the Importance of Education.**

The image of a table was referenced throughout our lessons to help us visualize how the different pieces of Mondragón work together. In this image various cooperatives are connected on top of the table. The four essential legs that support the cooperatives represent education, social services,\* finance, and research and development. During our seminar we spent the days visiting and speaking with staff and workers from each component of the table.

What became apparent to me was that simply creating jobs, a singular business, or even several businesses, does not an economy make. Let alone an economy that values people over profits. Interconnecting, balanced, and stable support systems are also extremely important for long-term success.

### **We Visited:**

- Otalora, the cooperative and management training center.
- FAGOR Industrial, which designs and produces equipment for the hotel, catering, laundry, and refrigeration sectors.
- Ikerlan, research and development center.
- Laboral Kutxa, bank and credit union.
- Mundukide, an NGO supporting projects in developing countries.
- Saiolan, an incubation center.
- The Basque Department of Peace.
- The Basque Culinary Arts Center.
- Mondragon Innovation and Knowledge Research Center.
- Mondragon University, Team Academy.

### **Invest in Education and Entrepreneurship**

Remember that from the beginning, Arizmendiarrreta believed the education of young people was of the utmost importance to the region's economy. This priority continues today with a strong emphasis on education and entrepreneurship, based on emerging

industries. This is important too because there was a concern that the newest generations were not creating new cooperatives and businesses, that they were not growing what the previous generations began. Over 80% of existing cooperatives were created by the parents' and grandparents' generations.

For this reason, I was excited to learn about Team Academy at Mondragon University.

Team Academy was created with the goal of renewing the entrepreneurial spirit and capacity of creation in Mondragón. Students in the academy are called Teampreneurs. In the first week of school, students are split into groups of 15 people and tasked with creating a real cooperative. It is important that the teams reflect diversity in leadership strengths, so that they know how to work with different types of people. Personality tests are used to determine teams. The faculty doesn't lecture so much as act as advisors in the development of the cooperatives. The assigned reading of two books per month complement the business development. Also, students are required to travel abroad for several months at a time in order to learn about business development and innovation in other countries.

### **The Work to Heal Trauma**

We were fortunate to meet with Johan Fernandez, the Director of the Basque Department of Peace, which was created to address trauma from the ETA, a Basque terrorist organization. The goal of the department is to manage pain from the past. It encourages citizens to speak about the past and its impacts, recognize the plural ways that the past can be interpreted, and try to find a shared assessment.

The department has identified specific key areas that create conflicts and the breakdown of relationships: Dogmatism, Fatalism, Manichaeism, and Sectarianism. First is the importance of combating Manichaeism, which puts everything in terms of black and white, right and wrong. It makes it easy for people to throw their hands up in the air and check out rather than make real, nuanced decisions in the gray areas. The second thing that stuck with me is the positioning of human dignity above all else. Can you imagine the impact of a Navajo Nation Department of Peace?

### **Final Reflections**

There are many similarities between Mondragón's initial circumstances and the Navajo Nation's current reality. We consistently hover at 50% unemployment. Our young people are forced to move far from home for work. Our culture, language, and way of life are consistently under attack. True investment in our communities is rarely seen. And we are divided in many ways – just one result from very real historical trauma. I believe there is a lot we can learn from Mondragón's success in demonstrating a better form of capitalism, a form of capitalism that values people over profits. Their path over the years reflects what I imagine as important components in a just transition for the Navajo Nation – a collective commitment to face difficult issues head on, and to make decisions that are based in both long-term vision and current reality.

But before we do all this, we need to very clearly and collectively answer: when does a better form of capitalism become too close to capitalism? I was surprised to see how industrial the cooperatives were. The Mondragón Corporation builds bridges, contributes components to mining industries, has factories in developing nations, and invests in global financial markets. Only 2% of people in the Cooperatives work in the agricultural sector. My instructors pretty much laughed when I asked for advice on wool or food production. “Tractors don’t really work here because of the steep hills,” they said. I’m sure Mondragón practices are much better than a traditional profit-driven corporation. But the point is, they still have to exist in a capitalistic world. And we are faced with the same dilemma.

So, when does a better form of capitalism become too close to capitalism? And what are the things that indicate to us that we’ve gone too far? I imagine our opinions, as individual Dine people, are a lot less black and white than one might assume. And as we ponder that question collectively, Mondragón still provides many concrete examples of how to build our economic power. As for myself, as an Executive Director of a non-profit organization, I’ll promise to incorporate these lessons into our organization’s structure and work.

*\* Social services provided by Lagun Aro, a secondary cooperative in the Mondragon complex.*



**In San Sebastian (2008)**  
**Front row: Gloria Walker, Richard Brooks, Lori Heath, Nwamaka Agbo,**  
**Back row: Sergio Lub, Linda Ellinor, Philip Beard, Omar Freilla**

## Conclusion

After participating in seven week-long seminars at the Mondragón Cooperatives in Spain, I have learned that there is definitely an alternative to the cutthroat capitalism that diminishes workers and makes an idol out of excessive profit.

Reading through the many essays in this report and conducting interviews with some of the participants have given me to a new appreciation for the importance of the seminars that Praxis organizes at Mondragón every year. Cooperatives and the values they embody will help built a more equitable, compassionate, and democratic world. Mondragón has proven that large-scale cooperatives can thrive, even within our current economic structures.

Dame Pauline Green, the first woman President of the International Co-operative Alliance, sums up Mondragón and the cooperative movement with these words:

*“We should never make do with what we have already done; we need to continually improve in order to create a more human experience. The co-operative movement should not serve only to cover the individual’s needs and ambitions, but rather, to seek out needs and cover them. The MONDRAGON co-operative movement is the symbol of a movement that looks to the future: continually transforming, constantly moving, and looking to the future with optimism.”*

Both the spirit and structure of the Mondragón Cooperatives inspire people from all over the world. Built on values that honor people before profit and have the stated goal of subordinating capital to labor, Mondragón has demonstrated that indeed another world is possible. Their purpose is to create wealth within a society for the society.

Cooperatives are built on values that honor both the individual and the community. Rights are balanced with responsibilities. Respect and compassion for others are guiding principles. The Mondragón Cooperatives are the beacon, the guiding light that demonstrates what is possible both in economic structures and in human relations.

Not only do cooperatives provide an evolved business environment, they embody a culture that is evolving. The ethics that drive cooperativism promote systemic transformation of a society, which is one of the stated principles of the Mondragón Cooperatives. Social justice, sustainable lifestyles, stewardship of the environment, and respectful human relations are all part of cooperative culture.

The Mondragón Cooperatives and cooperatives in every part of the world are the harbingers of an evolved economic paradigm suited for the needs of the 21<sup>st</sup> century. We have come to the point where endless economic growth and endless exploitation of resources on a finite planet are threatening life on earth. We are ready for economic solutions that respect the idea of limits, that respect the concept of “enough,” and that honor people and planet before unsustainable levels of profit and growth.

This report has been a small attempt to demonstrate the economic viability of cooperative businesses and to convey the success of Praxis Peace Institute’s educational program for cooperative development in the United States.

~ Georgia Kelly