Mondragon
Type: Worker cooperative federation

Founded: 1956

Founder(s): José María Arizmendiarrrieta

Headquarters: Mondragón, Basque Country, Spain

Area served: International

Key people: Jose María Aldecoa (Chairman)

Revenue: 14,832 million € (2011)

Employees: 83,869 (2011)

Divisions: Finance, Industry, Retail, Knowledge

Website: mondragon-corporation.com

MONDRAGON Corporate Center
Pº José María Arizmendiarrrieta # 5
20500 Mondragon – Guipuzcoa
Basque, Spain
Tel: 34943779300
Fax 34943796632
EMPRESA EXCELENTE
PROYECTO COMPARTIDO
PERSONAS
PRINCIPIOS BÁSICOS COOPERATIVOS
EN COOPERACIÓN
ORGANIZACIÓN PARTICIPATIVA
RESULTADOS SOCIOEMPRESARIALES

HUMANITY
AT WORK

"LAS EMPRESAS COOPERATIVAS CONSTRUYEN UN MUNDO MEJOR"

DECÁLOGO COMPROMISOS MONDRAGON

RSC
A Priest with a Philosophy

"MONDRAGON is the result of the cooperative movement began in 1956, when he created the first industrial cooperative in Donostia of this name, its business philosophy is reflected in its Corporate Values.

- Cooperation.
- Participation.
- Social Responsibility.
- Innovation.

"MONDRAGON Mission combines the core goals of a business organization competing in international markets, with the use of democratic methods in its business organization, the creation of employment, personal and professional development of its employees and the commitment of development with its social environment.

"In terms of organization MONDRAGON is divided into four areas: Finance, Industry, Retail and Knowledge. MONDRAGON is, today, the first Basque business group and the seventh in Spain" -


***

"The MONDRAGON Corporation is a corporation and federation of worker cooperatives based in the Basque region of Spain. It was founded in the town of Mondragón in 1956 by graduates of a local technical college. Their first product was paraffin heaters. Currently it is the seventh largest Spanish company in terms of asset turnover and the leading business group in the Basque Country. At the end of 2011 it was providing employment for 83,869 people working in 256 companies in four areas of activity: Finance, Industry, Retail and Knowledge. Mondragon cooperatives operate in accordance with Statement on the Co-operative Identity maintained by the International Co-operative Alliance. The standard Statement of Co-operative Identity largely eliminates perverse incentives that contribute to many problems of governance found in organizations with more traditional management structures."
The determining factor in the creation of the Mondragon system was the arrival in 1941 of a young Catholic priest José María Arizmendiarrrieta in Mondragón, a town with a population of 7,000 that had not yet recovered from the Spanish Civil War: poverty, hunger, exile and tension. In 1943 Arizmendiarrrieta established a technical college that became a training ground for generations of managers, engineers and skilled labour for local companies, and primarily for the co-operatives.

"Before creating the first co-operative, Arizmendiarrrieta spent a number of years educating young people about a form of humanism based on solidarity and participation, in harmony with Catholic Social Teaching, and the importance of acquiring the necessary technical knowledge. In 1955, he selected five of these young people who were working at the Unión Cerrajera company (Usatorre, Larrañaga, Gorroñogoitia, Ormaechea and Ortubay) to set up Talleres Ulgor (an acronym from their surnames), known today as Fagor Electrodomésticos, the first company of the co-operative and industrial beginning of the Mondragon Corporation.

"The ties that link the MONDRAGON Co-operatives are strong, as these bonds emanate from a humanist concept of business, interrelated by a philosophy of participation and solidarity and a shared business culture rooted in a number of Basic Principles, a shared Mission and the acceptance of a set of Corporate Values and General Policies of a business nature. Over the years these links have been embodied in a series of operating rules approved on a majority basis by the Co-operative Congresses, which regulate the activity of the Governing Bodies of the Corporation (Standing Committee, General Council), the Grassroots Co-operatives and the Divisions they belong to, from the organisational, institutional and economic points of view as well as in terms of assets.

"This entire framework of business culture has been structured on the basis of a common culture derived from the 10 Basic Co-operative Principles, in which MONDRAGON is deeply rooted: Open Admission, Democratic Organisation, the Sovereignty of Labour, Instrumental and Subordinate Nature of Capital, Participatory Management, Payment Solidarity, Inter-cooperation, Social Transformation, Universality and Education. This inspirational philosophy is complemented by the establishment of four Corporate Values: Co-operation, acting as owners and protagonists; Participation, which takes shape as a commitment to management; Social Responsibility, by means of the distribution of wealth based on solidarity; and Innovation, focusing on constant renewal in all areas.

"This business culture translates into compliance with a number of Basic Objectives (Customer Focus, Development, Innovation, Profitability, People in Co-operation and Involvement in the Community) and General Policies approved by the Co-operative Congress, which are taken on board at all the Corporation’s organisational levels and incorporated into the four-year strategic plans and the annual business plans of the individual co-operatives, the Divisions, and the Corporation as a whole.

"At Mondragon, there are agreed-upon wage ratios between the worker-owners who do executive work and those who work in the field or factory and earn a minimum wage. These ratios range from 3:1 to 9:1 in different cooperatives and average 5:1. That is, the general manager of an average Mondragon cooperative earns 5 times as much as the theoretical minimum wage paid in his/her cooperative. This ratio is in reality smaller because there are few Mondragon worker-owners that earn minimum wages, their jobs being somewhat specialized and classified at higher wage levels.
Although the ratio for each cooperative varies, it is worker-owners within that cooperative who decide through a democratic vote what these ratios should be. Thus, if a general manager of a cooperative has a ratio of 9:1, it is because its worker-owners decided it was a fair ratio to maintain. In general, wages at Mondragon, as compared to similar jobs in local industries, are 30% or less at the management levels and equivalent at the middle management, technical and professional levels. As a result, Mondragon worker-owners at the lower wage levels earn an average of 13% higher wages than workers in similar businesses...

"The Corporation’s companies operate in four different areas: Finance, Industry, Retail, and Knowledge, with the latter distinguishing Mondragon from other business groups. In 2010, the Corporation posted a Total Turnover (total revenue) of 14.8 billion euros, roughly 20 billion USD, and employed 100,000 workers, making it Spain’s fourth largest industrial and seventh largest financial group.

"This area includes the banking business of Caja Laboral, the insurance company Seguros Lagun Aro, and the Voluntary Social Welfare Body Lagun Aro, which had an asset fund totaling 4.2 billion euros at the end of 2009. The yield obtained from this fund is used to cover long-term retirement, widowhood, and invalidity benefits, complementary to those offered by the Spanish social security system. Caja Laboral, for its part, ended 2009 with 18.6 million euros of deposits in a year in which it granted loans worth 16.4 billion, mainly to household economies and small and medium-sized enterprises. Its extensive experience with the Corporation’s Cooperatives enables it to offer SMEs services typical of large companies...

"The Basque Autonomous Community ranks first in Spain in terms of per capita income, with gross domestic product (GDP) per capita being 40% higher than that of the European Union and 33.8% higher than Spain’s average in 2010, at €31,314 EUR. Industrial activities were traditionally centered on steel and shipbuilding, mainly due to the rich iron ore resources found during the 19th century around Bilbao...

"At 28.2% of the Basque population born outside this region, immigration is crucial to Basque demographics. Over the 20th century most of this immigration came from other parts of Spain, typically from Galicia or Castile and León...” - http://en.wikipedia.org/wiki/Mondragon_Corporation

***

"...Mondragon in the Basque region of Spain...it was impossible not to be impressed by what was already the world’s largest grouping of worker co-operatives...My 1999 PhD thesis and Mondragon book, Jobs of Our Own: Building a Stakeholder Society, set out in detail the origins of the co-operatives, how they work and the outcomes that have been achieved. Noteworthy in particular is their commitment to manufacturing excellence and export growth, through cutting edge technological innovation. At the time of my first visit in 1985, their R&D priorities were already industrial robotics, computer assisted design and control systems, artificial intelligence and sustainable energy sources...

"The essentials of the Mondragon story are simple. What arose in 1956 as a handful of workers in a disused factory, using hand tools and sheet metal to make oil-fired..."
heating and cooking stoves is today a massive conglomerate of some 260 manufacturing, retail, financial, agricultural, civil engineering and support co-operatives and associated entities, with jobs for 83,800 workers, and annual sales in excess of $US20 billion. Mondragon co-operatives now own or joint venture some 114 local and overseas subsidiaries, and are committed to their conversion to employee ownership on a case-by-case basis, consistent with local laws, customs and other cultural and economic considerations. As equal co-owners of their workplaces, members enjoy job security together with individual capital holdings, equal sharing of profits on a proportionate basis and an equal ‘one-member one vote’ say in their governance. Remuneration within the cooperatives is egalitarian, with the highest rates payable other than in exceptional circumstances being no greater than six and a half times the lowest. And members share at one remove in ownership of a unique system of secondary support co-operatives, from which the primary or frontline co-operatives draw resources including financial services, social insurance, education and training and research and development. For example, capital for expanding existing businesses and establishing new ones is drawn in part from the group’s bank and social insurance funds and workers are skilled to high levels at a university of technology, which is itself structured as a co-operative and attracts students in disciplines such as engineering and metallurgy throughout Spain.

“Reflective of the high priority attached by the primary co-operatives to the competitive advantage of intensive research and development is the augmenting of the original Ikerlan research and development support co-operative with thirteen sister bodies, specialising in the needs of particular aspects of manufacturing activity and product development. Faced repeatedly over their 50-year lifespan with cyclical economic downturns, the co-operatives have been able to avail themselves of significant flexibilities. For example, non-members employed on a temporary basis can be put off until conditions improve. Members can agree to forfeit or postpone entitlements such as one or more of their fourteen per annum pay packets or the payment of interest on their individual capital accounts, or in extreme circumstances authorise individual capital account draw-downs. Co-operatives experiencing reduced demand are able to transfer members to ones where it is increasing, without detriment to their rights or entitlements. And supplementary capital can be accessed from centrally held inter-co-operative solidarity funds...

"Faced in the aftermath of the global financial crisis with circumstances — where unemployment nationally is in excess of 25% and 53% among young people — Mondragon has demonstrated impressive resilience in helping keep jobless levels in the Basque region to under half the national average. Even so, the ongoing economic crisis has not left the co-operatives unscathed, and their return to growth has only recently gained momentum. For the first time since its inception in 1959, Mondragon’s Eroski worker/consumer cooperative — until now Spain’s largest and fastest growing chain of supermarkets, hypermarkets and shopping malls — experienced losses consequent on reduced consumer demand, and only in the current financial year anticipates a return to profitability. Fagor, Spain’s largest manufacturer of domestic appliances (and also part of the Mondragon cooperative), has successfully managed down production by 30 to 40% in the face of a precipitous contraction of the consumer durables market. The cooperative group’s Caja Laboral credit union — effectively Spain’s ninth largest bank — is recovering from a 75% reduction in its profitability.” – Race Matthews, http://theconversation.com/the-mondragon-model-how-a-basque-cooperative-defied-spains-economic-crisis-10193, 10-19-12
"The village and the corporation - they seem like opposite poles... at least some corporations are rediscovering the importance of community and of the village scale. The following article is about a group of industrious people who have carried this process considerably further and developed a form of business organization that could well be the basis for a significantly new economic system.

"WHAT MAKES NEWS and what makes history are often very different things. It should then not surprise us that what may be one of the most important happenings of the last few decades has been going on largely unnoticed in the Basque region of northern Spain. This 'happening' is the development of the Mondragón Industrial Cooperatives. On the surface it is not a particularly flashy story, but as the meaning of their achievement sinks in, it becomes clear that they have pioneered a new social invention that makes Capitalism, Communism, Socialism, and all the squabbles between these 'isms', crude, irrelevant and obsolete. It is as if we were still communicating by pony express, and then discovered that a small region in northern Spain had been successfully using the phone and radio for more than 25 years.

"What is the Mondragón story, and why is it so important? It has roots that go back at least into the Spanish Civil War, but we can begin in 1941 when a young Basque priest, Father Jose Maria Arizmendi came to Mondragón. Arizmendi, like most Basques, had fought on the losing republican side. He had been imprisoned as a POW, and after his release, had entered the church. His bishop had sent him to Mondragón with the charge of tending to the young, and he began his work by teaching in the apprentice school of the Union Cerrajera, the main industrial company in town. He soon found this too limiting, and by 1943 he had opened a technical training school with the support of the townspeople. In this school, he provided his students with not only a good technical education, but also a sophisticated understanding of Catholic Social Doctrine with its emphasis on cooperation and 'the primacy of labor among the factors of production'. [The honest economic marketplace is not about competition, but instead about cooperation, the specialization and division of labor leading to peaceful trade, whereby we need each other. Moreover, honest money is a call, a material representation, on honest productive labor.]

"After continuing their education, a number of his students tried, but without success, to apply his teachings within the traditional companies where they had found work. By 1954, five of his original 11 decided to form a new company (ULGOR) where they could implement these teachings, and by 1956, after raising funds from local townspeople, they opened their factory with 24 worker-members. Twenty-six years later, in 1982, the Mondragón Cooperative Movement had 20,000 worker-members, 85 industrial cooperatives (producing everything from machine tools to refrigerators to electronic equipment), 6 agricultural cooperatives, 2 service cooperatives, 43 cooperative schools, 14 housing cooperatives, a large consumer/worker cooperative with over forty stores, plus four second level cooperatives that provide services to the primary cooperatives. These four are a bank (Caja Laboral Popular) with 120 branch offices, a technological research institute (Ikerlan), the League of Education and Culture (including a Polytechnical College, a Business School and a Professional College), and a social security and medical cooperative (Lagun-Aro).
During this remarkable growth they have had only one failure – a fishing cooperative. To appreciate these statistics, it helps to see them against the usual success rates for both new small businesses and producer cooperatives in general, neither of which have been very impressive. For example, in America 80 to 90 percent of new small businesses fail within 5 years. The situation with producer cooperatives, which have been tried in various forms since the middle of the last century, is more complex, but basically most have either failed through poor management or succeeded as businesses only to be bought out after a short cooperative life.

What makes the Mondragón movement so effective? It seems to me that there are three key elements: 1) The cultural and economic condition of the Basque region; 2) The specific pattern of rights and responsibilities for worker-members; 3) The supporting institutions they have developed, particularly their bank.

The Basques are a proud, industrious, thrifty, and socially cohesive people with strong nationalist ambitions. The Spanish Civil War left their economy devastated and left them politically under the control of a vengeful, repressive and suspicious central government. These conditions seem to have been a great help in focusing Basque energy into the Mondragón movement since it provided a means of rebuilding their economy and expressing the strength of their community in a way that was not seen as politically threatening. Whether or not Mondragón type businesses could function as well in a less socially cohesive setting is currently an unanswered question.

The financial and organizational structure of these cooperatives is, in significant details, different from many of the less successful British and American attempts. The essential features of their system are as follows:

1) All employees and only employees are members, with a one person – one vote control of the Board of Directors (all of whom must also be worker-members).

2) The Board of Directors selects the top management, which then functions in a more or less conventional way. However, the general membership also independently elects a Watchdog Council to monitor the financial performance of the cooperative and a Social Council which deals with a wide range of personnel affairs and makes binding decisions on safety, pay scale, and social welfare.

3) All new worker-members must contribute (over two years) around $5000 to the capital of the cooperative. While this may seem like a large sum, it is still only about 10% of the capital cost of creating the new job, and it emphasizes the seriousness with which they take their role as owners as well as workers.

4) To insure a sense of equality and solidarity among all the worker-members, they restrict the range of highest pay to lowest pay to an effective ratio of 4.5 to 1. In practice this means that the lowest paid earn more than comparable workers in ordinary companies, while the executives earn less than their capitalist peers. Those managers who have grown up within the system seem to appreciate the non-monetary rewards, but this rule has so far prevented the establishment of a cooperative hospital. (The doctors aren’t willing to lower their pay scale.)
"5) Only part of the cooperative’s earnings are paid out as immediate ‘wages’, while the rest are retained in internal capital accounts that are assigned to each worker but available to them only when they retire. They have done this in a way that allows each worker to benefit from the equity value of their ownership, but does not threaten the integrity of the cooperative. Unlike ordinary corporate shares, these internal accounts cannot be sold and they carry no voting rights.

"The second level cooperatives, for example the bank, have a slightly different structure. As usual, all workers are members, but the other cooperatives are also considered members. (Unlike credit unions and mutual savings banks, depositors are not members.) The Board of Directors is made up of representatives from the other cooperatives (2/3) as well as worker-members of the bank (1/3). Aside from this broader definition of membership, the internal structure of the second level cooperatives is similar to that of the others. The bank has two main divisions, the Banking Division and the Empresarial Division. The Banking Division provides normal banking service to its 1/2 million customers through 120 branch offices. It also serves as a major source of new capital for the first level cooperatives. The unique feature of the bank, however, is the Empresarial Division, whose basic function is to aid in the creation of new cooperatives and provide management assistance to the existing ones, especially when they are making any major changes such as entering a new market or launching a new product. The following list of departments should give you some idea of the scope that the 116 staff-members of this division cover: Research, Library and Documentation Center, Agricultural/Food, Industrial Products, Industrial Promotion and Intervention, Export, Marketing, Productions, Personnel, Administrative-Financial, Legal, Auditing, Information and Control, Urban Planning, Industrial Building, and Housing. The Bank also serves as the hub of the whole Mondragón Cooperative Movement. Each cooperative runs itself through its own Board of Directors, but they are all linked to the bank (and each other) through a ‘Contract of Association’. This contract grants the cooperative membership rights in the bank, and spells out the basic principles the cooperative must follow to be part of the Mondragón movement. There are also special relationships worked out between cooperatives in related areas so that they can work together like the divisions of a larger company.

"What have they achieved? First, they have made worker-ownership – or as I prefer to call it, group self-employment – work and work beautifully in a mainstream business setting. Why is this important? Because it is more efficient as a means of production, it offers more flexibility to the society, it offers better working conditions, and it leads to more socially responsible corporate decision-making. It is a major step in the direction of true participatory economic democracy. Both corporate-capitalism and Soviet communism assume that when it comes to economics, people can’t (or shouldn’t) run their own lives. The important decisions must be made either by an industrial/financial elite or by government bureaucrats. Mondragón, by its very existence, proclaims all that to be nonsense.

"At the heart of their approach is a new relationship between capital and labor, and new rules for corporate ownership. What is the usual relationship? We often use the word ‘capitalism’ very loosely to refer to some vague notion of ‘our system’, but its essential basis is the idea that labor should be rented while those who have ownership rights to the equipment (capital) should take the risks and rewards and control the decision-making. If you think about this for a minute, you will see that it is absolutely backwards in terms of motivation. Given adequate equipment, the
performance of a company depends entirely on the human beings who are actually doing the work. The quality of performance by a machine is relatively fixed, but the quality from a human can vary over a wide range from moment to moment. It is the humans who need to feel the direct feedback through risks/rewards and the commitment that comes through participation and control.

"The Mondragón cooperatives are based on the much more sensible principle that capital should be rented and labor should have risks, rewards, and control. To do this, they have reorganized the ownership rights normally associated with capital and control. Normal corporate shares entitle the shareholder to 1) voting rights, 2) profit rights, and 3) equity rights – each in proportion to the amount of shares owned. The Mondragón approach splits the equity rights off from the other two which become membership rights. These membership rights can not be bought or sold, and they entitle each worker-member to one vote and to a proportion of the profits based on pay-scale, not equity. The members also have equity rights (internal capital accounts) that are accumulated profits retained in personal accounts and available when they retire. These accounts earn interest, and are obviously much larger for old workers than new, but the amount of equity does not affect the amount of profits earned or voting rights. Thus even from themselves, the worker-members rent capital and base control and rewards on actual involvement, ...

"The second thing they have done is to create a total system – a federation with its own services provided by the second level cooperatives. In fact, they cover the whole gamut of modern economic activity – heavy industry, light industry, agriculture, retail distribution, finance, housing, education, and research. The cutting edge of the new culture was not in the village by itself, but in the network of villages. When we say 'village' we tend to think in residential terms, but the traditional villages were not suburbs. They were primarily economic units. In this light, I find it very interesting that the Mondragón group has decided that no cooperative should be larger than about 400 to 500 members – the village scale. This decision grew out of their only strike that took place in 1974 in their first and largest cooperative, ULGOR with 3,462 members. What they saw in hindsight was the near impossibility of establishing adequate communications channels in such a large unit. This helps to emphasize that the Mondragón system is not just built on a few rules and principles. It thrives on an active 'village culture' within each cooperative. Yet it thrives even more because they have built a supportive network of these economic 'villages', and the whole network has a supportive relationship with its region.

"Yet perhaps most important, they have healed the split between labor and management/ownership, thereby allowing much more balanced and wholistic decision making. Consider what happens in our system when a plant fails to produce the profit expected of it. The owners look at the situation purely in terms of the return on capital, and if they could get a better return elsewhere, they may well close the plant. The investments the workers have in their community and all the social costs of the closing do not enter into the accounting of the relative profitability of keeping the plant open. In the Mondragón system, all these factors are considered. The Mondragón worker-owners are not sentimental and they will not tolerate a non-performing business, but when a cooperative runs into trouble, they are willing to put out the extra effort to find a new and better way. If it means lower income and lower profits for a while, they – as workers and owners, the business and the community – are willing to put up with it. They can make hard choices much
more creatively and with more balance than those who are locked into adversarial roles.

"Finally, to all this praise of the Mondragón system I should add a note of balance. Their model does not cover the full spectrum of business types, but only certain medium scale businesses. These cooperatives happily coexist with a large number of small businesses, and it is not clear if an international airline or a major oil company could be successfully organized on the basis of a federation of self-governing units with less than 500 members. Perhaps, but there may be yet another way that is better. Even for the kind of medium sized industrial business that is the normal Mondragón type, different cultural conditions may make changes in the model appropriate. The people of Mondragón have been very pragmatic and we should be no less so. Yet their model stands out as so much more effective than other attempts at industrial cooperatives that it would be wise to take their achievement as a starting point. We have a lot to learn from the people of the Pyrenees." – Robert Gilman, Mondragon, The Remarkable Achievement, http://www.context.org/iclib/ic02/gilman2/ , 1996

***

"Something important for both social theory and working-class alternatives has been steadily growing in Spain’s Basque country over the past 50 years, and is now spreading slowly across Spain, Europe and the rest of the globe. It’s an experiment, at once radical and practical, in how the working-class can become the masters of their workplaces and surrounding communities, growing steadily and successfully competing with the capitalism of the old order and laying the foundations of something new—it’s known as the Mondragon Cooperative Corporation (MCC).

"Just what that ‘something new’ adds up to is often contested. Some see the experiment as a major new advance in a centuries-old cooperative tradition, while a few go further and see it as a contribution to a new socialism for our time. A few others see it both as clever refinement of capitalism and as a reformist diversion likely to fail. Still others see it as a ‘third way’ full of utopian promise simply to be replicated anywhere in whatever way makes sense to those concerned.

"The reality of an experiment on the scale on Mondragon, involving more than 100,000 workers in 120 core industrial, service and educational coops, is necessarily complex. It can contain all these features contending within itself at once. That’s what makes MCC a fascinating story where the final chapters are still being written. But one thing is clear: it continues to grow and provide a quality of life for a participant that is unique in its moral benefits and above average in its material standards. Hardly any concerned would give up their position in the project today for the options of the society around them, even if they are skeptical or dubious about various aspects of MCC’s current practices or future prospects. One MCC worker, for example recently expressed some cynicism about the coops. 'People once took them seriously, but not anymore,' she remarked. 'You mean it doesn't matter to you whether you work here or at a private company?' she was asked. 'Of course it matters,' she replied. 'Here I have job security, and here I can vote.' ..."
devastated by the conflict. Most widely known was the bombing of the Basque city of Guernica, immortalized in the mural masterpiece painted by Pablo Picasso. Father Arizmendi himself had fought with the Republicans, was imprisoned and barely escaped execution. As a young priest, he was assigned to the Arrasate-Mondragon region, which was suffering from high unemployment and other destruction in the war’s aftermath. Arrasate is the Basque name for the area, while Mondragon is the Spanish name—in any case, the industrial mountain valley received little or no help from the Franco regime and was the target of ongoing repression against the Basques, with the fascists trying to stamp out their language and culture as well as their political organizations.

"In reorganizing his new parish, Arizmendi thus had to find a way for the Basques to help themselves. He started by forming a small technical school, and helped finance his efforts by convincing the local Basques with meager funds to form a small credit union. He also formed sports and other family-related organizations that could still allow people to gather under the legal restrictions of the fascists. In addition to being an organizer, Arizmendi was also a deep-thinking intellectual...in a few years he selected five graduating students from his technical school and with donations and borrowed funds from the credit union, his team of young workers formed a small cooperative workshop, ULGOR, named from one initial of each of the five students’ names. It brought in about 20 more workers and started to produce a small but very practical kerosene stove for cooking and heating. The single-burner stove was much in demand and the coop thus thrived and grew. Today it’s called FAGOR, and its 8000 current employee-owners in several divisions produce a wide range of high-quality household appliances sold across the world.

"But this small startup in 1956 contained the first secret of MCC’s success—the three-in-one combination of school, credit union and factory, all owned and controlled by the workers and the community. Starting a coop factory or workshop alone wouldn’t work; a startup also required a reliable source of credit and a source of skills and innovation.

"Typically, an MCC coop is entirely owned by its workers—one worker, one share, one vote. Worker-owners get a salary that is a draw against their share of the firm’s annual profit, and is adjusted upward or downward at the end of the year. By Spanish cooperative law, a portion of the profits has to be turned over to the local community for schools, parks and other common projects. [not an imperial military/industrial complex that creates its own enemies] The remainder is set aside for the repair and depreciation of plant and equipment, health care and pensions, and emergency reserves, as well as the workers’ salaries.

"Technically, MCC worker-owners are thus not wage labor, but associated producers. There is an income spread, according to skill and seniority, but this is set and modified by the workers themselves meeting in an annual assembly. The assembly also elects a governing council, which in turn hires a CEO and management team. Managers can be removed from their posts but worker-owners cannot be fired. New hires however, can be fired or laid off during their trial period—about six months. But when their trial period ends, they can buy into the coop. If they don’t have the funds for the value of their share—today about 3000 Euros—it’s lent to them by the coop bank, and they repay in small amounts over a few years. MCC coops typically have relatively flat hierarchies, and a much smaller number of supervisors compared to similar non-coop firms.
"Father Arizmendi’s most important intellectual contribution to MCC, however, was the wider formulation of this structure into ten governing principles, which are firmly held and practiced throughout MCC. There is some flexibility around the edges, but not much. Here’s a brief description:

- **Open Admission**: This means non-discrimination, that all are invited to join the coops—men or women, Basque or non-Basque, religious or non-religious, or from any political party or nonpartisan.

- **Democratic Organization**: The principle of ‘one worker, one vote’ is the core here, but it also entails a wider participatory democracy in the workplace and engagement with the management team.

- **Sovereignty of Labor**: This is the underlying core belief describing the overall relation between capital and labor, primarily that labor is the dominant power over capital, at least within the coops, if not fully in the wider local community.

- **Capital as Instrument**: This is a corollary of the point above. It defines capital as an instrument or tool to be used, deployed and governed by labor, rather than the other way around.

- **Self-Management**: This stresses the importance of training worker-owners not only to better manage their work on the assembly line, but also to train those elected to the governing councils or selected for management teams to have the wider educational background to steer the cooperatives strategically in the wider society and its markets.

- **Pay Solidarity**: Here is where the worker-owners themselves determine the spread between the lowest-paid new hires and the top managers, with various skill and seniority levels in between. Originally it was set at 3 to 1, but that was adjusted because it was too difficult to retain good managers. Today the average is 4.5 to one, compared to 350 to one as the average for U.S. firms. The highest single coop’s range is 9 to one, and only exists at Caja Laboral, MCC’s worker-owned bank.

- **Inter-Cooperation**: This encourages the various coops to cooperate with each other, forming common sectoral strategies, or for transferring members among coops when some firms’ orders are temporarily too low to provide enough work.

- **Social Transformation**: The coops are not to look inward and operate in isolation from the community around them. They are to make use of cooperative values to help transform the wider society. In the Basque Country, for many this means seeing MCC’s growth as developing a progressive economy for Basque national autonomy and independence.

- **Universal Solidarity**: The coops are not only to practice solidarity within themselves, but also with the entire labor movement—and not only in Spain, but across the globe as well. MCC has several projects abroad providing assistance in remote areas of third world nations.
• **Education.** Just as the first coop was preceded by starting with a school and forming a cadre with a cooperative consciousness, MCC continues to hold education as its core value, seeing knowledge as power—and the socialization of knowledge as the key to the democratization of power in both the economy and the society.

"In shaping these principles, Father Arizmendi also discovered what he believed was a fatal flaw in the cooperative theory of Robert Owen, which was the ability of an Owenite worker-owner to sell his or her share to anyone. This permitted external financiers to buy up the shares of the better firms while starving others. Thus in MCC, this is forbidden; a retiring worker may 'cash out' on leaving the coop, but he or she is not allowed to sell the share to anyone but a new incoming worker, or to the coop itself to hold until it does. **This kept MCC’s capital subordinate to its workers,** and is a second secret to its success. Most of all, these principles have meant that the MCC workers retained control over their own surplus value, using it to provide themselves a modest but above-average standard of living while using their resources for measured and planned growth.

"Mondragon has come a long way from ULGOR, the small workshop making the little single-burner kerosene stove. Today MCC unites 122 industrial companies, 6 financial organizations, 14 retailers (including the Eroski chain with over 200 hypermarkets, supermarkets and convenience stores), plus seven research centers, one university and 14 insurance companies and international trade services. Its total sales in 2009 were 13.9 billion Euros and a workforce of nearly 100,000 people. **Less than six of the 120 coops have failed over 50 years. In the most recent economic crisis, MCC weathered the storm fairly well. No coop failed, salary reductions were modest and the only workers laid off were the trial-period new hires. Now things are picking up again. MCC remains a dominant force in the Basque economy, the leading force in Spain overall and is now making waves in high-tech manufacturing worldwide.**

"What about Mondragon’s wider connections with the Basque and Spanish trade union movement outside the coops? Where do the various parties of the Spanish and Basque left come in? For some answers to those questions, at least as things were in the mid-1990s, the best treatment is in Sharryn Kasmir’s The Myth of Mondragon. As a sociologist who spent some time in the Basque country, she took great pains to try to discern how workers themselves, inside and outside the coops, viewed MCC. At bottom, she would agree that the MCC workers, whatever criticisms they may have, would not readily trade places with their counterparts outside. She would also agree that the coops have become a powerful and progressive economic force in the Basque country...

"...The Basque are best known for their high-mountain shepherds but they have a long industrial tradition in the valleys and coastal towns, especially in iron and metalworking. The workers in these areas like the Arrasate-Mondragon valley formed trade unions early on and have a tradition of solidarity across industries and trades, often shaped in a lively night life in bars involving entire families...The MCC worker-owners, she notes, are viewed by other workers as 'working too hard' and spending less time in the bars in political discussion. Moreover, when strikes are called and other workers are asked to strike in solidarity, the MCC workers only offer a token presence, or don’t show up at all...Kasmir gives an example of a small group of young Maoist workers in the ULGOR plant that tried to strike the coop in the 1970s,
but failed to win much support. They were expelled from the coop by the other worker-owners, although, after a few years, a good number were brought back in. It was the only strike in all of MCC’s 50 year history although there have been other conflicts over regionalism and inter-cooperation where a few coops split off...

"What Kasmir glosses over or misunderstands, however, is that there is indeed a critical difference between the workers in MCC coops and workers in other firms. The most important, already mentioned, is that MCC worker-owners are not wage-labor, but associated small producers. Most MCC firms are under 500 workers and many quite smaller. Second, the MCC firms are not owned by an external force alien to their production process. The managerial strata and the workers representatives in the governing councils have the same single ownership share and vote as everyone else. In other words, when workers in a regular firm go on a sympathy strike, they hurt or pressure the interest of external bosses; but when MCC workers go out, they only subtract from their own material interest. They may do so anyway as a matter of solidarity, much as a small store owner may close for the day of a political strike, but the structure of interest is clearly different than the wage-laborer. Likewise when MCC worker-owners spend more time at work, or attending school or training sessions after work, subtracting from time spent in the bars—they are contributing directly to their coop’s growth and their own benefit as well, where on the other hand, forced overtime in a regular firm primarily benefits an external owner...the class position of the MCC worker-owner is... a step forward to a worker-controlled mode of production...

"...George Cheney’s book, Values at Work: Employee Participation Meets Market Pressure at Mondragon. Cheney is both more in solidarity with the Mondragon project and in some ways, more critical of it at the same time. His criticisms, however, come largely from within. He holds up MCC’s own values as a mirror to its practice, and then examines the realities.

"‘During a recent study tour of MCC, for example, my group had a session with Fred Freundlich, an American who had been living in the Basque Country for more than a decade and teaching economic theory at MCC’s Mondragon University. We asked for his opinion on how involved the younger MCC workers were with their own governance in the coops. ‘Frankly, Basque youth aren’t all that active inside the coops. They’re into third world global justice issues, environmentalism in general and Basque nationalism. About the coop managers, I’d say a strong minority, maybe 30 percent, have solid cooperative values at heart, another small minority pays lip service to them, and the rest are somewhere in between. We clearly need a new surge of activism to spread cooperativism beyond the factories.’

"The highest governing body of each coop, and MCC overall, is its General Assembly or Congress. The average participation is around 70 percent, and attendance is required. (One absence results in a warning; a second results in a fine to be paid.) Issues decided are important, such as overall salary spreads, strategic direction of products and the election of leadership. ‘The General Assembly of worker-members is the highest authority in each company,’ explains Freundlich in his 1998 paper, MCC: An Introduction. ‘It must meet at least once a year to address company-wide concerns (though it often meets twice). The General Assembly also elects the company’s Board of Directors and a President of the Board for four-year terms, based on the principle of one-member one-vote. The Board appoints the chief executive and must approve his or her choices for division directors. A Social
Council,’ Freundlich continues, ‘is elected by departments to represent front line workers’ interests and to help promote two-way communication between management and workers. Pay solidarity and the distribution of profits to all worker-members, as described previously, are other important cooperative policies. While the MCC has its share of workforce controversy and apathy,’ he concludes, ‘and perhaps more today than 30 years ago—these structures and policies have contributed to fairly high levels of commitment to the business and to the cooperative idea, which in turn, many believe, have provided Mondragon firms with a difficult to measure, but nonetheless real, competitive advantage over its conventional competitors.’ Other studies of various MCC components, such as Eroski, have placed the average quantifiable advantage self-management has given MCC coops over non-MCC firms in the marketplace at 15%. ‘If one enters a Mondragon factory,’ writes George Benello in the magazine Reinventing Anarchy Again, ‘one of the more obvious features is a European-style coffee bar, occupied by members taking a break. It is emblematic of the work style, which is serious but relaxed. Mondragon productivity is very high—higher than in its capitalist counterparts. Efficiency, measured as the ratio of utilized resources (capital and labor) to output, is far higher than in comparable capitalist factories.’

“As for shifting attitudes, Basque society itself has seen major changes over the past 30 years. ‘Such changes are revealed, for example,’ says Cheney, ‘in the dramatic drop in attendance at Mass in the Basque country, from about 75 percent in 1975 to less than 25 percent today.’ What this shows is the Basques were not immune to a weakening of traditional ties and the growing secularism and consumerism prevalent in Europe. Even so, there is still a considerable degree of participation and debate at the base of the MCC coops, even if it doesn’t take the forms or rise to the level those on the governing councils or management teams would like to see. One ongoing debate is over the salary spread between managers and production workers...

“Another key tension and debate arose in the 1990s, when Mondragon transformed itself from a federation of coops loosely connected through their ‘second degree’ coops—the bank, the social insurance agencies, the university and research institutes—into MCC with its ‘sectoral’ structures—industrial, financial, retail distribution and knowledge. The more centralized and unified structure enabled Mondragon’s management teams to develop and pursue common strategies to better compete collectively with their rivals in the marketplace. While this relatively greater degree of centralization proved very successful, it also increased market pressures on the individual coops in the form of intensity of work and speed of innovation. ‘Finding the balance’, explains Cheney, ‘is the key term used to resolve differences.’

“Can an experiment like Mondragon find fertile ground in the U.S.? This is a topic addressed in Cooperation Works! How People Are Using Cooperatives to Rebuild Communities and Revitalize the Economy by E.G. Nadeau and David J. Thompson. This work offers a survey of some 50 cooperative ventures in twelve different areas of the U.S. society, both historical and current—including agriculture, housing, business purchasing coops, credit unions, social services and power utilities—as well as worker-owned industrial coops. The authors reveal two key points. The first is that cooperatives have a long, rich and varied history across the U.S, ranging from wheat farmers banding together to manufacture and market their own pasta products, to home health care providers building their own company to provide decent wages and benefits in an occupation that often suffers from poor conditions. The second is that none of these 50 case studies, successful or unsuccessful, has followed the
Mondragon model of a three-in-one combination of school, credit union and factory...’Eakes and Wright discovered that the engine that gave Mondragon its power was missing in North Carolina and was stalling the development of worker coops. That element was access to capital. For the Mondragon Cooperatives, the Caja Laboral (or ‘Workers Bank’) furnished the necessary capital to launch successful ventures. Thus Eakes and Wright concluded their next step was to create a Caja for North Carolina.’…

“The U.S., of course, continues to face dire economic conditions. Bank credit is difficult to obtain and unemployment is near 10 percent. Government at every level, blocked by a neoliberal budget cutting resurgence, is slashing funds for community and small business development in favor of tax breaks for the superrich. This manufactured austerity is a two-edged sword as far as coops are concerned. One edge is that there is little help coming from government which makes new ventures very tough. The other edge is that the solidarity economy, of which MCC is a mother lode of ideas and experience, emerges precisely when government fails and people have only each other to turn to for mutual aid. The harsh conditions become a spur to radical experiments and strategies for structural change.

“David Schweickart’s After Capitalism. In this short but lucid book, Schweickart draws on his earlier studies of workers control in Yugoslavia and his own experiences in Mondragon and elsewhere, and raises all of these to a wider working hypothesis...He calls his effort 'successor-system theory' and names its project 'Economic Democracy.' The core idea is that the workers themselves democratically elect the managers of their firms, which are...owned cooperatively outright. They also share the wealth they create by sharing the profits among themselves. They make their money the old-fashioned way: by finding consumer needs, meeting those needs with decent products, and selling them to satisfied customers at reasonable prices. We can see the Mondragon model here, but painted on a much wider canvas of an entire nation’s economy...The heart of his argument rests on dividing markets into three—capital markets, labor markets, and markets in goods and services. Capital markets he would abolish or at least severely restrict by government buyouts or takeovers of major banks and corporations in a time of crisis and turning them into public asset funds. Labor markets he would drastically change or restrict by vastly reducing wage labor, turning most workers into owners or leaseholders of their factories. Workers each have one equal vote, and elect their managers. Markets in goods and services, however, would remain, although regulated for ecological sustainability and other matters related to the common good.

"The Mondragon complex did not develop as a purely pragmatic response to local conditions,’ he [Schweickart] explains. ‘Arizmendiarrrieta was deeply concerned about social justice and explicitly critical of capitalism, basing his critique on progressive Catholic social doctrine, the socialist tradition, and the philosophy of ‘personalism’ developed by Monier, Maritain, and other French Catholic philosophers. He was critical of Soviet state socialism and certain elements of the cooperative movement itself. He was particularly sensitive to the danger of a cooperative becoming simply a ‘collective egoist,’ concerned only with the well-being of its membership.’ ‘The presence of worker alienation and of certain practices that cut against the grain of Arizmendiarrrieta’s vision should not blind us to two striking lessons that can be drawn from the economic success of Mondragon. First, enterprises, even when highly sophisticated, can be structured democratically without any loss of efficiency. Even a large enterprise, comparable in size to a multinational corporation, can be given a
democratic structure. Second, an efficient and economically dynamic sector can flourish without capitalists. Capitalists do not manage the Mondragon cooperatives. Capitalists do not provide entrepreneurial talent. Capitalists do not supply the capital for the development of new enterprises or the expansion of existing ones. But these three functions—managing enterprises, engaging in entrepreneurial activities, and supplying capital—are the only functions the capitalist class has ever performed. The Mondragon record strongly suggests that we don’t need capitalists anymore.’

"What Schweickart is doing, of course, is dispensing with all the usual arguments capitalist apologists circulate among average workers...In addition to the intellectual arguments, he simply points to Mondragon, which continues to move forward as the living example of another path. In this sense, what the MCC worker-owners have established is a bridge to a small fortress that serves as a foothold in the future, a powerful example of one not-so-small victory in a Gramscian ‘war of position.’ To a certain extent, many of the MCC workers and managers would agree. MCC itself is officially ‘nonpartisan,’ meaning that it’s not tied to any particular Basque or Spanish political party. But this does not mean ‘anti-partisan.’ ‘MCC works with a number of socialist and Basque nationalist parties and officials to build up the economy and educational planning infrastructure of Euskadi, the Basque name of their ‘Basque Country,’ for which they are working for a high degree of regional autonomy, if not national independence. In the MCC coops, the workers belong to a range of socialist, communist and Basque nationalist groups ranging from left to center. There have been sharp differences between socialists and some of the more militant nationalist groups in the recent past, but today the trend is for a wider popular unity and a cessation of any violence.’ – Carl Davidson, www.SolidarityEconomy.net, 03-16-11

***

http://www.democracynow.org/blog/2013/3/25/video_understanding_the_mondragon_worker_cooperative_corporation_in_spains_basque_country

***

REmark: When something works, it is seldom due to chance or blind dumb luck. Mutations are nearly always detrimental downgrades. Nearly always what is successful has behind it a sound philosophy, a workable plan, solid strategy and tactics, and competent timely execution. In a nutshell, this is why Mondragon works, tried and tested for now nearly 60 years in difficult economic and political environments. It is no accident that Mondragon is now the 4th largest industrial group and the 7th most powerful financial organization in Spain, and is 1st in the Basque region. It is no accident that while Euroland sinks in its own self-created quicksand of bankrupt political and economic collectivist philosophy that the Basque region of Spain enjoys a per capita income 40% higher than the rest of Euroland, 34% higher than Spain’s average per capita income, and that workers from Spain and elsewhere (28% immigration) flock to the Basque for jobs and an integrated holistic lifestyle, where unemployment is half of Spain’s national average. It is no accident that Mondragon’s business cooperatives have survived the economic and financial debacle of 2008 forward, and are now recovering despite the detrimental overregulation of Euroland and basic dishonest nature of the Euro. It is no accident that less than 6 of the 120 Mondragon cooperatives have failed in over 50 years in the marketplace (less than 5% failures). It is because Mondragon is basically in harmony with the electromagnet, + - , polarized, one created by the many,
community created by individuals, horizontal covenantal and contractual holographic fractal of the Creator's essence and nature. It is accordingly no accident that Mondragon was created by a socially and economically active priest. After all, the master equation of all societies is “Government is religion (philosophy) applied to economics.” Mondragon proves this out successfully, individuals freely motivated by a true, balanced and just philosophy to create a dynamic business, financial, and educational community environment of shared, overlapping, synergistic, common interests. None of this isolated, lonely, shivering, shallow, competitive, egotistical individualism, where a fallible man or woman eventually falls on his/her sword, left flailing alone in the wind against the world as a failed Nietzsche Superman. No man is an island. Neither, none of this totally dehumanized, replaceable Borg-like, irrelevant, lowest common denominator, slug-like, maggots-in-a-flour-sack unproductive collective, stripping everything until all that is left is a wasteland of sheeple/serfs/human resources. Hegel was dead wrong that the Nanny State collective was god walking on earth. The state (government) is a religious/philosophical and economic parasite which infects its hosts, the people, and turns them also into non-productive dehumanized parasites until nothing remains. So, either the individual or the collective as stand alone ultimates are a disaster waiting to happen, aggravated by no rule of law, injustice, lack of respect for property rights, dishonest money, fractured families, destruction of voluntary organizations and local communities, and irrelevant churches – all of which are extant today. Could Mondragon, by contrast, be moving us toward greater individual empowerment through greater voluntary comprehensive group involvement, a paradox, where every man is not only king of his own castle, but effectively labours under his own vine and fig tree and drinks from his own well? It is noteworthy that Mondragon functions harmoniously along side small and family businesses.

Now, I have covered Mondragon in my earlier works (books). And the practical working out of the successful philosophical and economic models are there for all to read, free of charge, on our website – www.REMcMaster.com – under the “Christianity” and “Economics” section, in detail. (Throw in “Guideline for Living”, “Relationships” and “Poetry” for good measure. 😊)

It is one thing to point out the problems and errors in the present economic and political system (as well as today’s self-interested, syncretistic religious organizations). That is easy enough, like shooting ducks in a barrel. It is much more difficult to transition people’s hardened and conditioned indoctrination, traditions, and conventions into meaningful change. Indeed, it has been effectively demonstrated that 97% will not effectively change until the pain of change is less than the pain of staying where they are. Sad. This is why the “wise as serpents” Communist Party and Catholic Church spend their time and energy indoctrinating the impressionable young, so they will effectively own them for the rest of their lives. Ditto the centralized government schools, the SINs (State Indoctrination Networks). But, hey, the present communist, debt capitalist, collectivist, top down, bureaucratic, political systems (democracy, socialism, fascism, communism, et al) are demonstrably bankrupt philosophically and subsequently financially. Mondragon is a light at the end of the tunnel, a way forward, a way out, a glimpse into a more balanced future, already actively demonstrating successfully what I present on our website (free) in my essays there. It takes individuals as ultimate resources to voluntarily create viable collectives, the dialectic of the two held perpetually in peaceful co-existing tension, neither as ultimate.
Put succinctly, the hologram, the fractal of a Unity Amid Diversity, One and Many Creator (Father, Son, Holy Spirit – separate [individual] and simultaneously united [collective]) balancing out the individual/masculine/yang/+ /linear/light principle with the collective/feminine/yin/- /holistic/dark principle, together creating a clockwise vortex of Spirit (Living Energy with personality, purpose and power) coalescing into matter, effectively quantum physics crossing Einstein’s bridge into Newtonian matter, waves of light into particles of matter held together by their unique resonant magnetic fields, out of time and time reversal into linear time, the individuals (masculine) creating the community (feminine) like a dandelion puff (photograph below) demonstrates in nature, answering the age-old philosophical question of how to balance out the rights of the individual with those of the community, like we see with the simultaneous co-existence of apparent opposites in the same bar magnet that contains both a positive (+) (masculine/individual) and negative (-) (feminine/collective) pole. After all, we do live in a comprehensive electromagnetic holographic reality in which the greater the polarity in dialectic balance, the greater the life and vitality. Science and religion are after all just different sides of the same coin, religion being what God did and science being how He did it. As Einstein wrote, “Science without religion is lame; religion without science is blind.” Nobel prize winning Nash’s Equilibrium is in harmonic agreement, as is our global automobile traffic system.

The West is philosophically rooted in Christianity. Christian Scripture, God speaking, alive and powerful, is accordingly in harmony with, and the creator of, this fractal holographic reality. For under Christianity properly taken, the evidence of an individual being a Christian and manifesting the love of Christ is his/her obedience which is demonstrated by service to one’s fellow man (the collective) before one serves oneself (the individual). This is Christ’s 2nd Great Commandment and the Golden Rule (creating individual and community harmonic balance, again like in the automobile traffic system), and is in fact Scripturally proof that a professing Christian loves God, Christ’s 1st Great Commandment. For if a Christian does not love his fellow man, Scripture specifically states that he/she does not love God. Moreover, the individual Christian’s character is to manifest the Fruit of the Spirit outwardly to others as evidence of the Holy Spirit dwelling within, that Fruit being love, joy, peace, goodness, kindness, gentleness, faithfulness, patience, longsuffering, humility and self-control – true self-government, making man the highest and best resource. But the ultimate expression of the individual Christian is to find his/her highest and best expression and fulfilment in Christ’s kingdom on earth, in His New World Order, in His color-blind, sex non-discriminatory, age and economic non-considerate, law school and worship based, voluntary, local social collective known Scripturally as the Bride of Christ, the local church. For it is there that the individual, properly knit together with other Christians, can best operate at the intersection of his/her talents and motivations, obeying God by not forsaking the gathering of himself/herself together with other believers, the human hologram equivalent of the dandelion puff, where individuals voluntarily create the collective to the synergistic benefit of both the individual and the collective, to the glory of God, where unity amid diversity exists, where the one and the many are in balance, where +,- polarity exists, and proof that people love one another through their responsible and accountable horizontal covenants is manifest.

The world is thrashing in the travails this of this 4th turning, at the end of a 510-year civilization cycle, a time of global creative destruction, where the pain endured by the stuck 97% will require them to change, a tumultuous time for discarding the errors of the past and taking from each philosophy and institution its grain of truth,
fashioning it into a new more perfect mosaic, of transitioning to a new, different, refreshing, enlightened type of kingdom, a peaceable kingdom, one in which "He will judge between the nations and will settle disputes for many peoples. They will beat their swords into plowshares and their spears into pruning hooks. Nation will not take up sword against nation, nor will they train for war anymore." – Isaiah 2:4

The Dandelion Puff – The Individual Masculine Vectors Creating the Feminine Collective Whole

***

"...The Rosetans were a close-knit group from the same region of Italy...he tracked down relatives of the Rosetans who were living in other parts of the United States to see if they shared the same remarkable good health as their cousins in Pennsylvania."
They didn’t. He then looked at the regions where the Rosetans lived…The two closest towns to Roseto were Bangor, which was just down the hill, and Nazareth, a few miles away. They were both the same size as Roseto, and both were populated with the same kind of hardworking European immigrants. Wolf combed through both towns’ medical records. For men over sixty-five, the deaths from heart disease in Nazareth and Bangor were three times that of Roseto…What Wolf began to realize was that the secret of Roseto wasn’t diet or exercise or genes or location. It had to be Roseto itself. As Bruhn and Wolf walked around the town they figured out why. They looked at how the Rosetans visited with one another, stopping to chat in Italian on the street, say, or cooking with one another in their backyards. They learned about the extended family clans that underlay the town’s social structure. They saw how many homes had three generations living under one roof, and how much respect grandparents commanded. They went to mass at Our Lady of Mount Carmel and saw the unifying and calming effect of the church. They counted twenty-two separate civic organizations in a town of just under two thousand people. They picked up upon the particular egalitarian ethos of the community, which discouraged the wealthy from flaunting their success and helped the unsuccessful obscure their failures.

"In transplanting the paesani culture of southern Italy to the hills of eastern Pennsylvania, the Rosetans had created a powerful, protective social structure capable of insulating them from the pressures of the modern world. The Rosetans were healthy because of where they were from, because of the world they had created for themselves in their tiny little town in the hills.” – Malcolm Gladwell, Outliers: The Story of Success, 2008

***

"Why is it so hard to be productive and useful? To be productive and useful in our contemporary societies involves having a ‘job’ and being paid wages in a fiat currency and paying taxes on them. To be either economically or socially productive means that one has to enter into contracts and obligations demanded by our existing infrastructures and institutions. Looking at the very high levels of under and unemployment throughout Europe and the US some might say that the system is not working. One can come up with a far more radical hypothesis on this point when one makes the assumption that the system does not care if you or even it are productive or not. It simply needs you to be dependent upon it and the matrix of its infrastructures, institutions and bureaucracies. Indeed the more people the system can make entirely dependent upon it, the more secure that system becomes as those dependents will seldom bite the political and bureaucratic hands that are feeding and 'enabling' them in very limited terms…the system is constructed to compel you to be as unproductive as possible...

"To be independent, self-reliant and self-educating is systemically unacceptable and this forces us into systemic dependency upon the hyper-structures of educational and training institutions and the bureaucracy or cartel that manage their accreditations to suggest to a potential employer that we might have achieved something worthwhile…Essentially the system maintains an elevated level of difficulty to becoming productive or useful as being self-employed or acting as an entrepreneur. It places far too many barriers, legal requirements and obstacles in the way to stop people from becoming productive and useful on their own terms…Consequently the easiest way to become entrepreneurial is to trade illegally...The
persistence of crime in our societies is largely derived from the fact that it is so hard to bureaucratically establish oneself as a legitimate and fully regulated trader acting within all the rules and regulations...

"...we are educated and systematically constructed or suspended within the hyperstructure in terms of strict dependency. Many find themselves dependent on welfare simply because it is so hard to become independently productive and self-reliant...self sufficiency and independence is a good thing but what is clear is that we are simply not taught or trained to be self-sufficient by the institutions of our infrastructures...The institutions of education are not interested in educating their pupils in how to be able to effectively research and educate themselves as that would ultimately negate the reason for their own institutional existence...Recognize your children's or student's interests and foster them, but more importantly, teach them the skills how to research information and teach themselves. Teach them good personal management and how to become educationally self reliant so they can teach, develop and evolve themselves for a life time...

"We are all entirely reliant on various forms of production, simply because the system never taught us how to make or maintain anything ourselves...The more complicated laws become, the harder it is to represent oneself and the more dependent we all become on the costly infrastructures of the industry of lawyers, accountants and whole departments which have to be established in order to meet bureaucratic and tautological demands for compliancy...We assume the existing hyper-structures will deliver us jobs, happiness, wealth, health and financial security. They will not. They are already failing to meet their obligations and will continue to deteriorate in their capacities for fulfilling them...

"Freedom is independence. To be a free thinker is not to be dependent upon existing dogma, national curricula and the existing infrastructures of education and accreditation. Freedom is not having to be dependent on government for anything. Freedom is not having to depend upon systemically too big to fail banks and a corrupted financial system for one's economic and social security. Freedom is not having to depend upon our existing infrastructures to be economically productive and useful...Freedom is not foolishly relying or being dependent on governments and institutions to solve our problems for us. Freedom is to take that responsibility upon ourselves and design and construct all the problem solving infrastructures that will be required.

"An economy is merely a system that allows for investments and the production and exchange of goods and services and it need not be based upon industrial models of production and consumption and a centrally controlled system of finance, regulation and taxation as such...Humanity is born into freely co-operative, sociable communities, starting from the smallest family units which are based on relationships of love and free exchange of goods and services. This still functions as an economy, and it is one that very effectively organizes the exchange of good and services between its members. From this basic unit, we then move onto the economies or communities of our friends and neighbours where our exchanges of goods and services are equally based upon love, friendship, trust and good will. These relationships or economy for the exchange of goods and services are essentially no different from what takes place within financially based economic forms of exchanges of goods and services, but significantly, when such exchanges take place without money changing hands then it is more valuable in a sense as we appreciate the integrity and honestly behind our interactions. In contrast, in terms of
the infrastructures of our broader communities and societies, we find ourselves and the quality and nature of our relationships constrained and determined by financially organized economic chains.

"In the real world we make exchanges all the time based upon other different infrastructures which are also based upon different forms of trust...In the real world we make exchanges all the time based upon other different infrastructures which are also based upon different forms of trust. The labour and expertise traded as such are identical, the only difference is between the infrastructures which effectively organize the exchanges that take place. This ad-hoc economy of give and take in friendships is nothing other than a form investment and of saving up for the future possibilities for the exchange of goods and services. The fact that money does not usually change hands does not alter the underlying nature or fundamental economics of such relationships. Both must be productive as such, but it is only when money changes hands that any productivity can be measured, systemically formalized and taxed...at the same time the traditional fiat currency infrastructure renders the latter form of transaction as recordable and hence taxable whereas the exchange based upon friendship does not as it cannot be booked as such and no fiat profit is made even though we all personally and socially profit from such exchanges all the time.

"When one analyzes one’s life one can see that the vast majority of exchanges we make with one and other are not financialized at all and they take place without contracts and direct promises in complex infrastructures of socially private spheres, hopefully governed by notions of community, friendship, love and good will. It stands to reason that within either infrastructure, what has occurred in terms of ‘productivity’ is precisely the same. The only question is which infrastructure would we prefer to base our lives and productivity upon?

"What kind of world do we wish to inhabit? A world where one is alienated, stressed, cloistered and isolated within the dubious trappings of the infrastructure of financialized material consumerism, or one where all one’s productivity, material and service exchanges, function in terms of a broader familial sociality and communitarianism - governed by principles of love, friendship and loyalty – of communities defining and building themselves with a sense of purpose as the organic expression of a self-determining collaboration and unity." - Simon H., Charles Hugh Smith, www.OFTwoMinds.com, 08-30-13

***

"Slavery was meant to have vanished from the face of the Earth, or at least from our modern societies years ago. But, it hasn’t. We all know that. We are enslaved to the grind of daily work, the cog wheels that were set in motion centuries ago and that have only heightened the interconnectedness of the working populations to fulfill the desires and needs or the needless desires of the masses in consumer societies. If one cog stops, then the rest of them jam and stop working and it all grinds to a halt. But, real slavery, like we used to have in the days of the past still exists too. It’s big money too for some. It brings in the sum of $32 billion for those that exploit the guys at the bottomless pit every year in the world. That’s profit we’re looking at. According to the International Labor Organization it’s not just going on in emerging countries where we can exploit the poverty-stricken masses. Half of that profit is generated in wealthy Western nations. There is a total profit of $15.5 billion that is poured into the bank accounts of the slaveholders in our own countries.
every year!...Slavery apparently is inflicted upon 20.9 million people in the world according to recent studies. That’s the official estimate of organizations and governments. But, there are some that say that the figure is as high as about 27 million people in the world...Slavery has increased to such an extent in our modern times due to population increases. Industrialization and increased economic activity have also resulted in social changes, catapulting people into urban areas, with no social safety net to protect them in countries like China for example. Lastly, we could point the finger at corrupt administrators that allow it to continue complacently...There are more slaves today working in the world than ever before. More means cheaper. If we were to compare the cost of a slave back in the mid-19th century in the USA, then it would have cost roughly $40,000 to buy a slave in today’s money. Today, however, you need only pay out under a $100 for one...Bonded labor is commonplace, where the slave has contracted a loan and has to work to pay it back to the lender. Child forced labor affects over 5 million kids in the world today." - PivotFarm, www.ZeroHedge.com, 08-30-13 ...