

## Relations industrielles Industrial Relations



William FOOTE WHITE, Kathleen KING WHYTE : *Making Mondragon : The Growth and Dynamics of the Worker Cooperative Complex*. Ithaca, ILR Press, 1988, 317 pp., ISBN 0-87546-137-9

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Multidisciplinaire, comparative et transnationale, selon les besoins, cette recherche devrait mettre ainsi l'accent en particulier sur le fonctionnement interne des instances syndicales, sur leur capacité de répondre aux aspirations des nouvelles catégories de travailleurs; importance également des travaux analytiques reliés à l'impact des formes nouvelles de gestion participative de l'entreprise; nécessité, enfin, pour les syndicats de coopérer eux-mêmes plus ouvertement à ces incursions...

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**Making Mondragon: The Growth and Dynamics of the Worker Cooperative Complex**, by William Foote White and Kathleen King Whyte, Ithaca, NY., ILR, Press, 1988, 317 pp., ISBN 0-87546-137-9 (alk. paper), ISBN 0-87546-138-7 (pbk: alk. paper).

In the introductory chapter the authors state that over the years the world's economic and management system had been locked into two opposing absolute ideologies, i.e. private enterprise versus government ownership and control. While the proponents of the private enterprise system have demonstrated that the system can produce and distribute goods at a high level of efficiency, they are also beginning to see the inherent weakness of the enterprise system. "The pursuit of profits as the sole or primary driving force is a necessary limiting condition, a means to other ends. Inherent in the latter proposition is a recognition that generation of a economic surplus is essential for long term growth in employment under socially acceptable conditions." Government ownership and control of the means of production and distribution, on the other hand, has demonstrated its weakness by the rigidities and inefficiencies of such a system, in addition to the dictatorial political control that tends to accompany such a system.

Abandoning these absolute ideologies, an increasing number of scholars and practitioners around the world are experimenting with diverse forms of organizations, such as worker cooperatives and employee-owned firms. The striking economic success of MONDRAGON, a worker cooperative complex, in the heart of the Basque region of Spain, suggests a useful model for the development of employee-controlled firms in our society.

In 1956, an economic and social experiment with worker ownership and management started in Mondragon with 23 employees. That small experiment grew into a complex of worker-owned cooperatives employing nearly 20,000 employees in more than 100 worker cooperatives and supporting organizations, which includes a cooperative bank, schools, an industrial research institute, as well as firms involved in agriculture and industrial production.

Since the past history of worker-managed firms shows a high failure rate, how is it possible that a small group of cooperatives in the Basque region of Spain has not only survived for more than thirty years but also shown a tremendous growth, in terms of their size, economic strength and community development. Based on ten years of research, the authors have provided useful insights as to how the Mondragon complex has adjusted to the effects of recession, internal conflicts and significant organizational and technological changes, while maintaining its democratic character.

The book is divided into five parts. Part one describes the history of the Franco era and the cooperatives before Mondragon, and how the Mondragon movement developed out of a rich and diverse Basque culture. Part two describes the role played by Don Jose Maria, a Catholic priest, whose social vision guided the Mondragon movement. He firmly believed in the principle of economic democracy, education and employment for all able and willing. The founders learned from Don Jose Maria not only the importance of linking social, economic, technological ideas in shaping the internal development of each cooperative, but also the

development of a network of mutually supportive cooperatives. With the establishment of a bank, the Caja Labour Popular, in 1960, the bank played a central role in the development of Mondragon complex. It ensured capital availability for industrial growth and a gradual expansion of Basque language cooperative schools, which provided manpower to the cooperative factories and offices.

Part three examines the internal conflicts experienced by cooperatives in 1970's. The functional evaluation (merit rating) system, which gave new power to supervisors, was perceived by many workers as a policy conflicting with Mondragon's basic principle of emphasizing equality among members. This system caused a great deal of dissatisfaction among workers. The 1974 strike provoked the sharpest attacks on the cooperatives. The cooperatives had to learn a bitter lesson. A study group concluded that "the potential for conflict between technocracy and participation is an undeniable risk not sufficiently dealt with in the period of our concern by the dynamics of the organs of governance and participation". Management also began to explore possibilities of new forms of work organization, based on the work of Einar Thorsrud, leader of work democracy movement in Norway. Thorsrud's work redesign projects were economically efficient and in harmony with the social values on which the cooperative movement was based.

In part four, the authors illustrate how tightly interlocked the various supportive organizations in the Mondragon complex are and how essential the cooperative bank and educational system is for the maintenance and expansion of the cooperative complex. For example, the cooperative bank during the recession of the 1980's had to shift its priorities from the creation of new cooperatives to emergency intervention to help reorganize and revitalise those cooperatives that were in serious financial difficulties. The rise of agribusiness cooperatives shows the resourcefulness and flexibility of the leader of the Mondragon movement and the value of building a cooperative complex in which the member cooperatives help each other. The last chapter in this part, evaluates the problems and its major strengths in 1980's. With Spain's membership in the Common Market, Mondragon will face increasing competition, which will place Mondragon under heavy pressure to accelerate the creation of capital intensive new enterprises, which may lead to unemployment. However, the leaders of Mondragon are obliged to provide alternative employment, or to make very substantial support payment to unemployed workers. They recognize that generation of profits is a limiting condition but not the driving force, and consider it as the essential means for achieving their ends of social justice and economic development. In the future, Mondragon will be faced with the governance of more complex organizational structures to allow and encourage workplace democracy. The authors are optimistic about Mondragon's ability to respond to such challenges. In the past the leaders of Mondragon movement have shown a high degree of technical competence, combined with social vision. They have placed high value on continuous critical examination of their own experience. The founder of the movement has repeatedly emphasized the need for self criticism and to adapt to changing conditions. Furthermore, he never held any executive position himself which would have enabled him to impose his views on others.

It appears that the culture of the Mondragon movement is embedded in the underlying culture of the Basque people, which emphasizes strong ethnic pride, and commitment to egalitarian values and democratic governance. However, the authors claim that to explain Mondragon as simply a product of this ethnic culture is bound to produce serious distortions and oversimplifications. The leaders of Mondragon have selected certain elements of the Basque culture, but they had to create other elements which are not prominent in the Basque culture, in creating a distinctive organizational culture for the Mondragon movement.

The last chapter examines the lessons to be learned from the Mondragon experience. In the North American context, worker cooperative faces the problem of "collective selfishness". The worker-owners are reluctant to include new workers as owners, when they retire or leave, because the original worker-owners recognize that they can increase the value of their share if the cooperatives resort to hired labour (non members). At Mondragon this problem does not exist, no stock is issued and the capital accounts of members are non-transferable, so members can not profit by selling stock to outsiders. The Mondragon experience also shows the need in a worker cooperative to balance the interest of members as workers and owners. The union can play a constructive role in representing worker's interests and balancing them against ownership interests. This will require unions in North America to move from their traditional adversarial role toward cooperation with management without becoming a tool of management. The Mondragon experience has also shown the importance of support structures that can buffer cooperatives in the economically troubled times, as well as the need to combine pragmatism with idealism. Because of the striking success of the Mondragon's experience, the question arises if the structures and policies and social processes be lifted out of the Mondragon's complex and applied elsewhere. The authors suggest that while the people who work within an organizational culture should be the ones to develop appropriate structures and policies, nonetheless certain elements of the Mondragon culture can be applied to other cooperatives and employee-owned firms. These include the future orientations of cooperatives, organizational self-criticism, a humanistic vision while confronting hard economic and technological realities. The authors conclude that the Mondragon experience has shown that it is not easy to meet this challenge but it can be done.

It is an extremely well written, well organized and easy to read book. For scholars and students interested in industrial democracy, employee ownership, and cooperatives, the book provides detailed explanations, diagrams, tables and case histories. For cooperatives and employee-owned firms elsewhere the book provides useful insights and the lessons that can be learned from the Mondragon experience.

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**Caring For Profit: Economic Dimensions of Canada's Health Industry**, by Malcolm C. Brown, Vancouver, The Fraser Institute, 1987, 182 pp., ISBN 0-88975-106-04

Le secteur des services qui représente plus de soixante-cinq pour cent de la production et de l'emploi n'a pas jusqu'ici reçu des chercheurs l'attention correspondant à son importance. Par exemple, durant ses vingt-cinq ans d'existence, le Conseil économique du Canada y a peu référé dans ses différents exposés. Pourtant, les deux secteurs nationalisés de l'éducation et de la santé représentent à eux seuls plus du sixième de la production.

Ce livre consacré à l'étude économique des soins de la santé fait partie d'une série de publications sur les services que produit le Fraser Institute grâce à une subvention du ministère de l'Expansion industrielle régionale. Il indique les différents problèmes économiques de cette industrie: importance des coûts des services institutionnels, stabilisation relative des dépenses au cours des années soixante-dix, dangers de la surspécialisation et de la médicalisation des services sociaux avec la croissance du nombre des médecins... En offrant une documentation chiffrée intéressante, il est une source d'information pour le non-spécialiste.