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Examination Of The Basque Collectives:
Lessons From One Of The
World's Most Successful Community
Organization Efforts

by

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INTRODUCTION

The system of Basque collectives is recognized as the world's most effective worker owned system (Henk & Logan, 1982). It is a direct result of the community organization effort of Father Jose Maria Arizmendiarreta, who created an extremely progressive agenda under Spain's repressive Franco regime. Father Jose Maria's work will be explored in this paper and principles extracted that are important lessons for community organization teachers and practitioners.

The potential values of worker ownership have long been recognized; the ability of community organizers, however, to realize this potential has generally fallen far short. The worker owned enterprises in the Basque Provinces of Spain stand out as an exception to this dismal rule. Father Jose Maria was the Basque priest and community organizer whose stimulus gave this model of organization the philosophy necessary to ensure its success.

HISTORY

During the Spanish Civil War (1935-39), most Basques fought for the Republicans against Franco and thus ended on the losing side. Father Jose Maria fought in the war for three years, was captured and sentenced to death by firing squad. When the Fascists learned he was a Jesuit priest, his sentence was commuted. In 1941, after the Civil War's conclusion, Father Jose Maria, 26

years old, was assigned to the parish at Mondragon. For the next 35 years, he served this parish until his death in 1976.

When he arrived in Mondragon, the Basque economy was in tatters due to the war. Unemployment and poverty were widespread resulting primarily, in his view, from a lack of jobs and a lack of skills among the adult population. He began his organizing effort, therefore, by gaining the support of local business interests and, by 1943, he had a technical school operating.

From the outset, however, Father Jose Maria recognized that the needs of his people went beyond mere technical skills. His school taught philosophy as well, a philosophy of participation and involvement. As a result, when some of his students became engineers and went to work for a local factory, they urged management to increase the level of participation of workers in decision making. In Franco's Spain, such ideas fell on deaf ears and management refused to comply with this request.

Instead, under Father Jose Maria's guidance, the first Basque worker-owned cooperative, ULGOR, was created in 1956 with 23 workers. Today, 18,199 workers in 132 enterprises located throughout the Basque Provinces have evolved from this initial effort. All 132 enterprises are inter-linked and include a banking system, a research and development unit, a technical school, a business school, and a health and welfare system.

"Discovered" in the mid-1960s, it was not until the 1980s that serious empirical study of the Basque system began. Recent economic analysis indicates that this worker owned effort is 30% more productive than comparable enterprises and has a very high level of worker morale and low absenteeism. (Bradley & Gelb, 1981 & 1982; Campbell, 1979; Goyder, 1979; Gutierrez-Johnson & Whyte, 1977; Henk and Logan, 1981; Ornelas, 1980 & 1981; Schwartz, 1984) This model also effectively combats elitism, sexism, and unemployment and does this in both an expanding and a contracting economy.

WHAT MADE IT WORK?

Why was Father Jose Maria so successful? Often, it is believed that the success of leaders is due to their charismatic personality. They are dynamic speakers and can rally support for

what they believe is the answer to some social problem. Physically, Father Jose Maria was not a striking person. Also, he was never an eloquent speaker and often had a hard time finding the right words to express his ideas. Frequently people had trouble understanding what he was getting at.

Ruling out charisma, another plausible explanation for the success of this social action effort is that the times were right and that Father Jose Maria's ideas met with a receptive audience. Yet, one of the founders of ULGOR commented, Father Jose Maria's ideas seemed absurd at first. He was told, "yesterday we were craftsmen, foremen, and engineers. Today we are trying to learn how to be managers and executives. Tomorrow you want us to become bankers. That is impossible." (Gutierrez - Johnson and Whyte, p. 18) The impossible, however, became the Caja Laboral Popular, a banking system that was founded in 1958 which now has 400,000 depositors and has never had a loan default.

If the answer for the success of the Basque cooperatives does not lie with his personal charisma or the receptivity of the environment, why was Father Jose Maria so successful?

1) Philosophy

The primary driving force that underlies the success of the Basque collectives is the belief in the dignity of man. Father Jose Maria taught a non-elitist philosophy in which all people were valued. This philosophy guided all of his community organizational efforts. A basic tenet of the philosophy is that it is equally important to have a job and make that job one which is supportive of personal dignity. As Father Jose Maria said: "For me the problem is not illiteracy. It is making the educated people conscientious." His task was always one of raising the level of awareness of how society exploits individuals and tends to degrade their dignity.

2) Knowledge

The second element in the success picture was Father Jose Maria's knowledge of the history of other cooperative systems. For example, he had studied the cooperative movement of Great Britain where consumer cooperatives had developed successfully. He was aware that when the leaders of the consumer cooperatives

made the logical step toward developing production cooperatives, they failed. At first, the production cooperatives had been successful, but then they borrowed capital in order to stabilize their effort and to finance growth. Over time, the shares in the production cooperatives no longer resided with the workers and the enterprises evolved into "normal" capitalist enterprises. The Webbs wrote of this alteration and contended that efforts to develop production cooperatives faded from the British cooperative scene leaving only the consumer cooperatives to carry on.

Father Jose Maria felt that the Webbs had made a significant error in their analysis and he taught that, for the production cooperative to remain healthy over time, the workers would have to maintain financial control of their enterprises. From this knowledge base, he patiently argued that the cooperatives could not develop to their full potential without capital and that credit from private banks would have unacceptable strings attached. The second lesson is thus an old lesson. He knew what he was talking about, he had knowledge and understanding of how to proceed. He did not try and reinvent the wheel; however, at the same time he correctly saw that past wheels were out of balance and pointed the way toward developing a balanced system.

3) Details

Meis van der Rohe's dictum, "God is in the details" is a basic ingredient in all community organization efforts that succeed over the long haul. Father Jose Maria believed in the need for detail work. It was one thing to advocate change, to sketch a grand design of worker ownership where solidarity would replace elitism, and where all participants would be valued for both their abilities and their humanity; and quite another thing to realize that grand design. As Goethe said: "Theory is grey, my friend, but green is the tree of life." Father Jose Maria knew that: "There are always two levels to learning. You must start with the theory, then put the theory into action." And, as you implement change you constantly monitor it, examine what theories really work and what is causing problems. You attend to the details and take nothing for granted. This is not an easy dictum to follow. As Father Jose Maria said: "After the war, people were destitute. I thought it was my duty to improve their lives." This feeling, this recognition of urgency, often causes community organizers to

lose sight of the detail work that is crucial for success. Without the attention to details, half-completed projects deteriorate, undermining the opportunity for someone else to move ahead with a similar plan of action. As John Wesley said: "I have no time to be in a hurry." Father Jose Maria spent the time, devoted the energy, attended to the details that made it work right, and when it did not work right the first time out, he then examined what went wrong, examined the details of failure, and corrected the mistake. Which leads to the fourth principle of his success.

4) Cyclical Process

Change is a cyclical process, it is a growth and change cycle. You tackle a part of a part of a part of an interrelated part of the whole. One never tries to correct all the world's ills at once because there is neither the knowledge nor the time to attend to all the details of such a massive effort. Instead, you learn about a small piece of the pie - recognizing how it is related to the whole - and then go about changing that item. With the knowledge gained from that success, you move on to the next element. Father Jose Maria started with a school, teaching both technical skills and a philosophy of how the world should be run. His students, when they were ready, moved on with him to the next level of change and the first cooperative was founded. However, the cooperative only clarified the next problem area, the problem of finances, and started the next cycle of change, the creation of a banking system.

Although I have been examining the principles that guided Father Jose Maria's community organization effort separately, it is important to keep in mind that the principles are fused. Together, through their interaction, the principles come alive. Let us look at the creation of the bank as an example of this fusion.

Father Jose Maria's KNOWLEDGE of the need for a sound source of capital for the cooperatives led him to the idea of creating a bank. The easiest and least risky course of action would seem to be to create a bank along the lines of existing banks - to use an existing model and replicate it. Yet, his PHILOSOPHY, combined with that knowledge, told him that banks tended to degrade their customers, that the cooperatives needed a banking system that was consistent with the desire to create systems that would encourage

the dignity of man. How to accomplish this required an intense attention to DETAILS. When the CYCLE OF CHANGE presented the opportunity to start the community organizational effort that would create a bank, Father Jose Maria built a bank so unique that it is really inaccurate to call it a bank. But no other word exists that captures with any greater precision what the Caja Laboral Popular is and does. It is a bank, a credit union, a repository of both money and administrative talent. It is a guiding force for the collectives at the same time that it is an equal member of the collective system.

For example, if a group of people want to start a cooperative, the Caja works with ALL of them toward that goal. The Caja will help them develop the managerial expertise, help them with product selection and marketing plans, loan them the needed capital, reduce the interest rate on the loan if they have difficulty making payments during their start-up phase, and make them a full-partner with the already established cooperatives so that all of the cooperatives help each other succeed. In essence, the Caja will serve you, help you, relate to you, and not just use you. The Caja cares about you because Father Jose Maria cared about you and created a bank that has a higher mission than profits. Mind you, all of this is done with a meticulous and pragmatic attention to details so that the bank is profitable at the same time that it is a caring institution.

CONCLUSION

When you realize that community organization requires an in-depth knowledge of the problem, an excruciatingly precise attention to details, and a willingness to follow the cycle of change, tackling one problem and then another as you learn from the first, you also come to an important mega-principle. To be an effective community organizer you must be willing to devote yourself to the process over the long haul. Father Jose Maria was successful because he spent 35 years patiently working away at the details, following the cycle of change year in and year out. It is the same mega-principle that we glean from Jane Addams' Twenty Years at Hull-House and her following book The Second Twenty Years at Hull-House. Although it is an old lesson, it is a frequently ignored lesson. Community organizers often think that they can rush in, get the job "done," and move on to another community, another job. What they frequently fail to see is how the quick "success"

often deteriorates over time due to the failure of someone being committed to a continuing attention to details.

The process of change is a long and arduous one. Father Jose Maria exhibited a patience and dedication that is rare. The lessons he taught, however, are consistent with the lessons of all significant community organization efforts. Therefore, the Basque collective organizational effort teaches yet two more lessons. First, the basic rules of the game do not change. If you teach a student why Jane Addams was successful, you also are teaching why Father Jose Maria was successful. Second, if you pay attention to the basics of community organization you can accomplish the "impossible" and do so without being confrontive, antagonistic, belligerent, or revolutionary. You can evolutionarily change the system in a manner that does not take forever and a day. The Basque collectives were created in a relatively short period of time considering how significantly they have affected the lives of thousands of people - people who were once desperate and destitute and who now live comfortable and secure existences in control of their work environment.

In an area when people fantasize that more-of-the-same-old-tired-policies will solve everything and vote accordingly, many change agents have become disillusioned. Perhaps that is the greatest lesson Father Jose Maria taught. Under Franco he did not lose hope. Instead, he planned and worked and built and succeeded. Despite the darkness of those early days, he always kept an eye toward the light at the end of the long tunnel through which change agents must march, bringing with them, slowly but surely, the more hesitant souls. In his later life, Father Jose Maria laughed ironically over the honors that Franco's government bestowed on him - earlier they had sentenced him to die.

As a founding member of the first Basque cooperative commented: Father Jose Maria's "...thinking was twenty years ahead of his time...At first people didn't understand what he meant but gradually they began to comprehend his ideas. We owe (him) everything." (Bradley and Gelb, p. 212).

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