

INFORMATION TO USERS

This manuscript has been reproduced from the microfilm master. UMI films the text directly from the original or copy submitted. Thus, some thesis and dissertation copies are in typewriter face, while others may be from any type of computer printer.

The quality of this reproduction is dependent upon the quality of the copy submitted. Broken or indistinct print, colored or poor quality illustrations and photographs, print bleedthrough, substandard margins, and improper alignment can adversely affect reproduction.

In the unlikely event that the author did not send UMI a complete manuscript and there are missing pages, these will be noted. Also, if unauthorized copyright material had to be removed, a note will indicate the deletion.

Oversize materials (e.g., maps, drawings, charts) are reproduced by sectioning the original, beginning at the upper left-hand corner and continuing from left to right in equal sections with small overlaps. Each original is also photographed in one exposure and is included in reduced form at the back of the book.

Photographs included in the original manuscript have been reproduced xerographically in this copy. Higher quality 6" x 9" black and white photographic prints are available for any photographs or illustrations appearing in this copy for an additional charge. Contact UMI directly to order.

U·M·I

University Microfilms International
A Bell & Howell Information Company
300 North Zeeb Road, Ann Arbor, MI 48106-1346 USA
313/761-4700 800/521-0600

Order Number 9405537

**The myth of Mondragón: Cooperatives, politics, and working
class life in a Basque town**

Kasmir, Sharryn M., Ph.D.

City University of New York, 1993

Copyright ©1993 by Kasmir, Sharryn M. All rights reserved.

U·M·I

300 N. Zeeb Rd.
Ann Arbor, MI 48106

THE MYTH OF MONDRAGON: COOPERATIVES, POLITICS, AND WORKING CLASS LIFE IN A BASQUE TOWN A

by

SHARRYN KASMIR

A dissertation submitted to the Graduate Faculty
in Anthropology in partial fulfillment of the
requirements for the Degree of Doctor of
Philosophy, the City of New York University.

1993

C 1993

SHARRYN KASMIR

All Rights Reserved

This Manuscript has been read and accepted for the Graduate Faculty in Anthropology in satisfaction of the dissertation requirement for the degree of Doctor of Philosophy.

June 4, 1993
Date

Jane C. Schreid
Chair of the Examining
Committee

June 4, 1993
Date

Jane C. Schreid
Executive Officer

Supervisory Committee
Dr. Edward C. Hansen
Dr. June Nash
Dr. Jacqueline Urla,
Outside Reader

THE CITY UNIVERSITY OF NEW YORK

ABSTRACT

THE MYTH OF MONDRAGON: COOPERATIVES, POLITICS,
AND WORKING CLASS LIFE IN A BASQUE TOWN

by

Sharryn Kasmir

Adviser: Professor Jane Schneider

The Mondragón cooperatives in the Basque region of Spain are internationally renowned as a leading alternative model to traditional industrial organization. Since the onset of the world-wide economic crisis, the cooperative system has attracted considerable attention from scholars, business consultants, and activists who are interested in reorganizing the work place. Unfortunately, the vast scholarly and popular literature on the cooperatives incorrectly portrays them as apolitical and non-ideological institutions. In this dissertation, it is argued that this packaging of the cooperatives as apolitical businesses is part of a new industrial ideology that promotes cooperative and participatory labor-management relations in order to discredit labor unions and working class organization--this is the "myth" of Mondragón.

An ethnographic account of the town of Mondragón, focussing on political history (particularly the evolution of the armed organization ETA and the radical Basque nationalist movement) and on working class social life,

shows that the cooperatives represent a project undertaken by traditional Basque nationalists to create a stable working class and to foster middle class values in an "unruly" proletarian town. The cooperatives have divided the local working class between cooperateurs and those who work in regular firms, and cooperateurs have become isolated from the labor movement. Furthermore, data from participant observation, interviews, and surveys shows that the cooperatives do not provide better working conditions than do local privately-owned firms. For this reason, the non-unionized cooperatives are now facing unionization.

As working people throughout the world find their work places and political environments reshaped by new strategies and ideologies of cooperation, they face the kinds of social, cultural and political developments that occurred in Mondragón. Since the Mondragón cooperatives are used as a model for industrial transformation, the impact of the cooperatives on the local working class and the recent move towards unionization provide a case study of the way in which working classes elsewhere will be impacted by labor-management cooperation and worker participation schemes.

ACKNOWLEDGMENTS

Funding for my pre-dissertation research (1987) was provided by a fellowship from the Council for European Studies. My dissertation research (1989-1990) was supported by the Joint Committee on Western Europe of the American Council of Learned Societies and the Social Science Research Council, with funds provided by the Ford and Melon Foundations; a U.S. Student Fulbright Grant for Collaborative Research; and the Mamie Phipps and Kenneth B. Clark Fellowship for Dissertation Research from the City University of New York Graduate School and University Center (CUNY). The writing of this dissertation was funded by an American Dissertation Fellowship from the American Association for University Women; and a Dissertation Fellowship from CUNY.

During my first two trips to Mondragón, I conducted collaborative fieldwork with Geoffrey Bate whose comradeship and keen mind have made untold contributions to my work. I feel extremely lucky to have made life-long friends and colleagues in Mondragón. From 1989 to 1990 and on subsequent visits, I lived with Maribel Zelaiundi and Anuska and Aitor Alberdi. They have an unusually warm and open family life and easily made a place for me in their home. Juan Ramón Garai, a syndicalist, is the kind of person a fieldworker dreams of--his extensive archives, acute political analysis, and love for history were indispensable resources for my

Mondragón, an economist, and a political activist, he was an ideal informant and colleague.

Similarly, I counted on the assistance of the people at the syndicate LAB and the members of Kooperatiba Taldea, who spent hours talking with me on many occasions. I thank the managers and workers at Fagor Clima for their cooperation, especially Montxe, Mila, Vitoria, "Guerra," José Luis, and Jon. At Mayc, S.A., I thank the management as well as the members of the workers' council, particularly Ramón. Finally, Pilar, Marian and José María of Ikasbide were always generous with their time and resources. Not all of these people agreed with my interpretations of their experiences, yet they helped me anyway; for this, I am extremely grateful.

More people extended themselves to me in Mondragón than I could hope to name. Perhaps, it is best to acknowledge them collectively. My friends at bars Iluntz, Irati, Lagunilla, Ekaitz, and especially the women at Biona taught me about Basque politics and music, took me to fiestas, demonstrations, marches, and funerals. I am glad that so many of these people have visited me in New York City, giving me the opportunity to repay their hospitality. I love my city as much as they love their town, and we have enjoyed sharing our respective affection for these places.

At CUNY, I have had the constant intellectual companionship of the members of the CUNY Working Class

Anthropology Project: John Antici, William Askins, Geoffrey Bate, Julia Butterfield, August Carbonella, Geraldine Casey, and Warren Perry. My work has been enriched by our collective efforts. Geraldine Casey merits special recognition for organizing most of our panels at professional conferences, as well as the planning meetings it took to get there. Often, I turned to August Carbonella for bibliographic references and conversation about labor history. Several colleagues edited drafts of this dissertation: Ara Wilson, Karen Judd, Geoffrey Bate, August Carbonella, Ian Skoggard, and Dave Maynard. Ligia Simonian helped me with the arduous task of last minute computer work. Ara Wilson and Karen Judd have been collegial in the best sense of the word.

I also thank my advisor Professor Jane Schneider and my committee members Professors Edward C. Hansen and June Nash and my outside reader Jacqueline Urla; their editing and comments have made this a better product than it otherwise would have been. Over the years, I have learned a great deal about the ethnography of Europe and the history of capitalism from Jane Schneider; her careful and thorough scholarship are inspiring to all of her students. My courses with June Nash and the field trips we took to the mill towns of Patterson, New Jersey and Lowell, Massachusetts, were among my most enjoyable experiences at CUNY. Ed Hansen taught me a lot about Spain, gave me sound advice about

fieldwork, and was always a kind friend. Sharon Lerner and Professors Louise Lennihan and Delmos Jones helped me refine my research proposal. Special thanks to Terri Vulcano and Judith Attride for their assistance with paper work and bureaucratic tangles over the years. Terri Vulcano provides the most important sense of community in our urban and sometimes isolating university.

Outside of CUNY, my undergraduate advisor Arthur Keene, of the University of Massachusetts at Amherst, first taught me about the Mondragón cooperatives; his interest in my project, from start to finish, has been unwavering. Davydd Greenwood, of Cornell University, was generous and conscientious about reading my research proposal and answering my letters from the field; I genuinely appreciate his guidance.

Two friends were especially important to me: my oldest friend Joy and my newest friend Benjamin were always encouraging and good humored, even when I was not. My family members were supportive of my research and long periods away from home, even when they were in great need. This dissertation is dedicated to my mother and grandmother, both of whom died while I was in Mondragón, and to my father who cared for them. My degree is one of our family's proudest accomplishments.

TABLE OF CONTENTS

Abstract iv

Acknowledgments vi

Introduction: The Mondragón Model and the Remaking of
Industrial Working Classes 1

Theories of Economic Restructuring
The Ideology of Cooperation and Participation
Worker-Owned Cooperatives
The Ethnographic Vantage Point
Working Class Perspectives
Plan of the Dissertation

Chapter One: The Myth of the Mondragón Cooperatives 27

Introduction
The Myth of Mondragón
Utopianism and the Retreat from Politics
Setting: The Town of Mondragón
The Mondragón Cooperatives
Conclusions

Chapter Two: The History of Mondragón as a Working Class
Town 65

Introduction
The Myth of the Dragon
The Myth of Basque Egalitarianism
Colonialism and Class Transformations
Liberalization After the Carlist Wars
Unión Cerrajera and the Making of a Modern Working
Class
Socialism Versus Basque Nationalism
Post-Civil War Mondragón
Conclusions

Chapter Three: Cooperativism and Middle Class Reforms 105

Introduction
The Arrival of Father José María Arizmendiarieta
The Mondragón Cooperatives Under the Franco Regime
Cooperatives and Corporativism
Opus Dei and Industrial Development
Industrialization in Mondragón
The First Criticisms of the Cooperatives
Conclusions

Chapter Four: Remaking the Basque Working Class 145

Introduction
 The First Stirrings of Working Class Militancy
 The Early Years of ETA
 Factionalism in ETA
 ETA in Industrial Towns
 The Cultural Work of Building a New Working Class
 Basque Fiestas
 Redefining Basqueness
 Labor Activism
 The Labor Movement in Mondragón
 The Ulgor Strike
 ETA and the Ulgor Strike
 Conclusions

Chapter Five: Comparing a Cooperative and a Private Firm 197

Introduction
 Methodology
 The Social and Workers' Council
 The Powers of the Social Council and Workers' Council
 Mayc, S.A.
 Fagor Clima
 Survey Results
 Conclusions

Conclusion: Cooperative Syndicates and Working Class Life:
 Lessons from Mondragón 251

Introduction
 Why Radical Nationalists Took on the Cooperatives
 The Changing Relations Between Traditional and Radical Nationalists
 Syndicalism in the Post-Franco Era
 The Cooperatives and the Post-1973 Crisis
 Organizing in the Cooperatives: The Role of Kooperatiba Taldea
 The Beginnings of Syndical Activism
 Lessons from Mondragón

References Cited 284

LIST OF ILLUSTRATIONS

Map of Mondragón and Environs xiii

Tables

Table 2.1	Population Growth in Mondragón, 1900-1930	84
Table 2.2	Store Owners and Others Engaged in Commerce	88
Table 3.1	Origin of Non-Basque Immigrants Living in Mondragón, 1970	132
Table 3.2	Neighborhood Composition, 1969	134
Table 4.1	Labor Conflicts in Basque Provinces	172
Table 5.1	Workers' Council Elections, Alto Deba Comarca, 1986 and 1990	218

The Provinces of the Basque Country and the Mondragón Environs.



Introduction

THE MONDRAGON MODEL AND THE REMAKING OF INDUSTRIAL WORKING CLASSES

The fact is that a profound reshaping of the classes of contemporary British society is underway at the present time. It is perhaps as far-reaching as that re-making at the turn of the century... (Stuart Hall 1988:5).

The reshaping of social class that Stuart Hall describes for Britain is sweeping industrial countries across the globe. In the United States and western Europe, where working, middle, and capitalist classes grew up with industrialism, the remaking comes on the heels of the economic down-turn that dates from the mid-1970s and is associated with the decline of manufacturing. This dissertation is meant as a contribution to anthropological research on the reshaping of working classes. In particular, it is about the Spanish Basque town of Mondragón, which is internationally renowned for its worker-owned industrial cooperatives. It examines the way in which the cooperative system has reshaped Mondragón's working class in the arenas of work, social life, politics, culture and ideology.

Mondragón is an especially relevant case study because the cooperative system is a leading model for transforming industrial working classes elsewhere. The Mondragón system has been packaged as a model for an era in which

labor-management cooperation and participation have become dominant ideologies. Expressed through such programs as quality circles, the team concept, employee ownership, and worker participation in management, the ideology of cooperation is meant to supersede conflictual labor relations, unionization, and leftist politics which characterized industrial societies until recently. Scholars, business consultants, managers, and politicians interested in industrial reform argue that workers benefit from these programs. My dissertation challenges this assumption. By more closely examining the lives of workers in the "model" system, the dissertation offers insight into the contemporary remaking of industrial working classes in the United States and western Europe.

Theories of Economic Restructuring

The dramatic changes that we are currently experiencing in industrial societies, including the transformation of the classes that inhabit them, come in the wake of the global economic crisis that began in the mid-1970s. For the first time since the end of World War II, recession spread to all the major industrial nations. From 1973 to 1975, the United States, Japan, and the countries of western Europe experienced a fall in production, a decline in the rate of profit, and a rise in the cost of living (see Howard and King 1990; Mandel 1978: 1-46). Rather than a short

recession, this indicated the onset of a long phase of economic decline, which has become especially palpable since 1989.

Using long wave theory, Gordon, Edwards, and Reich (1982) argue that the current recessionary wave is parallel to other crises that have punctuated the history of capitalist development. Long wave theory holds that crises are endemic and cyclical in a capitalist economy. Boom phases, such as the growth and prosperity that followed World War II, are inevitably followed by busts, characterized by a slow rate of growth. The complete cycle of boom and bust is a long wave. According to Gordon, Edwards, and Reich, each long wave in capitalist history is marked by a particular cluster of economic, social, and political institutions that comprise what they call "structures of accumulation." During crisis periods, there is a flurry of innovation, experimentation and change, as states, capitalists, and trade unions look for ways to promote recovery. Thus, the structures of accumulation that shape an epoch are realigned. New markets, energy sources, modes of transportation, and economic policies are sought, and ideas and methods for reorganizing industry are formulated and implemented. As a result of these changes, the structure of the working class and workers' culture and political forms are transformed (see also Gordon 1978).

Ernest Mandel (1975) also uses long wave theory to

analyze the historical stages of capitalism; however, he is concerned with the agency of workers and their organizations in impelling crises and recoveries. Mandel argues that workers' struggles for such gains as higher wages, an eight hour day, social welfare benefits, and union recognition cause the decline in profitability and rate of growth that Gordon, Reich, and Edwards see as the natural life course of capital investment.¹

Michel Aglietta (1979) characterizes the industrial transformation in the post-1973 period as a shift from a "Fordist regime of accumulation" to a "neo-Fordist" one. Fordism linked mass production to mass consumption, turning workers for the first time in history into consumers of the goods they produced. This drove an expanding post-World War II economy, particularly in the United States, where Fordism was more highly developed than in any other country. As a result of the political and legal compromise of American workers, desirous of participating in the new consumer economy, unions limited their demands to issues of seniority, job classifications, and wages. As the movement of capital overseas puts American workers in competition with low-wage, non-unionized workers in the Third World, the Fordist system and consumer-based unionism are being dismantled. Working class patterns of consumption, leisure time activities, as well as unionization are in a process of change.

David Harvey (1989) conceptualizes the changes during this post-1973 period as a transformation of the kind of labor that the working class performs. Whereas Fordism was associated with stable, unionized jobs, workers are now employed in a variety of ways: the number of unionized workers is decreasing and the number of temporary workers, part-timers, and worker owners is on the rise. This plurality of labor contracts allows capital to limit investment in labor power and deploy workers according to demands in production. Harvey calls this new system "flexible accumulation."

However the post-1973 transformation is characterized, it is clear that its effects on working classes internationally are staggering. Once thriving mill towns are now plagued by chronic unemployment. In her ethnography of Pittsfield, Massachusetts, June Nash (1989) ties community history to the business history of the General Electric (GE) plant which closed in the 1980s. She discusses the way in which Fordism came about through the struggles of unionists for social security and other social programs which resulted in capitalist innovations. Drawing on Antonio Gramsci's concept of hegemony, Nash defines Fordism not simply as a factory regime but as encompassing family and community life, politics, and cultural expression, as well. Gramsci (1971) drew connections between Fordist production and specific patterns of gender relations, sexuality, leisure

activities, workers' associations, and consumption. In Pittsfield, families made the passage from poor immigrants to home-owners in three generations. These homes were sites of consumption and were one of the vehicles for integrating workers economically and ideologically into Fordism. When the GE power transformer division, where the bulk of the blue collar work force was employed, shut down, this way of life unraveled.

Books about plant closings elsewhere in the U.S. show the interaction of global trends and local responses to unemployment (Pappas 1989; Bensman and Lynch 1987). Oral histories collected by Katherine Newman (1989) document how downwardly mobile Americans make sense of their lives: "they spent hours reflecting upon what their old world meant and what the new one lacks" (x).

The effects of this economic crisis on industrial organization, working class social life, and cultural and political forms are multi-faceted. While outside the factory gates, whole communities are being uprooted, inside factories the restructuring of work is generating new divisions among workers. Temporary workers, hired on short-term contracts, do the same work as permanent employees but for lower wages and without job security. In addition, whole factories are marginalized by large firms, which find it profitable to contract out portions of their operations to smaller sub-contractors. In Japan, two-thirds

of the work force is employed by small firms which pay only eighty percent of the wages of companies such as Toyota, and offer none of the benefits Toyota workers receive, such as housing, pensions, vacations, loans, and guaranteed employment. Moreover, accident rates are considerably higher in Japanese sub-contracting firms (Shapiro and Cosenza 1987: 3-12).

Meanwhile, many firms are introducing new ways of organizing work and new styles of labor relations which are sometimes called "human relations." The most important of these are quality circles, the team concept, employee ownership programs, and participatory management implemented by managers at the world's largest corporations, including, Toyota, General Motors, and International Business Machines. Proponents of these schemes share the philosophy that labor-management relations should be cooperative, and that where there is respect for employees, unions are unnecessary. What are the effects of these new forms of production and these new ideologies on working class communities and political forms?

The Ideology of Cooperation and Participation

One example of the transformation of industrial production is familiar. In the autumn of 1990, General Motors (GM) unveiled "Saturn," an American-made small car that was to out-compete the Japanese models that had

successfully captured the U.S. market since the 1970s. GM presented Saturn as the symbol of a new age of production, when cooperation and participation would set the tone for labor-management relations. With the press at its side and with a Hollywood-style advertising campaign, GM told consumers that Saturn was not simply another car but the introduction of a new era in industrial production. Saturn is every bit as important a development as GM claims, but it does not herald more fulfilling work nor cooperative and friendly relations with managers. Rather, it marks the dominance of new, flexible production relations which are radically transforming working class life.

At the Saturn plant in Tennessee, just-in-time production eliminates the need for inventories in parts and makes production schedules responsive to sales orders. Work tables replace the Fordist assembly line, and job rotation within work teams vies to make Taylorism obsolete. Quality circles reportedly bring managers and workers together to meet a common goal called "Total Quality." Saturn employs 3,000 workers it calls "team members." Television and magazine ads tell of employees who came to Tennessee in search of a better life, where they could participate in decision making and take pride in production. However, the ads do not explain that many workers went to Tennessee only after they experienced massive layoffs in the historic auto producing center of Detroit, where companies like GM had

been decapitalizing their plants for years. Nor do they detail how the United Auto Workers union was forced to compromise its standard bases of shop floor power--seniority and job classifications--in order to win a union shop in Tennessee rather than see GM move production out of the U.S. (Parker and Slaughter 1988: 4-5).²

"Cooperation" and "participation" have become buzz words of new labor relations and of the hegemony of the post-Fordist epoch (Midwest Center for Labor Research 1989). Both quality circles and the team concept are intended to promote these ideologies. Quality circles were innovated to replace the quality control departments in Fordist plants. Quality control was typically the last phase of production, when finished products are checked for defects and then repaired. Instead, quality circles are groups of workers and managers who collaborate to evaluate the manufacturing process, checking for problems before they result in defects. In quality circles, workers and managers brainstorm to develop a list of problems in their section of the plant. They choose a specific problem to work on and develop a plan for tackling it. One goal of quality circles is to promote a common identity for labor and management. The group throws parties and usually gives itself a name, which it has embroidered on jackets or caps for to be worn by group members (Parker 1985: 9-15).

The choice of embroidered caps is significant.

According to Hobsbawm (1984: 200), the flat cap became a symbol of proletarian identity for the English working class by 1914 when "British male workers had taken to wearing a badge which immediately stamped them as members of a class. And, moreover, they knew that it did." In Britain and elsewhere, workers have historically worn such markers of class identity. Similarly, they have traditionally shared their leisure time with members of their own class, especially after work in pubs, taverns, and bars (e.g. Cumber 1979: 155; Foster 1974: 218). By interrupting patterns of sociability which are a mainstay of working class life, quality circles can challenge previously existing collectivities and attempt to replace them with social groups that are cross-class, comprised of workers and managers alike.

The team concept has many of the same goals as quality circles. Whereas traditional Fordist factories have assembly lines where the product passes by individual workers who perform single operations, teams are groups of workers who are multi-skilled and who perform a variety of jobs. This team supervises itself and therefore is not under the control of a foreman. The team concept challenges the role of unions which oversee job classifications and seniority rights on the shop floor. Since the team concept eliminates traditional job classifications and seniority procedures and replaces them with job rotation, it strips unions of a

primary source of their power. Like quality circles, it also has a psychological impact on workers who evaluate and criticize each others' work, thus threatening the collectivity that is associated with the shop floor (Parker and Slaughter 1988).

Another vehicle of cooperation and participation is worker ownership. Many companies offer Employee Stock Ownership Plans (ESOPs) to their workers. Sometimes, voting rights are attached to the stocks, thereby involving employees in corporate decision making and supposedly democratizing management. More often, they are non-voting shares. Regardless of the kind of stock issued, major corporations see employee ownership as a way of motivating workers to identify with the company and to embrace its gains and losses as their own. According to the National Center for Employee Ownership in Washington, D.C., over 9,000 U.S. corporations had ESOPs in 1991. Much of the time, corporations institute ESOPs in the hope of generating employee identification with the firm and staving off a union drive (see Rosen 1981). Ownership is seen as a powerful device for forging an alliance between workers and managers (see Kasmir 1991; Russell 1984 and 1985).

Quality circles, the team concept, and employee ownership appear to meet the demands of the labor movement for improved quality of work life and increased input into the management of their firms. However, Guillermo Grenier

(1989) has challenged this idea, showing how quality programs are used primarily to bust unions. Furthermore, quality circles and the team concept are usually linked to just-in-time production, the exploitative nature of which belies any belief that new forms of labor relations are pro-worker.

Just-in-time production was first introduced at Toyota in 1973 after the oil crisis forced the company to cut costs by eliminating inventory and tailoring production to incoming orders, thus minimizing capital tied up in stock (something that was particularly attractive in the U.S. auto industry in the late-1970s as interest rates rose). This flexible system of production was made possible by a new technology for changing presses quickly, allowing for frequent model changes without much down-time. Thus, small batches became profitable, and style, targeted to smaller, more specialized markets, proliferated as a major means of competition (Cosenza and Shapiro 1987: 33-42).

For workers, just-in-time production has meant that their schedules are subordinated to incoming orders. Workers are routinely sent home when there are no orders or forced to work weekends and overtime as production dictates. This threatens established patterns of socializing and family time as workers neither have reliable schedules nor can count on having free time when their friends or spouses are off work. Moreover, with production so tightly linked to

orders, there is little room for rest or error. Frequently, just-in-time production is accompanied by a grueling pace of work and stress-related illnesses are common. Satoshi Kamata (1982), a Japanese journalist, wrote a first-hand account of his experiences as a line worker at Toyota, which is often assumed to be an ideal place to work. Although quality meetings are held, workers are allowed to participate in managerial decisions, and interest-free loans are offered to employees, workers also fall down from exhaustion and suffer a range of stress-related illnesses (see also Parker and Slaughter 1988: 16).³

Likewise, work place democracy went hand in hand with important give-backs in the metal sector in Germany. The German metal workers' syndicate IG Metall won democratic rights for workers' councils, but it first had to agree to the introduction of numerical control machine tools which the syndicate previously opposed since this computerized system increased the pace of work, routinized operations, and de-skilled laborers (IG Metall 1984).

Worker-Owned Cooperatives

There is a growing awareness among unionists and scholars that quality circles, the team concept, employee ownership and participatory management are part of the material and ideological apparatus of a flexible mode of accumulation that erodes workers' rights and standard of

living. Grenier (1989) incisively details the way in which managers try to manipulate workers by appealing to their desire for more fulfilling work lives. Mike Parker (1985) and Mike Parker and Jane Slaughter (1988) compiled union guides to the team concept and quality of work life programs, showing how "human relations" language is used to increase productivity, expand managerial control over the work place, and weaken unions. Other unionists are concerned to map out strategies for dealing with these programs (Midwest Center for Labor Research 1989).

Employee ownership and participation plans have also come under criticism. Nina Glick Schiller (1987) evaluates participatory management in a marketing research firm where workers identify with managers as a result of their experience with decision making. Raymond Russell (1984 and 1985) analyzes the ideology of worker ownership in the context of larger myths about nation, democracy, and equality (see also Kasmir 1991). He shows how ESOPs perpetuate the myth that the United States is a country of small property owners. As Americans' standard of living declines, and in particular the number of home owners falls, the U.S. government has promoted employee ownership in the form of tax breaks to firms that offer stock to workers.

The nature of worker-owned cooperatives, however, is less clear. Unlike ESOPs, cooperatives are fully owned by workers who also have the right to manage their firm

democratically; cooperatives genuinely extend ownership and control to workers. People with varying political perspectives see cooperatives as solutions to an array of economic problems. In the face of capital flight from historic industrial centers, assisting workers to buy their firms is viewed as a viable alternative to unemployment. Academics, community activists, and some unionists argue that worker buyouts are a way to combat deindustrialization (Bluestone and Harrison 1982; Lindenfeld 1982; Lynch n.d.; Royal Arsenal Co-operative Society Ltd. n.d.; Schweikart 1984). Cooperatives are also seen as a way to spur regional economic development (Greenwood 1986), especially in underdeveloped areas (Nash et al. 1976).

However, cooperatives are also part of the structural and ideological package of human relations-style management. One advocate of cooperatives wrote:

Here is a fantasy for managers. How would you like to spend 5% on industrial relations ...? The unlikely way to realize this dream ... is to manage a well-organized workers' cooperative (Searjeant 1978).

It is important to view cooperatives within the larger context of the reorganization of production and the changing terms of capitalist hegemony. The recent flurry of interest in cooperatives coincides with the increasing sense that labor unions and left/labor parties have failed workers (Boggs 1986). As I discuss in the next chapter, even leftists who support many of the aims of socialism are

looking to cooperatives as a means of democratizing the work place without entering the political arena. In this respect, the cooperative movement shares strategies and ideologies with proponents of flexible accumulation.

The rejection of politics is especially notable in the literature on the Mondragón cooperatives. In the next chapter, I argue that the notion that economic democracy is possible, indeed preferable, without engaging in union or party politics is essential to the packaging of the Mondragón cooperatives as a model for industrial change. Non-syndicalized and reportedly unconnected to Basque political parties, the Mondragón cooperatives have become a symbol of new labor relations. This is considered to be all the more impressive in the Basque region, where Basque nationalism, most radically expressed by the armed struggle of Euskadi ta Askatasuna (ETA), dominates public life. Indeed, ETA has historically claimed the popular support of a broad cross-section of the Basque population (Clark 1990: 2-3). Furthermore, while the Basque region has a history of working class militancy, the cooperatives are thought to have created a classless society by inventing a new kind of person who is neither worker nor capitalist but *cooperateur*, and whose commitment to the firm is a boom for productivity.

Cooperative legislation based on the Mondragón model was passed throughout the 1980s in Maine, Massachusetts, New York, and Vermont (ICA 1985). The British Parliament

approved similar bills to facilitate cooperative businesses (Searjeant 1978). Moreover, the Mondragón cooperatives are discussed in universities, consulting agencies, and unions. It is even reported that a video on Mondragón was showed in the White House while Ronald Reagan was president (Whyte 1982). While I was living in Mondragón, a management team from Polaroid arrived to tour the cooperatives. Polaroid was considering offering an ESOP to its employees, and the team's expressed mission was to determine whether they could transfer ownership without yielding power. They believed that they could find in Mondragón a formula for using ownership to manipulate workers.

The Ethnographic Vantage Point

It was my encounter with Polaroid managers as well as other experiences in Mondragón which I recount in following chapters that led me to interpret cooperativism as part of the ideology of a new mode of production. It is not coincidental that the cooperatives were first "discovered" by an international audience in 1973 with the onset of economic crisis.⁴ Since then, a kind of cottage industry has emerged to promote the transfer of the Mondragón model to other countries. Several institutes have been founded to create Mondragón-style cooperatives. The Industrial Cooperatives Association in Massachusetts, for example, has been instrumental in establishing several Mondragón-style

cooperatives throughout the northeastern United States; a division of the organization is named "Dragon Mountain," the English translation of Mondragón. Scholarly panels and conferences are held to discuss and disseminate the model. Tours are organized for groups of scholars and community activists; in 1990, for instance, the World Sociology Congress brought dozens of its members for a three-day tour of the coops which I attended. Moreover, a vast, interdisciplinary literature exists on the coops. Despite the extensive research, however, no study situating the cooperatives in their social and political milieu had been undertaken.

I made three trips to Mondragón from 1987 to 1991. The bulk of my research was carried out over an eighteen month period from 1989 to 1990. During this time, I engaged in the anthropological method of participant observation, taking part in daily social life with townspeople, attending political demonstrations and meetings, and generally living a rather ordinary life. My premise was that the best way to evaluate the cooperatives was within their actual cultural, social and political contexts, which, in the town of Mondragón, meant a historically militant working class and a thriving radical Basque nationalist movement. My experiences in Mondragón, especially among the working class of the town, showed me the limitations and flaws of the cooperative system for generating the very reforms that some expect from

it, that is, democracy and control for workers. The pursuit of ethnography also led me to the very institutions that had heretofore been left out of the picture--Basque nationalist parties and labor syndicates.

Working Class Perspectives

My daily interaction and friendships with workers led me to take particularly seriously their views on cooperativism. As I discuss in Chapter Five, workers feel manipulated by the rhetoric of cooperativism. They also feel frustrated with claims that cooperatives generate a classless society when, from their perspective, class differences are obvious. Workers' perceptions of class are at odds with a formal analysis of cooperative property relations; structurally, workers and managers have the same class positions since they are co-owners of their firms.

A related problem of categorizing the class position of Californian sharecroppers is tackled by Miriam Wells (1984). The sharecroppers Wells studies are autonomous in some aspects of their work and own some of their tools, but their working conditions are worse and more precarious than those of many wage earners. Drawing on Erik Olin Wright's (1976) analysis of classes in contemporary capitalist societies, which are populated by many people who are neither fully workers nor fully capitalist, Wells shows that political and ideological dimensions are often more significant for actual

class position than are strict economic relations. In this dissertation, I use the notion of class outlined by Wells and Wright; cooperative workers have different experiences than managers, despite their shared ownership, and these experiences constitute distinct perspectives.

This dissertation is written according to what I consider to be a working class perspective on the cooperatives. I adopt this perspective for several reasons. First, as I note throughout the dissertation, the literature on the Mondragón cooperatives relies primarily on managers or public relations personnel as informants. By drawing on data collected largely through participant observation with workers, and by focussing on the materials written by working class organizations and political parties, I hope to provide a corrective to the existing literature.

My own experiences figure in, as well. While in graduate school, I helped form the City University of New York (CUNY) Working Class Anthropology Project along with fellow students. At a time when perspective was the topic of heated debate in academe, especially among post-modernist theorists, our Project was devoted, in part, to viewing society and culture from the point of view of the working class.

In succeeding chapters, I apply this perspective to the town of Mondragón, where the industrial cooperative complex has been thriving for over thirty years. In the intensely

social and associative environment of the Basque region, a working class perspective necessarily turns to workers' organizations, whether these are friendship groups and voluntary associations or political groups and parties. I examine the relationship of the cooperatives to Basque syndicates and parties and show that the cooperatives have been in the thick of the debate on the nature of Basque nationalism since their inception. Furthermore, I show how the cooperative experience has generated a division between cooperateurs and those who work in regular factories and how cooperative workers have also been estranged from syndicates and political parties. Ironically, as writers in other parts of the world conjure up the image that the cooperatives function all the better without the intervention of politics, in Mondragón, cooperateurs are increasingly dissatisfied and are turning to syndicates and political parties in order to exercise their basic rights.

Plan of the Dissertation

In the next chapter, I develop the argument that a major reason that the Mondragón cooperatives have become a leading legislative and economic model for industrial transformation is because they are seen as apolitical types of business organization. I review the vast literature on the Mondragón cooperatives which suggests that they have successfully resolved labor problems without recourse to

party or union politics. I argue, however, that the cooperatives are, in fact, political, and I set out a framework for understanding them in the context of the competition between two forms of Basque nationalism, the conservative nationalism of Partido Nacionalista Vasco (PNV) and the radical nationalism expressed by the electoral coalition Herri Batasuna (HB), and the syndicate Langile Abertzaleen Batzordeak (LAB).

In Chapters Two and Three, I consider the hegemonic nature of cooperativism. Specifically, I address the questions: Why did the cooperatives develop in Mondragón? Why was the cooperative form chosen over some other business form? Chapter Two traces the history of Mondragón from the thirteenth century, showing that it was always an artisan or proletarian town, in contrast to other more mercantilist and elite towns in the area. I also demonstrate that Mondragón had a militant working class in the first half of the twentieth century. Workers there were more likely to be socialist in their affiliations than were neighbors in nearby towns.

In Chapter Three, I argue that the cooperatives were, in part, a social and political project to create a stable middle class in the face of this proletarian radicalism. In this regard, the cooperative project corresponded to the larger political project of the Partido Nacionalista Vasco to create in the Basque country a socially conservative

working class and a nationalist petty bourgeoisie and technocratic class. In the remaining chapters, I assess the implications of this project for working class social life, politics, and consciousness.

In Chapter Four I focus on the renaissance of the Basque labor movement in the 1960s and 1970s when renewed working class activism coincided with a sea change in the Basque nationalist movement. The founding of the armed organization ETA in 1959 challenged the conservative nationalism of PNV with a radical and later socialist program. I discuss the effect of this new nationalism in Mondragón, in particular the way in which it remade the local working class. I show, however, that cooperateurs were less involved than were other workers in the labor struggles that marked the period and that a sense that cooperateurs were different from ordinary workers began to pervade town life. Rather than confronting this developing rift, radical Basque nationalists shied away from the problem because, as I explain, it was at the heart of complicated and turbulent debates on the relative primacy of class versus national struggles. An analysis of texts written by the various factions of ETA during the 1960s and 1970s indicates the way in which positions on cooperativism became a litmus test for broader nationalist concerns.

This dilemma of how to evaluate cooperativism culminated when a strike took place in the Ulgor cooperative

in 1974--one of the most divisive events in Mondragón's recent history. I document how the strike was intimately related to the nationalist movement, to factionalism within ETA, and to the radical nationalist strategic relationships with the conservative PNV. I argue, in sum, that the cooperatives are fully embedded in Basque politics.

After their increasing isolation from the growing labor movement in the 1960s and 1970s, cooperative workers entered the crisis-ridden 1980s ill-prepared to defend themselves against the management initiatives of irregular work schedules, increased work pace, automation, and the centralization of decision-making, all of which attacked the basic framework of cooperative relations. In Chapter Five, I present the results of my comparison of the cooperative firm Fagor Clima with the privately owned firm Mayc. Drawing on data I collected during tours of both plants, interviews with managers as well as syndicalists, and a survey of workers, I show that the cooperative firm does not compare favorably with regard to workers' exercise of democratic rights, level of participation, the exercise of workers' power and solidarity among workers, nor are cooperative assembly line workers significantly more satisfied in their jobs.

In the Conclusion, I discuss how workers in the Mondragón cooperatives have recently turned to syndicates and political parties to resolve labor problems that have

become especially acute since 1989. In particular, I examine the role of the radical Basque nationalist syndicate Langile Abertzale Batzordeak in organizing within the cooperatives. This politicization of cooperateurs--who have maintained a distance from syndicates and political parties--and conversely the interest of radical nationalist organizations in the cooperatives--who have been reluctant to get involved until now--marks a new phase in the history of the cooperatives. It also contradicts the assumption that cooperatives can effectively socialize the work place without entering syndical and political terrain. Hence, it challenges the very basis of the ideology of new industrial relations, namely that cooperation supersedes class identification and unionization.

Chapter Notes

1. Lembcke (1991-1992) is concerned to explain why long waves are typically fifty years in duration (twenty-five years of boom and twenty-five years of bust). Like Mandel, he argues that political and union activism are causal factors.
2. The film "Roger and Me" (1990) chronicled the unsuccessful quest of the film's director Michael Moore to interview GM president Roger Smith regarding the closing of a Detroit plant. The film shows the devastating effects of capital flight on the working class of Detroit. In the face of massive layoffs, bank foreclosures on mortgages, and forced evictions, the suggestion that workers freely chose to leave Detroit for Tennessee is implausible.
3. It is often assumed that high productivity in Japanese industry is due to its motivated work force. Empirical studies, however, have failed to show that Japanese workers are more motivated than other workers (Briggs 1988: 61).
4. It was British sociologist Robert Oakeshott's article "Mondragón: Spain's Oasis of Democracy" ([1973] 1975) that was responsible for bringing the Mondragón cooperatives to the attention of an international audience.

Chapter One

THE MYTH OF MONDRAGON COOPERATIVES

Introduction

On November 15, 1978, just before 6:00 p.m., six people were shot, three fatally, in Mondragón's Udala Plaza. A major car and pedestrian route, the plaza was filled with workers leaving the nearby cooperative factories of Fagor and with students heading home from the cooperative Professional and Polytechnical School.

Workers and students, along with other townspeople, saw Civil Guardsmen approach a car and take aim at the three young men inside. Two were killed. In the shoot-out that followed, three uninvolved passersby were hit, including one middle-age woman who died instantaneously when she was shot in the neck. The three youths had been followed by police after they fired shots into the facade of the Civil Guard station of a neighboring town. They were members of the autonomous faction of the Basque separatist organization Euskadi ta Askatasuna (ETA). Making their way to Mondragón, they were caught in rush hour traffic in the plaza when the Civil Guardsmen opened fire on them. While the official police version of the incident reports that the three were likely responsible for the shootings of the townspeople, eyewitness accounts indicate that the bystanders, as well as

the three young ETA militants, were shot by Civil Guardsmen.¹

On the eleventh anniversary of the shootings, in 1989, I was having a birthday lunch with several Basque friends in a restaurant near the Professional and Polytechnical School of the Mondragón cooperative system. We were celebrating in typical Basque style, over a long, elaborate meal, with plenty of wine and talk. My companions told me that one of the ETA members killed was the brother of a friend of ours.

Our conversation then turned to the latest issue of the Spanish edition of Geo magazine (November, 1989) which featured a twelve-page article on the Mondragón cooperative system. Entitled "The Empire of Mondragón," the article proclaimed that the coops are such egalitarian institutions that social classes no longer exist in the town of Mondragón. It also asserted that Basque nationalist politics do not intrude on the business operations of the cooperatives since the coops have the full support of even the most radical nationalists. We had a copy of the article with us, and it sparked a passionate discussion about the inaccurate way in which the town of Mondragón was portrayed in the growing popular and scholarly literature on the Mondragón cooperatives.

The Mondragón cooperative system is a network of industrial, agricultural, and retail cooperatives that

produces and sells a range of goods from bicycles and copper tubing to computerized machine tools and industrial robots. The system has its own bank for internal financing, a social security coop, which provides pensions and health care, a research and development center, and schools from primary to masters-level. Its growth rate, measured in terms of sales, capital sources, and job creation, and its low rate of business failure is impressive for any medium-sized enterprise. However, the system is all the more noteworthy because the individual businesses are fully worker-owned. No one who is not an employee holds stock in any of the firms. The businesses are also democratically managed. Every worker, from the assembly line to top management, is a member of the cooperative, entitled to one vote in the general assembly and a representative voice in the governing and social councils.

Because it has successfully combined business acumen and market viability with worker ownership and democratic management, the Mondragón system has become an icon for all types of economic reformers who believe that Mondragón-style coops have the potential to spur economic development, independent of both capitalist investors and state financing, a seemingly ideal mid-point between unchecked capitalism and state socialism. These reformers--academics and business consultants by profession--think they have found in Mondragón a model for a new kind of economic system

(e.g. Bradley and Gelb 1983; Campbell et al. 1987; Ellerman 1984; Morrison 1991; Oakeshott 1978b; Whyte and Whyte 1988).

However, in the process of distilling an abstract business model from the reality of Mondragón, these reformers have made the coops into mythical institutions where labor and management collaborate easily for the good of the firm. Further, they have made the town of Mondragón into an imaginary place, where, as the Geo article reports, social class has melted away.

My friends were already aware that the cooperatives were internationally renowned, and found it amusing that their home attracted journalists, scholars, and social tourists from all over the world. They did not fully realize, however, the extent to which the coops and the town are idealized. While the Geo article was not unlike hundreds of other articles, theses, and books that popularize the cooperatives by idealizing town life and by ignoring political questions, the day itself was different. It marked a painful anniversary for Mondragón when townspeople recalled the demonstrations and general strikes in commemoration of those killed and the days of police reprisal and fear that followed the incident. It was simply more difficult to accept the utopian imagery on that day.

I too had come to Mondragón to study the cooperatives, but my experience had been different from others who had written on the topic. The literature already included many

studies of the institutional history of the system; Gorroño (1975) and Whyte and Whyte (1988) are among the most complete. The economic success and profitability of the cooperatives were evaluated by Thomas and Logan (1982) who found that worker participation increased productivity. The democratic management structures developed in Mondragón were described and analyzed by Greenwood and González et al. (1989) and Whyte and Whyte (1988). Bradely and Gelb (1982) argued that the model is transferable elsewhere, and Ellerman (1984) pinpointed the cooperative bank as the key aspect to replicate success. However, for the most part, managers were the informants for these and the many other studies of the cooperatives. My goal was, instead, to view the cooperatives from the "bottom-up." This undertaking yielded surprising results. I found that the cooperatives looked quite different from this perspective than the literature had led me to believe: there was widespread discontent among coop workers; they felt they had little control over their work lives, yet they were largely uninterested in exercising the rights to which they were formally entitled.

I also found that the town itself was quite another place than one might have imagined. Mondragón was bustling with activism and was marked by the political culture of radical Basque nationalism which called for both independence and socialism for the Basque nation, called

Euskadi in the Basque language. I wondered if this political experience was connected to the cooperative phenomenon, and I set out to examine the links between the two. What I found was a complicated set of political, social, and ideological relationships that touch the core of the Basque nationalist dilemma of class versus nation. Accordingly, a theme of this dissertation is a "de-mythification" of the Mondragón cooperatives which have attained a utopian status in a growing body of literature. I am not only concerned to present the cooperative system in the economic, social, political and ideological contexts that I believe are closer to reality, but I am also interested to know why the Mondragón myth was created in the first place.

The Myth of Mondragón

The Mondragón cooperatives are portrayed as having overcome labor-management conflict, as neither capitalist nor socialist institutions have done, and as free of the burden of ideologies and political involvements. Whyte and Whyte make the point that:

For many years, the field of economic organization and management was locked into the intellectual prison of the two-valued orientation: the choice between private versus government ownership and control of the means of production.... Over the years, this dogmatism has been fading in the face of experience.... This shift away from absolutist ideologies has accompanied the sudden rapid growth of worker cooperatives and employee-owned firms. Abandoning formerly popular ideologies, increasing numbers of people around the world are experimenting with unorthodox ways of organizing

and controlling economic activities.... It is in support of this more pragmatic and pluralistic view that we turn to Mondragón to learn what it can teach us about social and economic development (1988: 7).

The idea that the cooperatives represent an ideology-free pragmatism both in their own environment of the Basque region and when they are applied to other contexts is what I consider to be "the myth" of the Mondragón cooperatives. The nature of the myth is to argue that the Mondragón cooperatives themselves, and the model which is derived from them, neither emanate from a political project nor have political implications. Thus, the myth postulates that economic justice will be brought about by a business form, rather than by social classes engaged in political action.

The production of this myth must be understood in the broader context of the mistrust of political institutions that has become a defining feature of the cultural climate of advanced industrial countries. Over the past decade, and especially since the fall of communism in eastern Europe, we have become accustomed to hearing that traditional labor movements and left/labor parties are inadequate to the task of representing the interests of industrial working classes. Some on the left have postulated alternatives to traditional working class politics, such as new social movements (e.g. Habermas 1986; Touraine 1985). They believe that new social movements, such as environmentalism, feminism, and gay and

lesbian rights, tap more deeply the concerns and allegiances of workers and the middle class and thus are more relevant than unions or political parties. Others who also remain interested in social change have tended towards pragmatism, eschewing ideologies in favor of concrete and winnable projects, such as advocating economic democracy through employee ownership of industry. These pragmatists share with theorists of new social movements a doubt as to whether unions and parties can achieve the goals of working classes, something they believe that work place democracy can do (see Boggs 1986: 129- 169).

What is attractive about work place democracy and worker ownership is that they seem to offer workers a degree of equity and control over their jobs without political activism and union struggles. The task is to transform the work place, and that task appears to be facilitated by the increasing willingness of corporations to sell stock to their employees and to institute forms of worker participation in management. The growth of Employee Stock Option Plans, which give profit-bearing shares to employees, and the team concept, quality circles, and total quality programs which assign to workers what were previously managerial tasks, seem to suggest that capitalism is evolving, by the weight of its own competitive logic, into a more democratic system (see Bradley and Gelb 1983; Whyte and Whyte 1988: 3-7).

The political right, too, supports worker ownership. Under the conservative governments of Ronald Reagan and Margaret Thatcher, legislation was passed in both the United States and Britain to promote worker ownership. For example, the Chrysler Loan Act passed by the U.S. Congress in 1975, granted Chrysler guaranteed loans on the condition that the firm establish an ESOP (Rosen 1981: 7). Cooperatives were encouraged by enabling legislation in Britain and the U.S.. So, too, were tax breaks granted to companies that sold stock to employees. Reagan himself spoke in favor of transferring ownership to workers:

Could any country be a land of free men and women, where the pride and independence of property ownership was reserved (sic) to the few, while the majority existed in dependency and servility? It should be clear to everyone that the nation's steadfast policy should afford every American of working age a realistic opportunity to acquire the ownership and control of some meaningful form of property in a growing national economy (quoted in Rosen 1981: 67).

Given that politicians are anxious to extend ownership to workers, it seems that all that is required of scholars, business consultants, and managers is to seize the opportunity being handed to them.

Those who are concerned with reforming the work place have before them what is presented by scholarly works and the popular media as the best model for worker ownership--the Mondragón cooperatives in the Basque Region of Spain. The Mondragón system appears to have overcome all of the standard obstacles to growth faced by cooperatives:

availability of investment capital, ability to attract and retain expert managers and engineers, and a focus on research and development. Meanwhile, the cooperatives are also reported to have avoided the major pitfall of worker ownership identified by Beatrice Potter and Sydney Webb and by Charles Gide, that is the degeneration of democracy in the face of economic success, most often through the transformation of members' shares into standard, dividend-paying stocks and the breakdown of democratic decision making.² Furthermore, they have reportedly done so without entering into the political domain; the institutions themselves are not affiliated with any political party. For these reasons, Mondragón has the attention of a broad range of people--both critics and supporters of capitalism, from the political right to the left.

The Mondragón cooperatives are, therefore, the best test case for how far work place reforms can go towards accomplishing what unions and parties are thought to be unable to do. However, I show in succeeding chapters that the potential of the cooperative form to generate work place democracy or extend ownership is diminished--not enhanced--by the absence of political struggle within the coops. Without the exercise of political power, the democratic rights associated with worker participation and ownership cannot be adequately exercised. Moreover, I argue

that the cooperatives cannot be adequately studied except in the context of their political milieu.

Utopianism and the Retreat from Politics

Euskadi is renowned for its movement for national independence, which has been described as "the most active popular movement in Western Europe today" (Chomsky and Aske 1991: 105). It also has a history of labor militancy dating to the turn of the century when heavy industry was introduced into the area. More recently an active labor movement was revived in the mid-1960s during the Franco dictatorship. Mondragón itself had a particularly strong syndical movement early in this century and is currently a politically active place with a visible and effective Basque nationalist left. If one visits for several days, chances are one will witness a demonstration, perhaps in solidarity with political prisoners or in protest of plant closing. These political facts have not, however, been a part of the analysis of the coops.

William Foote Whyte and Kathleen King Whyte devote only a few pages to a discussion of Basque politics. They chastise the reader who might be interested in the armed nationalist organization ETA since, as they claim, ETA has had very little to do with the cooperatives (1988: 17). Roy Morrison, whose book is probably the most up-to-date description of the cooperatives, makes a similar claim

(1991: 55). Indeed, much of the international fascination with the cooperatives lies precisely in their reportedly autonomous, apolitical and non-ideological nature.

"Mondragón is of interest for pragmatic, rather than purely ideological reasons" declare Keith Bradley and Alan Gelb (1983: 3). Furthermore, none of the literature examines the relationship between local syndicates and the cooperatives despite the fact that labor activism is obviously an important feature of the Basque landscape.

The fact that no serious consideration of Basque politics or labor syndicalism has been undertaken makes the literature on the Mondragón cooperatives utopian in the classic sense of that word. Nineteenth century advocates of cooperatives, such as Fourier and Owen, were called utopian by their critics not because the cooperative business venture was tenuous nor because cooperatives could not be made to turn a profit. What made them utopian was, instead, their retreat from politics and, thus, the whole question of power (Hobsbawm 1962: 277-299).

Early promoters of cooperatives were followers of the philosopher Saint Simon, who, as Eric Hobsbawm argues (1962: 277-299), was both a rationalist and an idealist and was convinced that simply by conceiving of a more just and rational economic form he could usher in social change. Saint Simon believed that by exposing the inability of liberal political economic theory to achieve the central

goal of capitalism--maximizing individual happiness--he could make a case for socialism. The cooperative experiments undertaken in Europe and the United States in the 1800s would show capitalists, political economists, and governments that cooperative societies could do the work of capitalism better than privately-owned factories could. Therefore, advocates of cooperativism did not think it necessary to link their projects to working class activism; unlike (and counter posed to) their Blanquist contemporaries, they considered the problem of political power irrelevant. They believed, instead, that cooperatives would generate socialism through private enterprise without involving the state; consequently, they saw no need for political organization or action (Hobsbawm 1962: 277-299).

This analytical point is also rooted in shifts in the relationship between political movements and cooperatives. It has historically been the case that both consumer and producer cooperatives have sprung up in association with workers' organizations but have broken that affiliation in the course of their development. For example, in Oldham, England, consumer cooperatives first appeared in 1808 when they grew out of the working class organizations of their day. However, in the 1850s, the radicalism of the local working class was undermined by a series of middle class programs aimed at intervening in and restructuring workers' lives. Among those programs were a conservative adult

education program, the temperance movement, and new cooperatives which were autonomous business forms detached from older working class organizations. As these new coops grew, they reproduced a strata of managers that had more in common with the town elite than the working class (Foster 1974: 220-224).

Owen himself provides another example. In 1833, he attempted to unite the recently legalized British trade unions with his cooperatives. This new association was called the Grand Moral Union of Useful and Productive Classes and later became the Grand National Consolidated Trade Union. The organization was short-lived, in part because Owen and the trade unionists could not overcome their ideological differences, the former favoring reformist strategies and the latter favoring class struggle (Cornforth et al. 1988: 12). After losing their link to mass movements, these cooperatives may have been able to offer economic opportunities to some workers, but they could no longer be considered working class organizations.

A recent study of a fishing cooperative in western Canada recounts a similar history. The coop was founded in 1939 as a marketing concern and, despite small conflicts, worked well with the fishers union until the 1960s when it expanded its operations to include processing. After this, their strategies diverged to such an extent that the two became incompatible. The unions emphasized the working class

character of fishers while the coop stressed their business character. During an important strike in 1967, the cooperateurs refused to honor the strike and continued to work, thereby solidifying hostilities between the union and the cooperative (Menzies 1992).

The Mondragón system is likewise estranged from local working class movements. As I have already noted, other authors take this as an indication that the cooperatives stay out of politics. However, the evolution of cooperatives without a close link with mass movements does not demonstrate their neutrality; to the contrary, it reflects their political will to distance themselves from organizations that increasingly have different strategies and goals. This point has been missed by those studying Mondragón. For example, Morrison is so committed to post-modernist arguments about the futility of politics that he overlooks the implications of his own data. He writes:

Mondragón and its development is part of, and a commentary on, the post-modern condition--it is essentially an experiment in social reconstruction through cooperative community. Although spawned amidst the historical context that produced both Carlistas and militant Basque separatists, the Mondragón cooperators have chosen a radically different path, one that helps them begin to transcend the general conditions of industrial modernism and the more particular forces of Spanish history (they have, for example, avoided entanglement with the politics of Basque separatism while successfully advocating Basque autonomy) (emphasis added, 1991: 55).

In the context of the Basque country, advocating autonomy while rejecting separatism is, to the contrary, to

engage in partisan politics of a very traditional sort. It is to support the project of the traditional nationalist party Partido Nacionalista Vasco (PNV) over that of radical Basque nationalism of Herri Batasuna (HB). To understand the true political character of the cooperatives; therefore, it is necessary to enter into the arena of Basque nationalist and working class politics. Beltza (1976: 59-62) and Nuñez (1977: 119-135) have already noted that the historic project of the cooperatives corresponds to that of the conservative Basque nationalism of PNV. In this regard, the cooperatives are very much involved in politics; indeed, they are pivotal in the larger struggle over the nature of Basque nationalism.

In this dissertation, I show that cooperative workers themselves have been unable to fully exercise their formal rights to participatory democracy in the absence of a syndicate or political party that represents them; indeed, they are estranged from these very institutions that could ensure that the coops function democratically. I will argue that it is the radical Basque nationalist movement--especially the syndicate Langile Abertzaleen Baztordeak (LAB)--that is in the best position to represent the interests of workers in the cooperatives, given its reputation for labor militancy as well as its popularity.

However, radical nationalists groups have been reluctant to criticize the cooperatives, often compromising

working class positions in favor of strategic alliances with moderate nationalist parties. This has engendered criticism from a dissident group within the cooperatives, Kooperatiba Taldea (KT) (with ties to the Trotskyist Liga Komunista Iraultza [LKI] and the ex-Maoist Euskadi Mugimendu Komunista [EMK], which merged in 1991 to form a single party.) KT has recently redoubled its efforts to organize in the cooperatives.

Over the last four years, however, the requirements of capitalist competition in the area have changed dramatically. The consolidation of the European Community and Spain's growing participation in it, coupled with the effects of the severe recession, have taken their toll on the cooperatives. Drawing on Gide's insights, Nash et al. argue (1976: 3-27) that cooperatives often cannot sustain democratic structures as the economic environment becomes increasingly hostile. For example, in the 1970s, American dairy cooperatives behaved in much the same way as the corporations with which they were competing; corporate executives were even asked to join the cooperatives' board of directors (Nash et al. 1976: 11). Prior to 1989, the Mondragón cooperatives had labor-management conflicts similar to those in other firms, but the radical nationalist syndicate LAB overlooked these problems. This reflects the uneasy relationship between unions and cooperatives in many countries. Often, it is not the case that cooperatives

simply distance themselves from unions, but that unions do not know how to respond to the unusual circumstances of worker owners, a fact that exemplifies the larger problem unions have had in responding to the changing nature of working classes in the post-1973 period.

Over the past several years, working conditions in the Mondragón cooperatives have so deteriorated, and the original goals of the cooperatives have so degenerated, that the radical Basque nationalist movement has begun to publicly criticize the cooperatives.³ In 1992, LAB formed its own task force and is currently organizing within the cooperatives. Perhaps, these developments in Mondragón will contribute to new union strategies elsewhere.

It is now possible that syndicates will enter the cooperatives, which have been non-syndicalized and have elaborated alternatives to syndicalization since their founding. The cooperatives are becoming an arena of political conflict like the many other settings in the town of Mondragón.

Setting: The Town of Mondragón

Mondragón is located forty-five kilometers inland from the Bay of Biscay, in the southwestern corner of the Spanish Basque province of Gipuzkoa (Guipúzcoa)⁴. Like other Gipuzkoan towns, it sits in a narrow valley surrounded by the Cantabrian mountains. Yet it is not isolated. After

traveling some twenty to thirty kilometers on heavily trafficked or mountainous roads, one reaches the cities of Bilbo (Bilbao) and Gasteiz (Vitoria) in about forty minutes. One can get to Donosti (San Sebastián), the capital and commercial center of Gipuzkoa, by highway in a little over an hour.

Like many other Basque towns, Mondragón is neither wholly urban nor wholly rural; rather it belongs to a category of settlement common to the Basque country that is best described as a densely populated, industrial town. Approximately seventy small to medium-sized factories, both privately and cooperatively owned, and twenty-five workshops and construction firms existed within its boundaries in 1989, employing over 7,300 people. With a population of approximately 26,000, the largest part of the labor force works with its hands in an industrial setting. Mondragón is a working class town.

The industrial and class character of Mondragón is reflected in its built environment. Architectural monuments of note are few relative to neighboring towns: a fourteenth century Gothic-style church, the wooden facade of the house of Bañez dating from the sixteenth century, the eighteenth century Palace of Monterrón, the nineteenth century town hall, and the portalón, an eighteenth century stone archway that is the entrance to the town center. The dominant monuments are instead factories, which occupy much of the

flat and easily urbanized land. Apartment houses and farms climb the sides of hills and mountains, revealing the fact that the town is desperate for space that it will never find. Certainly, the rapid and unplanned growth associated with the industrial boom of the 1960s still marks Mondragón, like other industrial Basque towns, with a lack of housing, poorly designed roads, insufficient health facilities, and inadequate parking. This phase of unregulated growth, a legacy of the Franco regime, also left the town with serious pollution problems. The air is often heavy with smoke from the factories, and not infrequently one sees the Deba River run the most unnatural of colors, from purple to orange to iridescent green. The industrial and proletarian character of Mondragón is at the heart of its local identity.

Mondragón is also the scene of an active Basque nationalist movement and is considered to be a solidly abertzale (Basque patriotic) town (Heiberg 1989: 136). The visitor to Mondragón is immediately struck by the salience of nationalist politics in everyday life. The radical version of Basque nationalism, expressed by ETA and the electoral coalition Herri Batasuna (HB), pervades the town. HB has held the mayorship since 1987 and won over 24 percent of the vote in the 1991 municipal elections.

HB regularly wins an average of 18 to 20 percent of the vote throughout the Basque country. While it is autonomous from the illegal organization ETA (and is necessarily so or

it too would be outlawed), HB is the only major Basque party to refuse to publically condemn the group; given the popularity of ETA, this fact likely accounts for some of its electoral success (see Chomsky and Aske 1991; Clark 1990).

In Mondragón, the presence of this radical nationalism is visible on the facades of factories, stores, and banks are covered with highly artistic murals as well as graffiti and posters. Not even churches are left clean in the search for public space in which to debate the issues of Basque independence, environmental destruction, women's equality, sexual politics, the draft, and deindustrialization. Political messages and art are informative, timely, and elaborate, making "the street" a major arena for political communication (see Chaffe 1988). Indeed, "the street" is an important concept not only in the political domain but in the social domain as well.⁵

Geographically, "the street" refers to the center of Basque towns or neighborhoods where bars are clustered, away from rural areas and excluding homes. Socially and culturally, it is the ambience generated inside the bars. Working class social life often centers around pubs and saloons where workers are "beyond the meddling control of 'bosses'" (Cumbler 1979: 155) and are free to elaborate their own style of conviviality and to discuss union activity and politics. In Lynn, Massachusetts, from 1880 to 1930, the pub functioned as a social institution that was

linked with working class identity and union politics (Cumbler 1979: 155).⁶ The same is true in Mondragón, where bars are simultaneously working class and Basque cultural establishments.

It is estimated that the province of Gipuzkoa has more bars than any other place in Europe (Hacker and Elcorobairutia 1987: 358). People spend hours each day making the rounds of bars with their friendship group or cuadrilla, stopping for small glasses of wine or beer in a ritual called the poteo or txikiteo. Their choice of which bars to patronize is based largely on the political tenor of the establishments. One knows the political commitments of a bar immediately upon entering. Bars which sympathize with radical nationalist politics prominently display pictures of the town's political prisoners, close down during demonstrations, and sell political t-shirts and lapel pins. Those that cater to young people also play radikal rok basko, radical Basque punk music. Basque bars are a center for political discussion and mobilization. An American observer wrote:

In the bars--many with an atmosphere of a well-lit, old fashioned American kitchen--business is transacted and news messages exchanged. The main purpose is social and political, not sexual and alcoholic. For example, I felt it would be impossible to organize a demonstration overnight. Who would do the calling, the organizing? And only about half the homes have telephones anyway. My comments were simply ignored. A faster form of communication existed in the bars. The demonstration was attended by thousands (Hacker and Elcorobairutia 1987: 362).

Similarly, activism pervades most arenas of the town, including the factories, the local press, and the town hall. However, until recently, one setting remained conspicuously calm while conflict erupted around it--the cooperative system.

The Mondragón Cooperatives

At the close of the Civil War, Don José María Arizmendiarieta, a Catholic Action-oriented priest was appointed to Mondragón. He influenced several participants in his Young Catholic Workers study circle to reconceptualize factory work. In 1955, these young men completed their technical educations and opened a small factory called Ulgor in Gasteiz where they produced gas stoves. In 1956, they moved the operation to their hometown of Mondragón and, along with sixteen co-workers, reorganized the firm into a cooperative. In the next few years, the town of Mondragón saw the founding of other cooperative factories as well as an agricultural coop, the consumer cooperative Eroski, the social security cooperative Lagun Aro and the cooperative bank the Caja Laboral Popular. All of the cooperatives were integrated into one system called the Grupo Cooperativo Mondragón.

In the last three decades the Mondragón system has grown to employ approximately 21,000 worker-owners in some 170 cooperatives. These coops are located throughout all of

the provinces of the Basque region, but they are concentrated in Mondragón and the surrounding towns of the comarca⁷ of the Alto Deba where about fifty percent of the total work force is employed in the coops. The seventy-eight industrial cooperatives emphasize state-of-the-art, high-tech production and are strong in the sectors of machine tools and numerical control systems as well as white-line appliances for homes, restaurants, and hotels. Turn-key plants have been exported to Chile, Argentina, Libya, Egypt and other countries (see CLP 1990).

In 1989, the coops completed their first buyout of a major private corporation; with this purchase, they claimed 30 percent of the Spanish market in consumer durables and became the dominant market force in that sector within the Spanish state. In 1990, they purchased a second private firm and created a stock holding company exclusively for the purpose of gaining controlling shares of firms in key market niches. In 1992, the cooperative group consolidated these developments by incorporating the holding company as a standard stock company--in Spanish a sociedad anónima, as opposed to a cooperative firm, sociedad cooperativa. For now, the only shareholders in the holding company are the cooperative bank and the social security coop, but, as some people warn, the juridical structure allows for capitalist investment in the future.⁸ The cooperative group has become a key financial player in the region. It is the largest

single employer in the Basque country and the cooperative bank is the largest savings bank in Euskadi and the seventeenth largest of seventy-one banking entities in all of Spain.

Obviously, the Mondragón group does not fit the image of cooperatives as small, economically tenuous, and capital-poor. Greenwood's work (1986; and with González et al. 1989) correctly portrays them as sophisticated business entities with astute and flexible management strategies. The structure of the system is also ingeniously crafted. Each cooperative is linked to the bank through a contract of association which limits the autonomy of the individual firm in matters of product line and capital investments, but also gives the small firm access to a wide range of business and financial services, including investment counseling and accounting assistance. Associated cooperatives borrow from the Caja at interest rates that are lower than those for commercial loans at regular banks. The bank is juridically defined as a "second degree" service coop, which means that its governance is partially autonomous and partially controlled by representatives of the "first degree" producer coops (Whyte and Whyte 1988: 68-71).

The representation of the producer coops in banking decisions insures that the Caja remains responsive to industrial development. Whereas other banks are tempted by investment-oriented strategies, for example, favoring real

estate over industry, the integration of the bank with economic development is one of the signal features of the system and is considered to be a crucial element of its success (Ellerman 1984; Mendizabal 1989: 539-540).

In the past decade, the cooperatives have responded to the two-fold challenges of entry into the European market and world-wide recession by strengthening their internal links. Sectoral groups were created to pool capital, labor, and managerial expertise (Weiner and Oakeshott 1987). The most important of these groups is Fagor which unites thirteen industrial cooperatives in three divisions: consumer products, industrial components, and engineering and machine tools, most of which are located in the town of Mondragón (Whyte and Whyte 1988: 157-169).

The cooperatives survived the economic crisis without laying off workers until the 1990s, though they encouraged early retirement to reduce the work force. This is an economically and politically important fact given the disturbingly high unemployment rate in the Basque country, which has hovered around 20 percent for the past three years. Since Spain undertook a massive industrial restructuring in preparation for entry into the European Market, regions of Spain that hosted heavy industry declined while new industrial zones emerged, for example, in the area surrounding Madrid. Many sectors that were mainstays of the Basque economy have been severely cut back as a result of

central government-led initiatives to renew Spain's economic base; Basque shipbuilding has nearly been wiped out, and steel production has dramatically declined.

Deindustrialization and the sale of local factories to multi-nationals (which promptly down-size) have plagued the Basque economy since the late-1970s, yet the cooperatives have stayed put, securing for themselves a central place in two important sectors of the restructured economy, machine tools and white-line appliances. This fact is singled out by unionists and academics from other deindustrialized regions, such as the northeastern United States, who see Mondragón-style worker ownership as an alternative to capital flight. They reason that since workers are interested in maintaining their employment rather than maximizing profits, they will be committed to preserving capital investment in their region even if they are forced to accept pay cuts or to give up their health or pension benefits (see Bluestone and Harrison 1982: 257-262; Schweickart 1984). Worker ownership of the Mondragón cooperatives can be partially credited with preserving the economy of Euskadi (see Mendizabal 1989).

The individual firms that make up the Mondragón system are fully worker owned. By contributing the total of about one year's salary upon joining a cooperative (a sum that can be borrowed at a low rate of interest) a member opens an individual capital account with the Caja Laboral Popular. A

share of the coop's yearly profits or losses is credited or debited to this account, which accrues interest at the standard rate for savings banks. The distribution of net profits is decided by the general assembly of each coop in accordance with minimums established by Spanish law. At least 10 percent goes to the social fund, used for community projects such as education, housing, and publications. A minimum of 20 percent goes to the reserve fund, a capital fund belonging to the cooperative. The remaining profit, at a maximum of 70 percent, is deposited directly into members' individual capital accounts, which are held as normal savings accounts in the Caja. The precise division fluctuates with the business climate and financial accounts and needs of individual firms.

In the 1980s, when business plans required higher levels of capital investment, the durable consumer goods coops invested half of their profits into the reserve fund (Whyte and Whyte 1988: 43). The distribution of collective and private capital is considered by Gui (1982) to be an excellent balance between the two forms of property because it both ensures that the cooperatives have operating capital while giving workers material incentives to contribute to the firm.

Part of the profit distributed to members is paid as salaries in cash. These are called anticipios to indicate that they are advanced payment in anticipation of end of

year profits. The rest of the payment to members remains in the bank, in their individual accounts, available for investment. The bank has access to these monies, just as deposits are part of the investable monies of any bank. Anticipios as well as payment to individual accounts are based on job ratings. Ratings are numerical rankings given to each job depending upon skill level, responsibility, and such personal attributes of the worker as seniority and pace of work. Job ratings increase by increments of .05, from a low of 1.0 to a high of 3.0. These indexes are then converted into a pay scale in which the highest-paid director earns 4.5 times the salary of the lowest-paid production worker. Such a slim difference between the earnings of workers and managers is considered one of the most egalitarian attributes of the system.

While I was living in Mondragón, a delegation from the Soviet Union toured the cooperatives. Delegation members were impressed with the system, but they thought that the 1:4.5 margin should be increased.⁹ This struck a nerve among cooperateurs since the pay differential was one of the most fiercely contested issues between managers and workers. A few years ago, the Caja Laboral Popular voted to increase its job index to 1:6. This vote affected only the bank, having no bearing on salaries in any of the other coops; nonetheless it set a powerful example. In 1989, there was a meeting called by Fagor management to propose a widening of

the salary spread there. Workers organized against the management proposal and defeated it before it was taken to a vote. Managers argue that they are not sufficiently remunerated for their work. A study by the Caja Laboral Popular (1988) showed that the highest level engineers in production coops, to pick one example, earn 30 percent less than comparably skilled engineers in private firms in the province of Gipuzkoa.

Managers believe that since they can easily find work elsewhere, the cooperatives should provide them more incentives to stay. Until recently, though, they were unable to bring this kind of pressure to bear because they promoted an ideology that wedded the managerial role to the cooperative project. In recent years, nonetheless, managers have shed their cooperativist ideology in favor of an "efficiency" ideology with which they argue that there will be no cooperatives unless more economic or capitalistic changes are made. Among those changes are competitive salaries for managers.

The evaluation of managerial expertise over the productive knowledge of workers is a trend that characterizes the post-1973 period throughout Europe and the United States. Workers in Mondragón, however, continue to view the 1:4.5 salary ratio as a central democratic feature of the system. Indeed, the question of salaries almost spontaneously mobilized workers to take collective action

against management. This show of activism and combativeness by cooperatuers has caused the Basque left to rethink their strategies vis-à-vis the coops. The other feature of the system that has always marked it as democratic is the internal organization of the cooperatives, which distributes rights and responsibilities to the following committees:

General Assembly: At least once a year, the entire membership of each individual cooperative convenes as a body called the general assembly. The general assembly attends to the broad concerns of managing the firm. It votes on the annual business plan, allocates earnings, decides on mergers and acquisitions, votes on the admission of new members and the punitive expulsion of members, and elects the governing council and monitors its performance. Each cooperative member has one vote in the assembly, regardless of his or her position in the firm. Beyond the regular meeting, an extraordinary meeting of the general assembly can be called by collecting signatures. This means that workers, like managers, have the right to organize a meeting of the entire cooperative if they feel it is required; however, it is usually management that exercises that right.

The Governing Council: The president, vice president and secretary of the general assembly along with several other members of the cooperative make up the governing council. All are elected by the general assembly. The governing council is the closest thing the cooperative has

to a board of directors, but unlike a board of directors only coop members can be elected; no outside person sits on the governing council. This body prepares annual plans, proposes the distribution of profits for the approval of the general assembly, appoints and oversees managers, determines job classifications, and presents annual reports and accounts. Members of the governing council hold office for four years (Whyte and Whyte 1988: 35-37).

General Manager: The general manager is appointed by the governing council and is responsible to that body. The manager is also accountable to the general assembly which can vote to dismiss a manager who is not performing well. In practice, however, this rarely happens. Managers preside over department heads who are also appointed by the governing council.

Typically, a coop has an engineering, marketing, and personnel department. The manager is appointed for four years and can be reappointed with the approval of the governing council. As Whyte and Whyte note, chief executive officers of major corporations are not subject to pre-determined limits to their terms, making the position of general manager inherently more democratic (1988: 37).

Management Council: A management council is a consultative body to the general manager and is made up of department heads and other executives who are nominated jointly by the general manager and the governing council.

Social Council: Workers are represented to management by the social council which is elected directly from the various sections of the shop floor. The social council brings grievances to management on behalf of workers. In this regard, it operates like union delegates in a private factory who are concerned with health and safety, job ratings, work pace, job assignments and internal promotion. However, the cooperative social council differs from a union in that it functions not only to exert pressure upwards from the shop floor to management but communicates managerial decisions and conveys information downwards as well. In recent years, this has been the focus of a great deal of criticism, as the social council is increasingly viewed as an organ that does not represent workers to management but convinces workers to accept the dictates of management. Further, the social council is fully independent from local syndicates which are prevented by coop by-laws from presenting lists for social council elections in the cooperatives. I will show in later chapters that this estrangement from the syndicates has limited the effectiveness of the social council.

Audit Committee: As required by Spanish cooperative law, an audit committee (sometimes called the watchdog committee) is charged with inspecting all documents brought before the general assembly.

Clearly, in all of the above organs there is a

difference between rights and the power to exercise those rights. In subsequent chapters, I will be concerned with this distinction, particularly with the way in which lack of involvement of syndicates and political parties in the cooperatives has limited workers' ability to use the rights they have.

One development that limits the powers of the various committees is the juridical organization of new sectoral groups. Groups typically consist of half a dozen to a dozen coops in similar lines of production, such as furniture making or household appliances. This centralization of management, marketing, and financing has gone a long way toward staving-off the effects of the post-1973 economic crisis and the implications of entry into the European Economic Community. The central offices of the Fagor group, for example, have unified marketing strategies, consolidating Fagor's leadership in the home appliances sector. From the point of view of work place democracy, however, the centralization has been destructive. Each group has a governing council, social council, and general assembly, to which delegates are sent from each cooperative (Ormachea 1991: 120-122). There is increasing dissatisfaction with this arrangement as workers and managers alike feel that important decisions are made outside of their control as the groups become more powerful.

A parallel development is the Cooperative Congress

which was created in 1989 to bring together representatives of all of the cooperatives into one body. There are a total of three hundred delegates, and given the high-powered nature of the Congress, these delegates do not tend to come from the ranks of manual workers. The Congress meets annually and makes recommendations for the entire system which, while not binding, are very influential. The third Congress, held in 1991, was undoubtedly the most significant. There, many of the changes that the Mondragón system was undergoing were formalized into proposals for rewriting the cooperative by-laws, including the new organization of the coops into twenty-five sectoral groups which, in turn, are organized into nine divisions. A centralization of management and committee work was also devised. These proposals were ratified in the individual cooperatives, but other decisions taken by the Congress were soundly defeated, most notably a proposal to increase the salary ratio to 1:9 or 1:10.

Conclusions

The cooperatives are entering a new phase in their history. They are taking on increasingly bureaucratic structures and becoming more articulated with a world economy that is undergoing a concentration of capital. However, this new phase is also marked by a work force that is becoming more combative after thirty years of relative

passivity. Behind this combativeness is the Basque left, which has begun to organize within the coops. Here, the electoral coalition HB and the syndicate LAB now find themselves in opposition as they compete with the more conservative Basque nationalist parties, especially PNV, over the future of cooperativism. Though competition between the different versions of nationalism has been a mainstay of life in Basque towns for decades, the cooperatives were rarely a scene of that political drama. They remained a kind of neutral territory despite the existence of ideological differences among cooperateurs that might have translated into political differences. However, this fact is changing as the political competition that shapes daily life in Mondragón is coming to characterize life in the coops.

In the next chapter, I will outline the history of Mondragón from the thirteenth century, showing that Mondragón was always different from its neighbors in its social and economic character, that is, it was historically an artisan and later proletarian town in contrast to neighboring villages. This fact is significant for answering the question: Why were cooperatives founded in Mondragón? Building on my historical characterization of the town, I will argue in chapter three that the cooperatives can be understood as a conservative Basque nationalist project to reform Mondragón's politically active working class.

Chapter Notes

1. The "people's" version of these events was published in a booklet entitled "Arrasateko Herriak Euskadi Osoari: 1.978-go Azaroaren 15ean."

2. One of the earliest criticisms of cooperativism was made by the Fabian socialists Beatrice Potter and Sidney Webb in 1920. The object of their criticism was the Rochdale consumer cooperative which began to sell shares to non-members after it became economically successful. This led them to argue that cooperatives either fail or they degenerate into capitalist firms. The Fabians withdrew their support for cooperatives based on Potter's and Webb's criticisms (Cornforth et al. 1988: 10-17). Gide made a similar observation about cooperatives in 1930 (see Nash et al. 1976: 17), arguing that the more successful cooperatives are economically, the more likely they are to fail socially. Jan Vanyek (1977) has suggested ways to control for this kind of degeneration and has offered a framework for evaluating worker-owned firms which is a widely-used resource for evaluating both business functioning and workers' control.

3. These criticisms appeared as articles, editorials, and letters in the daily newspaper that is associated with the radical Basque movement Egin. See Egin, 12 August 1989, p.12; 7 September 1989, p.3; 10 July 1992 p.20; 21 July 1990, p.2.

4. Basque provinces and towns have both Spanish and Basque language spellings or names. For example, the province of Vizcaya is Bizkaia in Basque and the city of Bilbao is Bilbo. In this dissertation, I use the Basque spellings out of respect for Basques' struggle to reclaim their language. Similarly, I use the Basque names for places rather than Spanish names; for example, I refer to San Sebastián as Donosti and Vitoria as Gazteiz.

One important exception is that I refer to Mondragón by its Spanish rather than Basque name which is Arrasate. Since this dissertation concerns itself with the implications of the Mondragón model, known internationally by its Spanish name, I have decided to stick with the Spanish in this case. Likewise, I use the Spanish rather than Basque names for the cooperative institutions that have come to be known by their Spanish names.

5. One could argue that the street is a central symbol in Basque culture, of the type of dominant symbol defined by Victor Turner (1967). Like other cultural poles of reference, the street has layered meanings that change over

time and with context. At the turn of the century, during a period of rapid industrialization, the street referred to the urban street. It implied proletarianization, and alluded to socialist politics (Heiberg 1989: 95). From the perspective of a farmer, the most important attribute of the street is that it exists in opposition to the farmstead, and it is a cultural space where the farmer feels out of place and devalued (Zulaika 1988: 128-129). From the point of view of an older housewife, the street stands in opposition to the home. It is a space where her daughters may feel comfortable, but she does not (see Aretxaga 1985; Valle et al. 1985 for a discussion of the gendered division of space in Euskadi). For young people, the street is the alternative to social and political passivity. It is the major arena of participation and where they solidify their identities as Basques.

6. See Hansen (1983) and Leonard (1989) for discussion of bars as locations for ethnographic research.

7. A comarca is a geographic/economic zone encompassing several towns. Hansen (1977) discussed the importance of the comarca in the economic life of Spain and its salience as a unit of study. Mondragón is in the comarca of the Alto Deba, along with the towns along the upper portion of the Deba river, including Bergara, Aretxabaleta, Escoriatza, and Salinas.

Schneider, Schneider and Hansen (1972) make a similar case for the importance of the region as a unit of analysis in anthropology. Paying attention to this insight, my units of analysis are varyingly the town of Mondragón, the Alto Deba comarca, and the region of Euskadi.

8. Since these developments are recent, the best sources are the Basque newspapers. The buyouts of private firms were reported in Egin September 8, 1989: September 24, 12, 1989: 24, and May 17, 1989: 24. The creation of the holding company was reported in Diario Vasco, March 17, 1990: 30, Egin June 20, 1990: 27, and Expansión November 19, 1990: 12. Finally, the incorporation of the holding company as a sociedad anónima is discussed in El Correo Español November 17, 1991: 43.

9. Egin February 4, 1990: 30.

Chapter Two

THE HISTORY OF MONDRAGON AS A WORKING CLASS

Mondragón was "a difficult town and one of the most brutal. I remember going around with body guards"

(an executive of one of Mondragon's leading private firms, quoted in Whyte and Whyte 1988: 26).

Introduction

Mondragón has been described by business leaders as a particularly "difficult" and "brutal" town, a place where local identity is intimately linked with being working class. In this chapter, I describe the historical development of Mondragón as a working class town. The nature of the artisanry and industry in Mondragón, its history of class formation, and its political profile have made it different from other Gipuzkoan towns since at least the thirteenth century. I show that the influence of elite classes on the social and cultural life of Mondragón was minimal; instead, popular classes created local identity. Census data, primary documents, and interviews, as well as secondary sources provide a picture of Mondragón from the earliest consolidation of its artisanal economic base to the years just prior to the founding of the cooperatives.

In reviewing the history of Mondragón, I encountered

two historical myths that shape the telling of that history. One is a legend which imagines that Mondragón gained its independence from a ferocious dragon through the labor and ingenuity of the town's iron-workers. Centuries old, this legend is central to the contemporary popular recounting of Mondragón's history because it confirms an identity that townspeople continue to embrace for themselves, namely, that of artisans who freed themselves from the rule of rural elites. In its present telling, it affirms the strength of Mondragón's working class.

A second myth is that of Basque egalitarianism. Originally articulated in the sixteenth century, Basque egalitarianism depicts Basque society emerging from a kin-ordered mode of production without ever fully developing feudalism. This myth is also popularly embraced, especially by radical nationalists, for whom it is proof of the intrinsic socialist nature of Basque institutions and culture. Moreover, it distinguishes Basque history from that of feudal Spain and Europe, thereby providing historical and cultural legitimation for Euskadi's claim to independence.

The Myth of the Dragon

Mondragón has two founding dates for its transformation from village to town, one mythical, the other historical. Both are associated with the development of industry. According to legend, villagers were terrorized for

generations by a dragon who guarded the rich iron ore deposits that lay within Mount Murgugain and who demanded the annual sacrifice of a maiden in exchange for mining rights. Determined to free themselves from the dragon's tyranny, the artisans of Mondragón conspired to craft a wax figure which they offered in the stead of a live girl. When the dragon realized the trick, it lunged at the iron makers who tore out its insides with an iron rod they had manufactured in anticipation of the battle (Caro Baroja 1972: 26-27; Letona 1987).

This legend is a thinly veiled allegory of town-dwelling artisans' challenge to an oppressive rural regime, symbolized by the dragon. As Caro Baroja notes (1972: 26-27), the heroism of the iron makers is a critical element of the story, which credits industry and artisans, rather than agriculture and rural elites, with founding Mondragón. The tale also champions town-based organization and collective action over hierarchical and tributary social relations.

The myth of the dragon has its historical parallel in the social processes that were unleashed in 1260, when the village, known in the Basque language, Euskera, as Arrasate, was given the Spanish name of Mondragón and granted the status of a free town by Alfonso X, King of Castile (Caro Baroja 1972: 13-40; Letona 1987). The re-naming is significant not only because naming always carries with it a

heavy symbolic load, especially when a centralizing language replaces a regional one, but also because the names themselves indicate the consolidation of the economic base of the town and the shifting power relations between a rural elite and emerging town-based classes. In Euskera, ate means door or gate, suggesting that the village of Arrasate was probably known as a place of transit along trade routes (Caro Baroja 1972: 30). The name Mondragón, "dragon mountain", instead referred to the mythical victory of the artisans and the liberation of the iron ore that the dragon once guarded.

Mondragón was declared a free town along with twenty-five other Gipuzkoan towns which were established by the Crown in the two centuries that followed the Castillian annexation of Gipuzkoa in the year 1200. All newly created towns were granted privileges and fueros, a combination of custom and law that limited the Crown's power by guaranteeing to towns self-governance in domestic relations such as dowry and inheritance practices, and in the public sphere, which was presided over by elected councils known as hermandades. Free towns were exempted from Crown taxes and permitted to levy their own. They were also freed from military conscription and conceded the corresponding right to raise their own armies. Seeking to secure a dependable northern border and to consolidate its power vis-à-vis the nobility, Castile created allies by privileging Gipuzkoan

towns such as Mondragón (Arizaga 1990: 3-35; Clark 1979: 118-25; Heiberg 1989: 20-21).

These processes were common throughout Europe, where craftsmen who had escaped their seignorial manors founded free settlements where they practiced their crafts and traded with a nascent commercial class. In the twelfth century, European monarchs began to grant legal status to these urban communes in order to consolidate their power over local feudalities. They used monarchal law to create a strata of urban dwellers, exempt from feudal dues and servitude, who were to be loyal to the Crown. As urban craft economies outgrew feudal arrangements, new laws were devised to extend military, political and juridical autonomy to the communes, and the assembly was created as the body politic, uniting all free males, artisans and feudal elites alike in this democratic political unit (Anderson 1974: 15-43; Poggi 1978: 34-59). Basque towns fit this pattern, but they are thought to have diverged in their class structure, though the extent of this difference and the precise nature of Basque class structure of this period are the topics of a much politicized historiographic debate (e.g. Monreal 1980; Otazu y Llana 1986; Urtiaga 1962).

The Myth of Basque Egalitarianism

It is claimed that the Basque country maintained a democratic and egalitarian society, organized in patrilineal

clans, while the rest of Europe developed hierarchical feudal relations--this is the concept of Basque egalitarianism. Some authors note that this version of history, elaborated in various forms since the sixteenth century, is essentially an invention which conjures up an image of Basque society as free from internal tensions that would generate inequality (Monreal 1980; Otazu y Llana 1986). Basque egalitarianism is also part of a nationalist discourse that seeks a differentiating characteristic for Euskadi to legitimate its claim for independence (Azcona 1984: 165-171). Yet there is some historical evidence for Basque difference. Reportedly, the Basque country, especially the coastal provinces of Gipuzkoa and Bizkaia, largely escaped the Roman, Nordic, Celtic, Moorish and other invasions that plagued Europe and contributed to the development of feudalism. It is outside the scope of this dissertation to evaluate the historical arguments involved (which would require an analysis of primary documents for individual towns). Here I simply present an outline of the processes of class formation in Mondragón and compare them with the general Basque pattern.

To this end, anthropological studies of the evolution of class-based society are helpful. Paul Kirchoff (1959) analyzed the intensification of lineage inequalities in clan-based societies and showed that when inequalities between patrilineages became extreme, they were

unrecognizable as kin and manifested themselves as classes. Edmund Leach's (1954) account of the cyclical movement between feudal and egalitarian social organization in highland Burma can also serve as a model for what might have been the class profile of Basque society. Furthermore, a comparison of Basque social organization with that of the Scottish highlanders, who also had clans amidst a feudal environment, is instructive (Fox 1976; Withers 1988: 72-79). Charles Withers encourages us to see the difference between highland clans and lowland feudal classes as fluid (1988: 72-79). Finally, Eric Wolf (1982: 403) suggests that kin-ordered and feudal societies should not be conceived of as categorized types but as transformations of one another. These cases remind us that the historiographic uncertainty of classifying the Basque society as either clan-based or feudal probably falls well within what were actual ambiguities in daily life in the middle ages.

At the time of the founding of the free towns (from the thirteenth to fifteenth centuries) Basque society was ruled by clan-based elites called parientes mayores in Spanish, buruzagi in Euskera. According to Caro Baroja (1974) these elites came from the most powerful agnatic lineages. Their military role was clearly feudal-like. Buruzagi (like Scottish clan chiefs) could organize successively larger spheres of kinsmen, the largest grouping being a band, thereby extending their territorial capacity.

However, the nature of the social and economic relations between clan chiefs and their kinsmen, specifically the question of tenurial rights, was less clear. There is evidence that Basque buruzagi were democratically elected by their kinsmen to protect the town and that this position was not inheritable, lending credence to assertions of communal and democratic relations. On the other hand, records of property transmission testify to the economic and political power wielded by clan heads who controlled cultivated lands, pastures and woods as well as roads, churches, commercial businesses, mills, and iron works. Among their sources of income were rents, tithes and tolls (Arocena 1980: 1- 15). Alfonso de Otazu y Llana (1986) concludes that buruzagi were, in fact, a feudal nobility, but Urtiaga (1962) insists that Basque property forms were more communal than feudal during this period.¹

Regardless of how they characterize class structure, all historians recognize that from the thirteenth to fifteenth centuries, the Basque country was in a state of endemic warfare that pitted two bands--the Gamboinos and the Oñacinos--against each other, with fighting and destruction that was ruinous for the country. Gregorio Monreal claims that it was these band wars that led Gipuzkoa to seek a "civilizing" power in Castile. He argues that villagers sought in the Crown the wherewithal to end these conflicts that plagued the area until the late-1400s (Monreal 1980).

However, the direction of causality between the band wars and the creation of towns is not clear and is itself a politically contentious topic.² Another interpretation is that the growing power of the town-based mercantile classes, and the usurious credit they extended to the lineage heads (who consumed trade goods they could ill afford) sparked the conflicts. According to this view, band warfare resulted from efforts at territorial expansion at the expense of rival clans in order to increase revenues from rents to pay their debts (Ortzi 1978: 13-16).

The creation of towns was the first step toward dispossessing lineage heads/feudal elites of their political powers. Throughout the fourteenth century, there was heavy fighting between the bands and the King allied with the hermandades. Mondragón was almost completely destroyed in 1448 by a fire set during conflicts between the local branches of the Gamboa and Oñaz bands. The arsonists were eventually found and forced to pay property damages, an indication of the growing power of the King and the townspeople of Mondragón over the bands. In 1463, the towns prohibited lineage heads from holding town office (Caro Baroja 1972: 13-40 51-57; Letona 1987; Ortzi 1978: 13-17).

The defeat of the bands and the suppression of the rural regime, allowed for the development of urban crafts and a more classic proto-industrial and later capitalist development. This is precisely the historical lesson of the

legend of the dragon of Mondragón. As the fueros were drawn up to outline property rights in the newly-founded towns, industrial development was codified by this new system of law. In Mondragón, for example, it was declared in 1262 that the ore taken from the mines could only be forged within the town, providing protection for the growing artisan class. Moreover, use rights were established for the woods, where kindling was gathered and charcoal was produced--both were necessary fuels in the transformation of ore into iron.

Mondragón's workshops were also an important object of legislation and social control. The fueros specified 100 lashes and a fine for leaving the iron works before one's contract was up and the death penalty for intentionally breaking a bellows. There were severe penalties for competing with or defying the iron masters (Caro Baroja 1972: 49).

Colonialism and Class Transformations

By the time of its founding, due to its mines and workshops, Mondragón had the largest population among the surrounding towns (Caro Baroja 1972: 22 f.n.). It was already more industrial and inhabited by a large number of artisans and miners. In the period after the political defeat of the clans in the late-fifteenth century, Mondragón would become still more exceptional in the local landscape.

Throughout Europe, the sixteenth century brought class

stratification to the urban communes as a nascent bourgeoisie began to buy feudal offices from monarchs and to displace feudal elites (Poggi 1978: 60-85). In Euskadi, this new class, called jauntxoak, was economically tied to the conquest and colonization of the Americas. In Basque towns where this class was vibrant, there are surviving examples of a change in architectural style and construction dating from the early-1600s.

Renaissance style, multi-story buildings with balconies appeared. Buildings from this period are plentiful in Mondragón's neighboring town, Oñati. Popularly, Oñati is seen as having been inhabited by a traditional nobility that was invigorated by a new class who made their fortunes in the Americas. This class benefited from the Crown's sixteenth century declaration of hidalguía or collective nobility for all Basques; upon returning home from the Americas, the colonizers purchased titles and invested in land and homes befitting their new-found status (Otazu y Llana 1986: 380-390).

While Mondragón also sent its sons to the Americas (Caro Baroja 1972: 57-64 and Letona 1975, ad passim), it does not appear to have been similarly transformed by them. Caro Baroja points to only two examples of elite architecture in Mondragón, the house of Bañez and the palace of Monterrón (1972: 66); there are also the ruins of the castle of Santa Barbara. The relative absence of elite

architecture is all the more notable when we remember that Mondragón was nearly fully destroyed by a fire in the mid-fifteenth century; even with the opportunity to rebuild, elites did not shape the town with their class-appropriate style and design. Rather, Mondragón stood out as a free town of artisans organized into quasi-republican hermandades whose political and economic interests lay in the development of industry.

As an important iron-producing town, Mondragón was a beneficiary in other ways of Spanish colonialism in the Americas. It produced armaments, naval instruments, and agricultural tools that were crucial for conquest and expansion (Caro Baroja 1972: 57-66; Monreal 1980). A review of Mondragón's industrial development shows that it thrived from the fifteenth to eighteenth centuries. At the end of the fifteenth century, there were five workshops in Mondragón (Unión Cerrajera n.d.: 11). According to the sixteenth century historian Garibay, the Mondragón of his day had three large forges and three smaller shops. Iron smelted there was sent for arms manufacture to neighboring Bergara and Placencia, and as far away as Toledo (Caro Baroja 1972: 41-70). The number of shops remained at six in the seventeenth century. Eighteenth century Mondragón was known as a center of experimentation in metallurgical methods.

There, refractory bricks were used in the ovens and

quartz was employed, but, the rest of the Gipuzkoan metal sector was in general stagnation and was quickly falling behind the more innovative industries in Sweden and England. In 1783, Basque artisans and intellectuals studied Gipuzkoan metallurgy and concluded that there were too many small shops which were too geographically dispersed. Many of these firms did not survive the last quarter of the century (Ferrer 1966: 140-141).

While Mondragón was better off than the rest of Gipuzkoa, the crisis eventually hit, and the late-eighteenth and nineteenth centuries was a difficult time. The number of workshops fell to four by the year 1794, when the ore veins that had supplied Mondragón for centuries were exhausted. In 1856, there were only two shops left; these survived by shifting production from long arms, the market for which had been destroyed, to agricultural and domestic tools. One shop was located in the neighborhood of Zigarrola and manufactured agricultural tools; the other, located in Zaldibar, made residential locks. The two enterprises merged in 1906 to form Unión Cerrajera, S.A. (Oktubre Taldea 1987: 14-21).

Liberalization After the Carlist Wars

This merger exemplified the changes in Basque society that would grow out of the liberal victory in the Carlist Wars. The two Carlist Wars were fought first from 1833-1840

and again from 1873-1876 and were in a sense Spain's only, if limited, experience with bourgeois revolution (see Nadal 1976). Formally, they began as a contestation of the legitimacy of Isabella's right to inherit the throne; Carlists claimed that Carlos was the rightful heir (hence the name Carlistas). In actuality, the pivotal issue was that Isabella and her advisors sought to remake Spain in the liberal tradition of the French Revolution. The 1812 Constitution, which finally gave Spain a modern and liberal juridical character and property relations, began a process of liberalization that progressed in fits and starts, as outbursts of reaction moderated the liberal constitution and stood in the way of liberal policies. Change did occur, however, including the final disentanglement of public lands in 1823 (Gilmore 1977) and of the mines in 1854 (Carr 1966: 255).³

For the most part, the Carlist Wars were fought in the Basque country, by and between Basques, because the tensions between the ancient regime and a French-inspired, liberal state were most pronounced there. The very sovereignty of the Basque country was at stake as liberal programs brought state-level centralization that meant an end to the economic and political privileges and the juridical autonomy provided by the *fueros*. A primary economic question of the Carlist Wars, regarding the location of the border, was also centered in the Basque county. Spanish liberalizers set out

to move the customs collection house from the inland Ebro River (which separates the four Basque provinces from Spain) to the coast, thereby incorporating the Basque provinces within the confines of Spain for the first time in history.

Beyond its implications for Basque autonomy, this move threatened the Basque mercantile class, the petty nobility, and the peasantry, who enjoyed a better standard of living than their Spanish counterparts due, in part, to the availability of duty-free goods. By the time of the first Carlist War in 1833, peasants had already suffered for over a century from population growth, which intensified demands for already limited lands, and from increased rents and taxes. Through these rents and taxes, agricultural profits were shifted to commerce and industry, thereby consolidating the transformation of a segment of the old rural elite into an urban and town-based bourgeoisie; meanwhile, the peasantry suffered.

Basque peasants responded to the resulting decline in their standard of living with two popular revolts, in 1718 (Ortzi 1978: 19-21) and in 1766, the latter over the price of wheat. The emergent elites (both agriculturalist and mercantilist) were stockpiling grain in order to drive up prices while peasants went hungry (Otazu y Llana 1986: 265-355). In this context, de-classed and downwardly-mobile elites along with the Church were able to successfully organize the peasantry on the side of the Carlists. While it

is generally thought that this alliance grew out of peasants' interest in the preservation of the *fueros* and, by extension, the autonomy of the Basque country, Marianne Heiberg refutes this idea. She argues that in the town of Elgeta, peasants sided with the Carlists not in order to defend the *fueros*, of which she says they were largely ignorant, but to defend the Church and to reclaim their common lands of which liberalization had deprived them (Heiberg 1989: 174-175).

The emergent Basque industrial elite sided with Spanish centralizers on economic questions. Liberal policies were indispensable for the expansion of mining and industry to which their fortunes were tied. Under Isabella, the Spanish state enacted legislation in 1854 to construct railroads, to free ore for foreign export, and to form modern stock companies. Moreover, they favored the coastal border over the inland one, since market conditions necessary for the further development of industrial capitalism depended upon moving the border to the coast. The bourgeoisie found an ally in industrial workers whose interests also lay in industrial development (Beltza 1978, Carr 1966: 246-257; Clark 1979: 25-32). After the final liberal victory in 1876, the *fueros* were abolished, putting the Basque provinces fully under the control of the Spanish state for the first time in their history. The 1876 law read:

The duties that the Constitution has imposed on all Spaniards to present themselves for military

service when the law calls them, and to contribute in proportion to their abilities to the expenses of the State, will be extended, as the constitutional rights are extended, to the residents of Alava, Vizcaya and Guipúzcoa, in the same way as to the rest of the nation (quoted in Clark 1979: 35).

Furthermore, the dismantling of the fueros eliminated the last of the legal fetters on the export of ore. New developments in steel processing technology coincided with these events, bringing an influx of British capital to Euskadi.

As it happened, Basque ore was non-phosphorous, and it was precisely this scarce ore that the new British-pioneered Bessemer converter required. Since its invention in the 1850s, the Bessemer process facilitated the mass production of steel and of Britain's dominance in that sector. Non-phosphorous deposits were rare, and British steel makers invested heavily in the Basque country. Basque industrial elites were able to tap this investment, using it to develop home industry, rather than simply watch the export of natural resources. They parlayed foreign investment into a banking structure that would soon become the most powerful in Spain. In these ways, they consolidated their power as an industrial-financial oligarchy with ties to, and influence in, Madrid. In 1906, Spain had the highest protective tariffs in all of Europe, guaranteeing Basque manufactures a market (Chilicote 1968: 1-27; Clark 1979: 31-37; Flinn 1955).

Unión Cerrajera and the Making of a Modern Working Class

In Mondragón, Carlism was never a dominant force in the way it was in the surrounding countryside. The final defeat of the Carlists brought quick and dramatic changes in the industrial and class structure of the town. Several years earlier, the manager of the Zaldibar factory set out to modernize the firm, and organized a group of investors, including a family which owned properties in Oñati, to buy the factory. This was the first step in a process of modernization that would gather momentum after the victory of liberalism. The new company, named Vergarajauregui, Resusta and Co. for its owners, began to purchase small shops in other towns; by 1894, they had a total of 550 workers in the Mondragón plant. Several years later, when they needed capital to build a large and modern plant in Bergara, they changed the legal status of the firm to a stock company, and sold shares (Oktubre Taldea 1987: 14-15; Unión Cerrajera n.d.: 11-17).

Owned and managed by liberals, Vergarajauregi, Resusta and Co. incurred the wrath of the Church which encouraged a boycott against the firm. With the backing of the Church, a group of Carlists resuscitated the Zigarrola factory in order to manufacture domestic locks in direct competition with the liberal firm; by 1905, they had 100 workers in their employ (Oktubre Taldea 1987: 14-21 and Unión Cerrajera n.d.: 11-20). Economic competition between the two groups

found the Carlists at a disadvantage. The liberals had more capital and a larger base of operations and were better able to compete in the iron and steel sector which was undergoing a phase of concentration led by a newly consolidating Basque financial-industrial oligarchic class (Heiberg 1989: 41). The Carlists were thus forced into the unhappy position of proposing a merger with their political foes.⁴ The resulting firm, Unión Cerrajera, S.A., became the economic and political center of Mondragón until the 1960s when the cooperatives replaced it in importance (Oktubre Taldea 1987: 14-21).

From its founding, Unión Cerrajera radically transformed Mondragón, creating a political and class structure that was different from neighboring towns. Demand for labor in the large firm brought new kinds of workers to town. First, Mondragón's peasantry was proletarianized. According to the 1900 census, there were approximately 380 peasants in Mondragón, or just over 10 percent of the population. Of the 380, 62 men worked in factories, while an uncounted number of peasant women took in piece work in their homes, often assembling small parts. Neighboring Bergara had about 2400 peasants, almost 39 percent of the population. By 1930, Mondragón's peasantry had fallen to 185, about 2.5 percent of the population, while in Bergara the percentage was about 9.3 percent.⁵ The peasant population continued to decline in the next decade.

A second pool of workers immigrated from surrounding towns. Residents of Gatzaga (Salinas), about ten kilometers away, transported their houses intact or brought the materials saved from houses they tore down to build anew in Mondragón. In 1900, Gatzaga had 128 structures; in 1910, 116. Over the same ten-year period, the population fell from 503 to 446 (Aranegui 1986: 222-224). Aretxabaleta, about six kilometers from Mondragón, had a 7.31 percent drop in population during this decade (Mancomunidad del Alto Deba 1982: 39). Mondragón absorbed these and other populations, and the town more than doubled in size in thirty years (see Table 2.1.)

Table 2.1: Population Growth In Mondragón, 1900-1930

<u>Year</u>	<u>Population</u>	<u>% Increase</u>
1900	3,713	
1910	4,706	26.74%
1920	5,915	25.69%
1930	7,720	30.52%

Source: Mancomunidad del Alto Deba (1982: 39)

The modern, corporate nature of Unión Cerrajera as well as its size were crucial factors in the political and

economic development of Mondragón. For the most part, Gipuzkoan firms were small-scale and locally owned, and labor-capital relations tended to be personalistic. Bizkaian capitalism, on the other hand, tended to be large-scale, and to draw in non-local investors. Bilbao is exemplary of the Bizkaian pattern (Ferrer 1966 and Heiberg 1989:45). Unión Cerrajera was a Bizkaian-like enterprise and created in Mondragón an opposition between capitalist and working classes that typically characterized Bizkaian rather than Gipuzkoan towns.

Unión Cerrajera was owned by 106 investors. Most did not live in town or manage the firm and thus did not leave a lasting imprint on Mondragón's social life or culture. The history of the firm, commissioned by the company on the occasion of its seventy-fifth anniversary in 1981, stresses that Unión Cerrajera represented a form of capitalism that was different from the oligarchic variety that dominated Bilbao. Unión Cerrajera, it explained, was owned by Basque families whereas large firms in Bilbao were held by financial elites, banks, or foreign investors (Unión Cerrajera n.d.: 9-25).

This version of history simply misrepresented the character of Unión Cerrajera: the firm was not the small-scale, family-owned firm that characterized Gipuzkoan industry. Of the 106 investors, half came from Mondragón, 20 percent from surrounding towns, and the rest from San

Sebastián, Bilbao and Madrid, but six families held over 64 percent of the stock and intermarriage among these families consolidated ownership still further. One of the most important of these families lived in San Sebastián (Unión Cerrajera n.d.: 25-30). Despite the image the company wished to present in the 1980s, the owners of Unión Cerrajera were not paternalistic locals but were removed from the daily social and cultural life of the town. Though Unión Cerrajera stockholders and managers dominated the formal apparatus of town hall politics until 1970, this industrial elite did not leave their mark on social and cultural life in Mondragón.

In contrast to neighboring Bergara, Mondragón does not have buildings indicating a resident bourgeoisie. In 1989, the pastor of the church of San Juan, in Mondragón's central plaza, made a plea for community support of a restoration project for the oldest part of the church. A meeting was organized so that the architect hired to plan the restoration could present his proposal to townspeople. The talk was very poorly attended; beyond a few artists whose interests were mainly aesthetic, there were only four people in attendance to support the pastor. The pastor stressed that the church was the only example of Basque gothic architecture in all of Euskadi and the only distinctive building in Mondragón. He argued that whereas Oñati has the homes of its nobility and Bergara of its bourgeoisie, Mondragón, apart from the church, has only its factories;

yet he was unable to rally townspeople in support of his cause.

Moreover, popular opinion in Mondragón holds that Bergara has an elite air. Women's dress is considered an important point of distinction. Bergarese women of all classes are said to favor elite styles--for example, expensive accessories such as belts, hand bags, and costume jewelry--whereas in Mondragón a more working class style--jeans, practical shoes, and sweaters--is the norm. Beyond inter-town rivalries and stereotypes, there is historical evidence that Bergara had a different class character than Mondragón. In 1930, it was host to the fifth Congress of Basque Studies, an organization linked with the rational cultural planning strategies of the local and Basque bourgeoisie (Enciclopedia Historica-Geografica de Guipúzcoa 1983: 211-240; Ferrer 1966: 138; Urla 1989). While heavily industrialized like Mondragón, Bergara was a bourgeois town in the sense that this class lived there and was able to influence the image it projected to the outside world. This was not true of Mondragón.

A comparison of the occupational distribution of Mondragón with two other highly industrialized towns, Bergara and Eibar, further illustrates the distinct class profile of Mondragón, although it is important to stress the inconclusive character of these data as census categories changed over time and were inconsistently applied across

towns. In 1930, Mondragón recorded only one industrialist. While there were undoubtedly more, the numbers would not have equaled those of Bergara, where 38 were counted in a population of over 9,300, or of Eibar (1935 census year) with 52 counted out of population of over 12,800. In 1950, there were 40 industrialists among Mondragón's total population of 10,014, whereas Bergara with only a slightly higher population of 10,373 had 56 industrialists; and Eibar with approximately 16,300 inhabitants had 94, more than double the size of this class in Mondragón.⁵

A more predominantly working class demographic profile also emerges when census data are used to compare the size of Mondragón's commercial or merchant class with that of Bergara (Table 2.2). It is probable that in Mondragón, Unión Cerrajera's economat (in between a company store and consumer cooperative which served the firm's workers and their families) took the place of many small food and dry goods shops that might otherwise have flourished.

Table 2.2: Store Owners and Others Engaged in Commerce⁶

	<u>1900</u>	<u>1930</u>	<u>1950</u>
Mondragón	10	14	45
Bergara	83	48	67

Whyte and Whyte describe the class nature of Mondragón in the following way:

Mondragón was a predominantly working-class town. A few families formed the upper crust, and a very small group of shop keepers, professionals, and office employees made up the middle class. A great gulf separated the masses of workers from the small upper strata (1988: 26).

What resulted was a working class that was considered especially problematic. Politically, Mondragón's workers were more likely to be class-conscious in their political commitments and affiliations than were the working classes of most other Gipuzkoan towns.⁷

A collective of workers from Mondragón, calling themselves Oktubre Taldea (October Group), after the Russian Revolution, compiled the labor history of the town from the late-1800s to the Spanish Civil War in 1936. Their book, Arrasate 1936: una Generación Cortada, documents Mondragón's first major strike in 1915 when the polishers of Unión Cerrajera struck for two weeks to protest the automation of their section of the plant. Other sections showed support by engaging in slow-downs that caused serious production bottle-necks. Workers won the strike, and made other demands upon settlement, including equal pay rates for workers, stable prices for jobs, and a review of the responsibilities and jurisdiction of foremen (Oktubre Taldea 1987: 28-44). At a time when working classes elsewhere were losing similar strikes, and companies were becoming increasingly monopolistic in their business and labor practices (see e.g.

Nash 1989: 59-65), this was an important victory.

The 1915 strike forged a modern, class conscious working class which made itself politically through its workers' associations--Asociación Obrera and Sindicato Profesional. These later became syndicates--Solidaridad de Obreros Vascos (SOV), tied to the traditional Basque nationalists Partido Nacionalista Vasco (PNV), and Sindicato Metalurgico of the Unión General de Trabajadores (UGT), tied to the Partido Socialista de los Obreros Españoles (PSOE), the Spanish Socialist Party. Represented by their newly organized syndicates, workers struck for four months in 1916 over a change in work schedules.⁸ This time management was prepared; they locked out workers and called in the Civil Guard in the third week of the strike. Civil Guardsmen violently broke up a solidarity demonstration of women, many of whom were engaged in industrial homework. In the third month of the strike, syndicalists held meetings at the provincial level. By the fourth month, the strike had been broken (Oktubre Taldea 1987: 28-44).

Significantly, the town council, made up largely of the owners and managers of Unión Cerrajera, gave the Civil Guard a Spanish flag in gratitude for its assistance in putting down the strike (Oktubre Taldea 1987: 32-34). This began the Civil Guard's long career of repression in Mondragón, where the townspeople learned to fear and hate them. The Civil Guard was housed rent free on Unión Cerrajera property from

the 1916 strike until 1979, when continuous bombings by ETA forced them out of Mondragón.

Thirty-one workers were fired as a result of the 1916 strike. Several opened small metal working shops in the area beginning a new pattern of development: workers forced out of Unión Cerrajera continued to open small shops into the 1970s. This is one way in which Unión Cerrajera spurred the growth of small businesses in Mondragón. It further stimulated the metal working sector supporting the development of an industrial infrastructure, including the railroad that arrived in 1917, and by contracting-out work to smaller shops.

Socialism versus Basque Nationalism Among Mondragón's Working Class

Heiberg (1989:42) notes that in Bilbao from 1890 to 1930, large-scale operations run by professional managers, and small, personalistic factories, encouraged divergent political tendencies. With the growth of industry in the northern Basque provinces, laborers from poorer areas of southern and central Spain immigrated to Euskadi. There, they worked in large factories, at low-skilled jobs, and were likely to be Socialist in their syndical affiliations and political sympathies. Basques, on the other hand, often knew local, small-scale industrialists; they worked in the smaller firms and were more likely to be nationalistic.

Political differences, therefore, tended to coincide with an ethnic cleavage.

In Mondragón, where the immigrant population from Spanish provinces⁹ was as yet minimal¹⁰, the size, ownership structure, and nature of work in Unión Cerrajera led to the strong class-based organization that was characteristic of Bilbao's large factories. A more widespread acceptance of socialist ideas and a more militant brand of socialism grew among Basque workers in Mondragón than in most of Gipuzkoa where small-scale enterprises flourished.

This is not to say that the emerging ideology of Basque nationalism lacked a base in Mondragón; indeed, it had an important presence. The Partido Nacionalista Vasco (PNV) was founded in the late-1890s by the downwardly-mobile children of small manufacturers and merchants, who were pushed into the professions by the rising industrial oligarchy. The founder of the party was Sabino de Arana who wrote treatises on what it meant to be Basque. "Purity" of Basque blood, as measured by Basque surnames, was considered by PNV to be the essence of Basqueness. This laid the foundation for a Basque nationalism that was to become profoundly hostile to southern and central Spanish immigrants who had come to Euskadi to work. Like Carlism, nationalism was a traditionalist ideology which sought the reinstatement of the fueros: its slogan was "God and Old Laws." Sabino de Arana was responsible for conceiving of the territorial and

cultural unit of Euskadi which includes all seven Basque provinces, both French and Spanish. In conceptualizing Euskadi as a nation (which would be loosely unified through a federation of provinces), during what was a heyday for nation-building in pre-World War I Europe, PNV was a modern petty-bourgeois nationalist movement (see Hobsbawm 1990).

The enlightenment tradition ended there, however. PNV believed, for example, that the primitive Basque democracy could be restored, and that political rights need not be guaranteed constitutionally since shared Basqueness would ensure egalitarian relations. This belief formed its position on class questions, as well. PNV sought to direct labor conflicts away from class discourse and organization in favor of social peace. Its associated syndicate, Solidaridad de Obreros Vascos, later to renamed Eusko Langileen Alkartasuna- Solidaridad de Trabajadores Vascos (ELA-STV), organized workers at the point of production, but rejected the class rhetoric of PSOE and the syndicate UGT as anti-Christian and anti-Basque (Hieberg 1989).

In the towns, PNV was well organized. In Mondragón, it played an important role in cultural, social and political life. The PNV social club, the batzoki, was inaugurated in 1910, a local branch of the women's organization Emakumeak began in 1931 with sixty members, and youth and mountain climbing clubs were organized (Oktubre Taldea 1987: 76-88).¹¹

The militance of the Socialists and the size of their constituency nevertheless marked Mondragón as different from the Gipuzkoan pattern (with the exception of Eibar). This made Mondragón a place where the central tension in Basque politics between class and ethnic-based identity and the compatibility of socialism and nationalism would play out in unique ways. The Basque working class everywhere suffered from a kind of ideological and political schizophrenia, torn between the class identification but anti-nationalism of the Socialists, and the nationalism but anti-socialism of PNV. In Mondragón, where workers were clearly class conscious and socialism was strong, this tension was particularly acute.

Socialism was in evidence in Mondragón from 1910, when candidates were first presented for the Spanish Parliament. After the military coup of General Primo de Rivera (1923), Socialists became important political and social actors in town. As proponents of a non-religious social life and vehemently anti-clerical the Socialists would come into the conflict with PNV over the local presence of the Church. They demanded a civil cemetery, the removal of the statue of the Virgin Mary from the town hall, and the replacement of religious holidays with secular ones--all to the horror of PNV. In Mondragón's first municipal elections of the Second Republic in 1930, the Socialists won two seats in the town council and PNV won three. Shortly thereafter Mondragón saw its first civil wedding. During this period, the most heated

arguments (which sometimes came to blows) were those over the use of the municipal band for civil versus religious celebrations. On the eve of the Spanish Civil War in 1936, the Socialist-affiliated and PNV-affiliated syndicates claimed an equal number of members, each with 700 (Fusi 1984; Oktubre Taldea 1987: 98-158).

The competition between socialism and nationalism for the allegiance of Mondragón's working class accounts for the electoral success of the Acción Nacionalista Vasca (ANV), the only party to attempt to bring together both the demands of these rival parties and ideologies. ANV was a liberal, republican party which formulated an anti-clerical nationalism and rejected the anti-Spanish immigrant racism of PNV. It did rather poorly in Basque industrial towns, but Mondragón was an exception. When ANV appeared in Mondragón in 1930, it counted fifty affiliates and was able to open a social club. In the 1931 elections, ANV captured one seat in town government (Granja 1984 and Oktubre Taldea 1987: 96).

When the second Spanish Republic was declared in 1930, PSOE and ANV participated. PNV did not, distancing itself from the democractic coalition and remaining outside of the Republican sphere. But four years later, there was a short-lived revolution in Spain. The 1934 Revolution pushed PNV, unwillingly, into political allegiance with the Republic. The events of this unsuccessful Revolution were more serious in Mondragón than in other Basque towns.

Concurrent with the world-wide depression of 1929, Unión Cerrajera began to move further away from a paternalistic style of management and intensified the exploitation of labor. In 1933, a new manager, Marcelino Oreja, took over the firm from his more paternalistic predecessor. During the Revolution, Oreja was executed at the hands of Mondragón's Socialists.

In Mondragón, as elsewhere, PNV stayed clear of these events. Officially, it declared itself neither in favor of nor opposed to the Revolution, but the Spanish right was convinced that PNV supported the uprising. This distanced PNV from the Spanish right, who otherwise shared a powerful bond as defenders of the Church. Furthermore, the autonomy statute, which the Basque country sought from the onset of the Second Republic, was not granted them by rightists in the coalition government, but by the left. The right had already defined its position during the Primo de Rivera dictatorship as defending the unity of Spain. It was thus a leftist government that granted the Basque country its autonomy statute in 1936 (Fusi 1984).

The statute established a Basque government, and PNV affiliate Aguirre was named the first president of the Basque country. PNV was in the political company of the Republicans on the eve of the Civil War and wound up, therefore, on the Republican side of the fighting. This marked a decisive break with the traditionalism of the

Carlists, who sided with Franco. Rural and conservative Navarra, historically a bastion of Carlism, thus became a fascist ally as did rural Alava (Fusi 1984). If we consider that a similar kind of social conservatism on the part of Breton nationalists in France led them to ally with the fascists during the Vichy regime (Maynard 1991), we can see the importance of the events of the 1934 Revolution for the future of the Basque nationalist movement.

Post-Civil War Mondragón

With the outbreak of Civil War, Mondragón came out squarely in support of the Republic but fell to the fascists only a few months into the war. Approximately 200 Mondragónese, from ANV, PNV and the Socialist Party, formed the Batallón Dragones and joined Republican forces elsewhere (Oktubre Taldea 1987: 169-321). When the Republicans were defeated in 1939, Basque towns were left to rebuild under conditions of extreme repression. Because they were so solidly Republican and because they had achieved some independence through the autonomy statute, Gipuzkoa and Bizkaia were doubly punished by Franco as traitorous provinces. In Mondragón, the consequences were serious: depopulation caused by war casualties as well as the imprisonment and exile of Republicans; criminalization of the parties and syndicates that supported the Republican side; public humiliation and executions of Republicans, in

part by fascist troops but mostly by local Carlists (forty of whom were counted after the war [Oktubre Taldea 1987: 231]); generalized terror which led people to hide in their homes; and the outlawing of Euskera. Furthermore, food shortages, caused by war time destruction of farm land, brought wide-spread hunger.

Upon their return from the war or from fascist prisons, most of Mondragón's men went back to their jobs in Unión Cerrajera despite their Republican sympathies; however, while PNV affiliates were given their jobs back, "reds" were not (interview with ex-Unión Cerrajera worker). ELA and UGT were outlawed and replaced by the fascist-controlled vertical syndicate. At the same time, Spain was in severe economic crisis, and there was considerable unemployment in the Basque region. In some towns, people who had fought on the Republican side were ordered to work without pay to rebuild the roads and houses that had been destroyed during the war (Heiberg 1989: 201). In Mondragón, "reds" who were locked out of Unión Cerrajera were employed at a very low wage by the San Sebastián-based firm Olasagasti and Co. not to build houses but to enlarge private factories, including Unión Cerrajera. A man who lived through that period described the horrific labor conditions at Olasagasti and Co.:

The bosses, ... with the impunity that they enjoyed (we didn't even have syndicates) and amidst the reign of terror that they invoked, didn't even show the most basic kind of respect,

human respect. Due to the abuses, very hard work and deplorable conditions, many who worked in construction would get a simple flu or something like that and in their weakened state, without any resistance, would die. You can't forget that at that time food was scarce (except for those who could buy on the black market) and on top of that there was a lack of proper work clothes and shoes, especially in the winter and when it was damp, (interview with José María Mendizabal).¹²

In the years just after the war, there were still resistance fighters in the mountains, and commando units were being trained along the border. But given the severe repression, only limited military resistance was possible. In Mondragón, political resistance came in the form of the founding in 1944 of a branch of the Communist Party. While its concrete impact was negligible in the face of the repression, the fact of its existence is testimony to Mondragón's pre-and post-war exceptionalism. José María Mendizabal¹³, leader of Mondragón's Communist Party, was forced into exile in the French Basque country in 1947. He never returned to Mondragón, even after the death of Franco when there was a general amnesty. I interviewed him in his home in Hendaye.¹⁴

Shortly after being released from prison in 1942, José María and five others who had been active in the UGT before the war formed the Communist Party in Mondragón. This alone is an outstanding fact since most Gipuzkoan towns had no Communist Party nor was there one at the provincial level. Also striking is the fact that Mondragón's party was able to reorganize and gain control over the local UGT, which had

always been PSOE's syndicate and elsewhere remained in the hands of the Socialists. Most important was that José María and the others propelled an historic collaboration between UGT and ELA to draft and circulate a joint manifesto. Since the UGT and ELA were illegal under Franco, and the writing and distribution of this document were imprisonable offenses, the appearance of this manifesto was no small act of rebellion.

According to José María, after the two syndicates produced the manifesto, Mondragón's Communists proposed a similar document to be drafted by the two parties. In an initial meeting, it was agreed that the local members of the Communist Party would draft a leaflet. A second meeting took place in which the PNV representatives accepted the document, on the condition that it was approved by their party leadership. Provisionally, they planned to print 2,000 copies and distribute them throughout the area. José María remembered that the leaflet expressed the parties' struggles and yearnings for democracy, liberty, and political change. A clash between the parties resulted, however, over the closing words of the document. José María thought that he remembered verbatim the ending written by the Communist Party: "We close this manifesto in remembrance of all of those who gave their lives in the war as well as those who died in Franco's jails." The Catholic PNV wanted to insert: "We request a prayer for the souls of the dead." The

Communists could not accept this call to prayer and suggested that the document remain as it was, adding only "and to those believers who read this we ask for a prayer for their souls." This was not acceptable to PNV, and the party leadership directed the local branch to terminate discussions. Although the effort was thwarted, the attempted coalition was an historic step towards confronting the central conflict in Basque towns, that of class versus nationalist organizations and struggles.

Conclusions

Since the thirteenth century, the class and political character of Mondragón have evolved in distinctive ways, earning the town its early-twentieth century as an unruly proletarian stronghold. Unlike other Gipuzkoan towns where small factories dominated, Mondragón was dominated by a single large factory, which was responsible for proletarianizing the local peasantry and consolidating the working class. The scale and ownership structure of Unión Cerrajera contributed to the development of socialism in Mondragón (both in terms of affiliation with PSOE and non-affiliated socialist sympathies), which took root more firmly than in other Gipuzkoan towns. Comprising only a small portion of the population, local elite and middle classes left little mark on the town's culture and social life.

In the next chapter, I will show that this proletarian character was as troubling to Father José María Arizmendiarieta who founded the Mondragón cooperatives as it was to PNV. This young priest arrived in Mondragón after the Civil War and encountered a town that was simultaneously staunchly working class and sorely defeated by the hostilities. I will argue that, like other middle class reformers in other industrial towns, he set out to reshape the working class by instilling middle class values. The cooperatives were the project he pioneered to undertake these reforms.

Chapter Notes

1. Urtiaga was a member of ETA. In his article on property forms (1962) he expresses the early position of ETA that Basque society was naturally communal. Urtiaga further argues that future socialist institutions could be built on traditional egalitarian forms.

2. As Monreal (1980) notes, characterizing the relationship between Castile and Gipuzkoan towns is both historiographically and politically problematic. Whether one portrays it as Castillian imposition or as willing collaboration on the part of Basques seeking outside help in the face of band wars has political connotation for modern-day nationalist politics and the relationship of Euskadi (currently "plagued" by the political violence of ETA) to the Spanish state.

I was struck by this fact during interviews I had with members of Euskadiko Euskera (EE). Originally a pro-independence and leftist party, EE has progressively moved towards the center and towards Spain. I was told by EE affiliates that the heart of the Basque problem was that Basques are unable to get along with each other. One person pointed to the band wars as a prime example and explained that it took the Castillian King to pacify Euskadi. The implication for contemporary politics is that the "Basque problem" is becoming less an issue of confrontation with the Spanish state and more the conflict among Basque parties, and they along with other conservative nationalists, blame Herri Batasuna for this internal fighting.

3. See Gilmore (1977) for a detailed account of this disentanglement process in an Andalucian town.

4. Rodriguez de Coro (1980: 206-216) provides a useful account of the competition in Mondragón between liberals and Carlists in period from 1869 to 1876.

5. I thank Aitor Alberdi who conscientiously gathered much of these census data for me.

6. Aitor Alberdi collected much of these data.

7. Eibar, about thirty kilometers north of Mondragón on the lower part of the Deba, is also exceptional. As is commonly noted, it was the Socialist center of the Basque Country since the turn of the century. Strikingly, Eibar also lacked a powerful seignorial class (Azark 1988; Celaya 1970).

8. Work hours had been 6:00 a.m. to noon, with a half hour for breakfast at 8:00, and after lunch from 1:30 to 6:30,

with a 15 minute break at 4:00 for a sandwich. Management unilaterally changed the hours to 7:30 a.m. to noon, with no break, and from 1:30 to 6:30, with no break. The series of documents pertaining to the strike collected by Oktubre Taldea (1982: 35-44) shows that management was concerned about the growing influence of the syndicates. Workers protested the change because of its effect on their eating schedule. They wrote to management that if they were supposed to come to work at 7:30, already having eaten breakfast, that would mean that the shopping would have to be done at 6:30 a.m.; this, they argued, "would greatly disturb our wives and mothers and the widows."

9. The category of Spanish immigrants glosses over the cultural diversity among the immigrants themselves who came from regions as different as Asturias and Andalucia. Spanish is, instead, used both popularly and scholarly, to refer to all those came from non-Basque provinces. Basque anthropologists have not yet studied the diversity of experience of Spanish immigrants based on their regions of origin; such a study will be an important addition to the literature.

10. While I do not have immigration data for 1900-1930, the compiled data for 1900-1950 (Mancomunidad del Alto Deba 1982: 68- 70) is sufficient to make this case. Of the 1,273 immigrants who came to town in these fifty years, only 368 were from Spain. Moreover, many of them came after the war during the industrial expansion that was sparked by World War II.

11. See Heiberg (1989: 70-73) for a more thorough description of the social institutions of that the Basque Nationalist Party maintained in each town.

12. All translations from Spanish are my own.

13. This and most other names of my informants are fictitious to preserve their anonymity. I use actual names only when the individual is a public figure and would welcome mention of his or her name.

14. I conducted this interview together with Juan Ramón Garai, a syndicalist from Mondragón, and Geoffrey Bate, a fellow student at the City University of New York Graduate School.

Chapter Three

COOPERATIVISM AND MIDDLE CLASS REFORMS

Introduction

In his social history of nineteenth century Oldham, England, John Foster shows that the local middle class promoted consumer cooperatives in order to reform working class life. Along with the temperance movement and adult education programs, cooperatives were advocated by middle class reformers who spared no energy to improve the patterns of consumption and association of the working class. While no doubt beneficial, at least to some segments of the local working class, these interventions ruptured the social fabric that the working class had created for itself. Within their own institutions, workers had previously commanded an arena where they developed political consciousness and organizations. By seizing control of that social world, Oldham's middle class was able to curb working class radicalism, paving the way for Tory dominance that was to characterize Oldham by mid-century (Foster 1974).

The struggle over social institutions and the creation and imposition of hegemony via the control of social organization is a familiar theme in ethnographies and social histories of industrial towns. In one of the first ethnographies of a working class European town, Ronald

Frankenberg ([1957] 1990) showed that the village choir, dramatic society, and football club were central to collective identity in the North Wales community he studied. These institutions were controlled by local workers until village tensions caused trouble within the club. Only then was the club leadership surrendered to upper class individuals. In this way, the upper class could be blamed for the dissolution of the institution, and the working class was free to organize a new leisure activity.

In Pittsfield, Massachusetts, Nash (1989) outlines how General Electric was able to dominate town life from the 1930s partly because it was able to command the social sphere. Similarly, Carbonella (1992) argues that the transition from independent working class forms of socializing to those dominated by International Paper was a decisive factor in depoliticizing unionized workers in Jay, Maine. All of these authors show that voluntary associations, social clubs, and leisure activities are often the objects of conflict between working classes and others--middle classes, upper classes, or corporations. In pre-Spanish Civil War Mondragón, the working class controlled its own social and cultural life. As I showed in the previous chapter, Mondragón lacked a sizable middle class; certainly, its middle class was not capable of imposing its values on the town, and this made Mondragón different from the neighboring towns of the comarca.

In this chapter, I argue that like the interventions of Oldham's middle class, the cooperatives represent an effort on the part of reformers to regulate Mondragón's workers. Chief among those reformers was Father José María Arizmendiarieta, the priest who is credited with founding the cooperative movement. My argument runs counter to the standard interpretation of Arizmendiarieta as a non-political, non-ideological figure (e.g Whyte and Whyte 1988: 239), an interpretation that is, I believe, part of the inaccurate portrayal of cooperatives as apolitical institutions. I will suggest that Arizmendiarieta set out to create a middle class and middle class identity through cooperativism and that his project was an expression of the larger political project of the Catholic Partido Nacionalista Vasco (PNV) to build a stable and technocratic middle class for the Basque country that was also socially conservative. I will show that from the outset, the cooperatives were embroiled, alongside PNV, in a political struggle over the organization of Basque society.

The Arrival of Father José María Arizmendiarieta

The newly ordained Father José María Arizmendiarieta arrived in Mondragón in 1941 to find working class organizations, including the Communist Party, still active. He was to define himself as a community priest in the context of this activism. While the Spanish Catholic Church

collaborated with the Franco regime and the clergy largely represented the Church hierarchy in the local arena, many Basque priests were different. They maintained a close and sympathetic tie to their parishioners and often shared the political sympathies of their communities. Arizmendiarieta identified with this tradition of the liberal Basque priest. He was a PNV-style nationalist and served as a journalist on the side of the Republicans during the Civil War. Early into the war, he was captured, jailed, and released after a short time. He was also influenced by Catholic social doctrine, which directed its practitioners to be concerned with problems of justice in economic life and with the moral basis for the right of private property. Significantly, he was also a priest in the tradition of the Catholic Action movement that was pioneered in Belgium in 1930. Catholic Action stressed the integration of social and religious concerns, and encouraged priests to be activists in their communities (Azurmendi 1984: 13-26).

Considerable attention has been paid to documenting the evolution of Arizmendiarietta's ideas (e.g. Azurmendi 1984; CLP 1983; Larranaga 1981). The British sociologist Robert Oakeshott, who had occasion to meet him shortly before his death in 1976, was instrumental in creating a kind of mystique about the man. Oakeshott ([1973] 1975) attributed the long-term success of the cooperatives to the intellectual and spiritual guidance provided by

Arizmendiarieta. He also noted an ideological parallel with Mao Tse-tung which has gained something of the status of folklore in the literature. The frequently recounted story goes that when Oakeshott suggested the similarity with Mao, Father José María unlocked a desk drawer and produced a copy of the "Little Red Book" (Oakeshott 1978).

Resolving the issue of the centrality of Arizmendiarieta's intellectual contribution to the development and success of the Mondragón cooperatives is not a trivial problem. Since the goal of most of the research on the coops is to assess their transferability, an over-emphasis on the distinctive importance of Arizmendiarieta's influence leads to the conclusion that the Mondragón coops cannot serve as a model for industrial transformation elsewhere. For this reason, Gutierrez-Johnson and Whyte (1982) offer a corrective to Oakeshott's work, minimizing Arizmendiarieta's role (see also Greenwood and Gonzales (1989: 55). Moreover, given that much of the cooperatives' international appeal is in their supposed political neutrality, there has also been a tendency to portray Arizmendiarietta as an eclectic or non-affiliated thinker (see e.g. Whyte and Whyte 1988: 239).

Intellectual histories of Arizmendiarieta which stress his idiosyncrasy or individuality therefore preclude a serious analysis of the more ordinary and common aspects of his project and of its intersection with larger political

movements and ideologies. Arrizmendiarieta's thinking should instead be evaluated within the spectrum of Basque political views and the political environment of Mondragón. No matter how visionary his ideas may have been, they would not have gained popular support had they not resonated with a larger political ideology and social project.

Arizmendiarieta was ill at ease with the class conflict that had brought about the Civil War and its horrible consequences. In and of itself, this was not an uncommon position. As Zulaika showed for the nearby town of Itxiar, the effects of the war were so deeply disturbing that the reaction of many individuals was to vilify conflict itself (1988: 20-35). However, Don José María went further: he undertook a social and political project that was nothing less than overcoming class struggle.

The belief that class conflict had to be ameliorated and that one should adopt an activist approach toward the working class were positions Father José María would have encountered during his seminary studies. Lannon's (1979) research on the transformation after 1910 of the Gasteiz seminary where Arizmendiarieta studied, provides an important insight into the formation of his thought. From the 1870s, the Spanish Church, and the Carlist Basque Church with it, was on the defensive against a liberal state and civil society. It saw the problems associated with industrialization as sins against which the Church must be

on guard. The a-religiosity of the workers was seen as evidence that the working class should be avoided rather than ministered to; thus, strict seclusion of monks was enforced. They were taught with archaic methods and traditional texts; the scholastics and St. Thomas Aquinas dominated their studies, and they were taught to renounce positivism and subjectivism as worldly philosophies.

The Gasteiz seminary went along with the Church position until almost 1910 when it began to teach non-religious subject matter and employ new methods. These included collecting sociological data and completing studies of working class neighborhoods based on research--a radical departure from the Church-held view that texts were the only valid sources of knowledge. Ethnography was a key research method, especially for the study of the Basque language, popular religion, and literature. Father José Miguel Barrandiaran held the chair of the department of ethnology, geology, and pre-history at the Gasteiz seminary.¹ His students studied the social problems of the Basques, especially of the working class. One study was a demographic and sociological study of a working class neighborhood of Bilbao (Lannon 1979).

Having been trained by Barrandiaran, Arizmendiarrietta would have taken a pragmatic and problem-solving approach to the question of class conflict. His biographer, Azurmendi, notes, however, that the priest never developed a concrete

analysis of the class struggle even though he unhappily recognized its existence. Azurmendi (1984) characterized Arizmendiarrrieta's views in the following way:

... at the root of the class struggle can be found the myth of revolution, faith in violence, etc., that characterize the twentieth century, in the opinion of Arizmendiarrrieta, and that he summarily rejects. The question of the class struggle is phrased, for Arizmendiarrrieta, as the question of how to overcome it, urgently (694-695).

Overcoming class struggle was also the historic project of PNV. As I have discussed in Chapter Two, Basque nationalism was a conservative response to the rise of a Basque banking and industrial oligarchy and the proletarianization of the popular classes; it projected a retreat into a mythical past where it was imagined that class antagonism did not exist. Sabino de Arana and his followers saw class struggle as a foreign concept, for which greed and lack of ethnic solidarity on the part of Basque oligarchs were largely to blame. They also cast socialism as a foreign movement that should be prevented from corrupting Basque workers.

PNV envisioned the patrimony of Basques as democracy and egalitarianism. As I noted earlier, the ideology of Basque egalitarianism had a long history. Its first political expression came in the sixteenth century, when the Castillian Crown declared the collective nobility of all Basques, which was based on the notion of Basque racial purity. Specifically, it was claimed that Basque blood had

never been exposed to Jewish or Moorish "contamination." This decree made it possible for the emergent elite, who had made their fortunes in the Americas, to buy titles and acquire noble lands.

Basque egalitarianism was institutionalized in the nineteenth century by what Otazu y Llana (1986) sarcastically calls the "egalitarian historical method:" that is, simply disregarding evidence of social inequality in the towns, especially in the province of Gipuzkoa, which was named the guardian of Basque equality. This egalitarian story has the peculiar history of appealing to and being used by different classes and political groups over time in various political moments. Otazu argues, for example, that it was first used as a legitimizing strategy by a rising bourgeoisie who sought to redefine their mercantilist wealth through a decree of nobility. Later, peasants called upon it during the 1718 and 1766 revolts (Otazu y Llana 1986: 7-16).

In late nineteenth century PNV circles, egalitarianism served two functions, that of differentiating Euskadi from Spain and that of discrediting modern socialism as being unnecessary for the naturally socialistic Basques. In other words, traditional nationalists elaborated an egalitarian ideology against the interests of the working class.

Heiberg explains the relationship of the egalitarian myth to the nationalism of Sabino y Arana:

In Arana's interpretation of Basque history his idea of Basque original sovereignty played a

pivotal role. Original sovereignty was an innate attribute of Basques and conferred an eternal right to and drive for independence. The Basques had never been subjects of a personal ruler. Political authority was symbolized by the egalitarian boina, the Basque beret.... Original sovereignty was intimately tied to original nobility, hidalguía originária. The latter, like the former, was an inalienable part of the Basque condition. For Arana, the grants of collective nobility were a public acknowledgement of Basque original nobility, independence, purity of blood and, on the local level, Basque egalitarianism (1989: 55).

For PNV nationalists a major political and ideological task was to express egalitarianism while maintaining political distance from socialism. As I showed above, the Mondragón of Arizmendiarieta's early days was a town with a small bourgeoisie and middle class and a historically socially dominant and combative working class.

Arizmendiarieta said of Mondragón:

This was an active and restless town even before the war and there was a considerable socialistic orientation. There had also been serious tensions (quoted in Whyte and Whyte 1988: 26).

Arizmendiarieta undertook to transform its working class into small property owners.

At the same time, however, he was offended by Unión Cerrajera's power over the town; aggressive capitalism was as harmful to society as was class struggle waged from below. Father José María was remarkable in that he found a vehicle for eliminating both sources of class conflict in two new social movements: technical education and industrial cooperatives.

One of Father José María's first assignments was that of spiritual adviser to the boys in the apprentice school of the Unión Cerrajera, a school that the sons of workers attended from the age of fourteen as a precursor to full-time employment. The proceedings of the spiritual exercises were recorded in a notebook from August 1940 to November 1948. They reveal that Arizmendiarieta introduced the ideas of Catholic Action, which embraced not only religious considerations but social concerns, such as human respect, study and action, and the "social question". The study circle was linked to the local branch of the Catholic Action Youth group Juventud Obrera de Acción Católica (JOAC). Records of meeting attendance indicate that the group became increasingly popular, with an average of thirty-five to forty participants but sometimes as many as ninety.

Arizmendiarieta's experience in the apprentice school convinced him of the need to establish a technical school that would be independent from Unión Cerrajera. Since the apprentice school limited enrollment to the children of Unión Cerrajera workers, it discriminated against a whole sector of Mondragón's children. Arizmendiarieta called upon townspeople and businesses to make donations to build a cooperative vocational school; thus, the Escuela Politécnica opened in 1947.² In the post-war period, there was a general shortage of trained technicians and engineers in Euskadi, and a number of private vocational or polytechnical schools

were opened by the joint efforts of the business and religious communities (Gonzales and Garmendia 1988: 54-56). In this regard, then, the Escuela Politécnica was not unique. Nor is the Escuela Politécnica the only example of a Basque cooperative school.

Euskadi has a tradition which began in the time of Franco of creating non-state-financed civil institutions as a form of resistance to the fascist state. These institutions are public in so much as they belonged to the town, but they were organized independently of the state and privately funded; the cooperative legal form was often favored. Basque-language grade schools, ikastolas, were financed with public support and founded by parents and teachers who often ran the schools as cooperatives. The Escuela Politécnica was especially important because it was the first cooperative of what would later become the Mondragón group.

Researchers as well as many who live in Mondragón rightly credit Arizmendiarieta with the beneficial role of training working class boys and breaking the Unión Cerrajera's grip on technical education--that is, for democratizing education. The school he founded is now considered one of the best technical colleges in Spain and an important percentage of Euskadi's engineers are educated there. The implications of his education project, however, go beyond this.

In an important sense, Arizmendiarieta set out to impose middle class values on a working class that had not been previously exposed to them. He also set out to create the stable middle class Mondragón was missing by stimulating social mobility through education. In his essay "Americanism and Fordism", Gramsci (1971) spelled out the historic imposition of these values on the working class of the United States in the post-World War I period. This disciplining of the working class was to take place through the imposition of ideas about appropriate consumption of alcohol (the temperance movement); the creation of an ordered domestic sphere to function as a sanctuary in which women would dedicate themselves to reproducing men's labor power; and wholesome and gender-appropriate recreation. YMCAs were established to replace more organic working class entertainments. In Pittsfield, Massachusetts, the YMCA offered programs to boys, to keep them from delinquency, but not for girls (Nash 1989: 300; cf. Peiss 1986). The working class of Mondragón was by the 1940s already disciplined in many of the ways Gramsci highlights: women no longer did industrial homework for Unión Cerrajera as they had at the turn of the century; Unión Cerrajera had already built its model houses outside the factory gates, complete with garden and picket fences; and the workforce was accustomed to the schedule of industrial production.

Nevertheless, Mondragón's workers were not disciplined

in other key ways. For example, alcohol consumption was (and is) high (see Ortzi 1978: 23). Moreover, the working class still maintained control over its own social institutions, and it was undisciplined when it came to politics, maintaining class-based identification and organizations. Arizmendiarieta sought to re-channel the energies of this working class.

Arizmendiarieta wrote extensively on education.

Azurmendi said of these writings,

they invariably had a character we could call propagandistic. Arizmendiarieta dedicated himself to convincing the people of Mondragón of the urgency of promoting professional education (1984: 197).

Repeatedly, Arizmendiarieta expresses a belief that men are civilized through education or that education is a better expression of social responsibility to one's people than is political action. For example, he wrote:

The emancipation of a class or of a people must begin with the training of those who make it up. We have said many times that we must struggle against social injustices, against the exploitation of the wage laborer, against the excessive accumulation of wealth, etc., but have we understood that the central servitude, that the first and gravest slavery is intellectual poverty? We consider that the saddest inheritance of the world is the lack of educational opportunities and not economic inequality (Arizmediarieta quoted in CLP 1983: 84-85.)

Arizmendiarieta was also passionately devoted to promoting social mobility for Mondragón's working class youth, sending the first sons of the town's working class

into higher education. Several of his students from the Unión Cerrajera study circle went to Zaragoza to study for the equivalent of an Associates Degree in engineering. These young men would return to Mondragón to found the first industrial cooperative, Ulgor.

The second phase of Arizmendiarrieta's social and political project to reform the working class was through promoting entrepreneurship. The Basque Church is known for producing dissident priests (see Zulaika 1988: 36-73); during Arizmendiarrieta's time, these priests seemed to be of two types. First, there were those who were tied to the labor movement, many of whom were syndicalists. Second, there were those who promoted a Basque nationalism, which they believed was expressed through the creation of small businesses. (Remember that for PNV, "good" capitalism was built by small Basque-owned business rather than large firms with links to foreign capital.) This group of priests believed that small business-mindedness characterized the Basques as a people. Arizmendiarrieta is a representative of this entrepreneurial tendency. Azurmendi explains the relation of business and nation in Arizmendiarrieta's thought:

So that there may be men who are entrepreneurs, who are indispensable so that nations may progress, steps must be taken "such that those who have capabilities cultivate them in an environment of work and excellence with a social sensibility and a social project" (1984:198).

Arizmendiarrieta's entrepreneurs were cooperateurs;

they would transform Basque society through enterprise. Arizmendiarieta believed that cooperateurs, who were drawn from the working class, should remain in solidarity with their fellow wage earners. However, his suspicion of working class organization and class consciousness led him to take cynical positions regarding class politics: "We live in the heart of a community and of a town of people and not of proletarians" (CLP 1983: 21). The cooperative project itself progressively transformed the town of Mondragón and distinguished cooperativists from the working class. During the Franco regime, the changes were dramatic.

The Mondragón Cooperatives Under the Franco Regime

The existence of the cooperative movement under fascism often strikes scholars as enigmatic or contradictory.

Greenwood and González et al. write:

If we think of the public image of anthropology as the study of exotic cultures, it seems surprising that an anthropological study of the industrial cooperatives would have been so long in coming. What could be more unusual than a group of industrial cooperatives, economically prosperous, organized and managed democratically and founded in the midst of the Spanish dictatorship by a priest and a few engineers in a valley of the Basque Country? (1989: 11)

Some authors believe that the cooperatives were founded because of, not despite, political repression, and they claim that if political parties and syndicates had been legal under Franco, political energies would never have been channeled into so unlikely a project as cooperativism

(Oakeshott 1978 and Milbrath 1986:10). Other writers suggest that in organizing the cooperative project, Father Arizmenidarrieta was careful to stay within the letter, if not the spirit, of the law. This gave the appearance of acceptability to what might have otherwise been seen as a subversive movement.

For example, the Franco regime strictly limited the right of free association. Sports clubs were among the few legal organizations. Parents' associations were another as they corresponded to the third part of Franco's three-part design for municipal government, composed of council members representing the municipality, the vertical syndicates, and the family. Parents' associations were organized in towns throughout Euskadi and although they were forced to take on the organizational form prescribed by Franco, they were of the Basque pueblo, meaning they had popular support (Heiberg 1989: 198 and 204-205). In the early-1940s, Don José María founded two organizations, a sports club for young people and a parents' association. Both were legal forms of association, and they served as bases to raise money for the Polytechnical School he was to found in the coming years (Whyte and Whyte 1988: 29-30; Ornelas 1980). Further, in order for the school to gain official recognition, it had to allow social sciences and physical education to be under the control of the fascist Falange Party (Ornelas 1980 :76). In these ways, Arizmendarrieta conceded to the legal limits

imposed by the regime, ensuring that the coops would meet with little opposition.

Undoubtedly, there was a good deal of clever maneuvering on the part of the priest, and this made him popular in Mondragón. Priests like Arizmendiarieta who commanded local followings, especially among youth, were often accused of engaging in political activities and were consequently transferred to another parish (Zulaika 1988: 45). Like many of his colleagues in the Basque Church, Arizmendiarieta might have attracted the hostility of Francoist officials, but he did not. To the extent that cooperativism sought to reform working class culture and calm class conflict, it was not incompatible with fascist projects.

Cooperativism and Corporativism

To the degree that the cooperative movement supported Basque nationalism, it would not have been tolerated by the regime. Outlawed were the Partido Nacionalista Vasco, the ikurrina (Basque flag), and Euskera, but there were ways in which the cooperatives could fit, at least from the position of the regime, within a fascist framework. The Catholicism of PNV and Arizmendiarieta's Catholic Action roots would have made the project acceptable to the Spanish right, which was closely linked to and heavily influenced by the Church. Furthermore, cooperative philosophy and structure could be

seen as corporativist by the Falange Party that was making economic policy for the regime.

The Falange was the political party that introduced fascism to pre-Civil War Spain. It was vehemently pro-Spanish and pro-military, and in other ways was similar to the German and Italian fascist parties of the period. The Falange backed Franco's military insurrection and was rewarded with the administration of the state after Franco's victory. Though common sense may tell us they are antithetical, cooperativism does share with fascist ideology the negation of class struggle (Milbrath 1986: 60). In his dissertation on the Mondragón cooperatives, Ornelas explains that the state was not hostile to the coops. This is because the cooperative type of enterprise, although undermining the foundations of capitalist economic structure, was more-or-less compatible with the dominant Francoist ideology in regard to the defined non-existence of social classes (Ornelas 1980: 79).

Cooperatives and fascist regimes have co-existed elsewhere, as well. The case of Italy is instructive, as it shows how cooperatives can be appropriated by and accommodated within a fascist discourse. Italian fascists were initially hostile to the cooperative movement which emanated from the factory council movement of the post-World War I period and was Socialist and Communist controlled. Fascist bands terrorized, sacked and burned coops in the

early 1920s. In 1922, the cooperative movement, organized as the Lega Nazionale de Cooperativa e Mutue, sought official recognition from Mussolini, who granted it on the condition that the cooperatives were purged of their political ties with the Socialist and Communist Parties. They were, and from then on, cooperatives flourished under Mussolini's rule. In 1927 there were 7,131 coop businesses, a number that grew to 14,576 in 1942 (Earle 1986: 21-33, Lloyd 1926: 107-111, and Sarti 1971: 79-113).

Ideologically, the Italian cooperatives benefitted fascist propaganda. Mussolini pointed to them as examples of the ideals of corporativism: they embodied worker participation, non-conflictual relations between labor and management, and the withering away of class identifications. Large corporations, despite the imposition of vertical, cross-class syndicates, could not bear the entire propagandistic burden of this ideal (Earle 1986: 21-33 and Sarti 1971: 79-113).

The ideal of the classless factory was central to Falangist propaganda in Spain, as well. One high-level manager of a Mondragón coop recognized similarities between the jurado de empresa--the body which represented workers to management within the fascist-organized factories--and the cooperative social council (Whyte and Whyte 1988: 39-41). Both organs resolved conflicts internally without recourse to outside political forces, such as syndicates or parties.

They both rejected the legitimacy of organizations which based their politics on the presumption of class interests.

In Spain, the first cooperative law was enacted during the Second Republic in 1931. This law was replaced in 1942 with one that brought cooperatives more squarely into the fascist orbit by requiring members to affiliate with the vertical syndicate. Just as Mussolini accepted and encouraged coops after they had been purged, so too in fascist Spain they were favored with legal and economic advantages after the 1942 law linked them to the fascist controlled syndicates. In 1954, a law was passed which exempted these businesses from corporate taxes; in 1962, they were granted low-interest loans from the state (Milbrath 1986: 51-66).

Opus Dei and Industrial Development

The initial stage of cooperative growth coincided with a shift in state industrial policy. In the first years of the regime, Falangists presided over all aspects of government, including economic planning. This made for a conservative and stagnant approach to economic problems, for example, ignoring the age-old Spanish problem of a non-dynamic southern, land-owning elite and the low productivity of southern agriculture (see Martinez-Alier 1971). Until the late-1950s, Falangists dominated Franco's government and promoted an approach to industrial

development that was classically fascist. They nationalized financial and major industrial interests under a corporativist state and organized factories with vertical, state-controlled syndicates.

However, the Falangists were not capable of dealing with the economic problems of the post-Civil War years in Spain. Heavily industrialized areas such as Euskadi fared somewhat better than rural areas since they benefitted from Spain's non-involvement in World War II by selling armaments and other manufactured goods to Germany and Italy. This produced a short and minor boom in traditional metal-working towns like Mondragón, Bergara, and Eibar, but the spurt was temporary and too insubstantial to bail out the problem-ridden Spanish economy, which was further damaged by the international isolation of the Spanish government after World War II.

While other capitalist countries were experiencing a post-war boom, Spain was not (Albarracín 1987: 39). By 1958, a crisis had set in. Inflation was out of control, exports fell, investment dropped off, there was a high rate of small business failure, workers were being laid-off, and the country was close to bankruptcy (Payne 1961: 262-263). A strike began in the mines of the province of Asturias and spread in the form of sympathy strikes to Barcelona and Euskadi. Though broken up violently by the police, these strikes indicated that the economic situation had escaped

the control of the military-minded Falange. "Franco's time-worn economic system had finally run out of gas" (Payne 1961: 264), and there was a major change in the works.

By the 1960s, Franco had replaced the Falangists in many of the top cabinet positions with a new cadre of economists and technocrats who were members of Opus Dei, a Catholic lay organization that encouraged its members to demonstrate their faith by excelling in business or the professions. Members kept their affiliation secret, lending a mysterious and even sinister air to the organization. Opus Dei government appointees sought to institute a more classically liberal, market economy and encourage private rather than state-led investment. Under the Opus Dei-reformed regime, the Spanish economy was brought into the post-war growth phase that characterized the rest of Europe (Albarracín 1987: 39; Clark 1979: 190-196 and 1984: 3-28; Pimentel 1987).

The revitalization of the Spanish economy was also propelled by aid from the United States. After years of isolating fascist Spain, the U.S. changed its position in order to pursue a new Cold War policy in Europe. It paid millions of dollars for the right to build military bases in Spain and encouraged the rest of the world to trade with and invest in this country and welcome it into the international community.

More than anything else, it was the 1959 Stabilization

Plan, and the cluster of monetary, budgetary, and investment policies that it implied, was responsible for overhauling the economy. The Stabilization Plan was supported by the International Monetary Fund (IMF) which imposed conditions for Spain's economic development, including currency devaluation and other measures to attract foreign investment. The peseta was devalued by 30 percent, with the dual effect of increasing exports and cheapening tourism in Spain. Americans, for example, began to flock there, spending some \$10 billion annually. The devalued peseta and the freezing of salaries also encouraged foreign investment in industry. These policies both impoverished the Spanish working class and encouraged emigration of workers to northern Europe. Between 1959 and 1962, 700,000 Spaniards left to find work in France, Germany, Switzerland and other industrialized countries. The remittances they sent back home were an important source of income for Spain. Finally, the IMF required a cap on public spending (Bruni 1989: 24-26; Clark 1979: 190-196 and 1984: 3-28).

The Plan had devastating effects for Euskadi. Basques had previously believed that international pressure on Spain might bring the downfall of Franco (for example, the United States had fought to keep Spain out of the United Nations). However the development of a Cold War strategy that included Spain as an ally and brought foreign investment to the country made it unlikely that there would be any diplomatic

outcry over Franco. After the 1959 Plan, Basque hopes for American help in political change were dashed (Bruni 1984: 24-26; Clark 1979: 93-102).

Of further consequence to the Basque population was the industrial policy embraced by the 1959 Stabilization Plan. According to Clark (1979: 227-244), Franco had before him two alternative strategies for industrialization. The first was to further develop already industrialized areas like Euskadi and Catalonia. The second was to bring industry into rural areas in what were to become known as development poles. These plans were meant to be mutually exclusive, but Franco chose to pursue them both. Herein lay the disaster for Euskadi. Investment in industry there, which was heavy throughout the next decade and until the early-1970s, was not backed by spending for infrastructure or services. This meant that southern Spanish peasants and agricultural laborers who were pushed off the land into northern industrial cities and towns entered environments that were not prepared to receive them.

Anthropologists studying Europe since the 1960s have been concerned with the wholesale shift of labor from agriculture to industry (see Cole 1977), which resulted from a combination of Marshall Plan reconstruction policies and the economic strategies of the newly formed European Community (EC). While Spain was outside of the EC and was therefore not affected by the agricultural policy it imposed

on member nations (see Marsh and Swanney 1980: 11-20 and 30-48), it nonetheless shared the same fate. Anthropological studies of 1960s and 1970s document the effects of the shift in Spain's economy on rural populations (e.g. Aceves and Douglass 1976; Barrett 1974; Brandes 1976). In Euskadi, where farmsteads had previously been economically secure and, thus, conveyed prestige to the child chosen as the single heir, they came to be seen as something of a burden for the inheriting child (Douglass 1971; Etxezarreta 1979; Greenwood 1976).

Industrial centers were flooded with Basque and Spanish immigrants. From 1940 to 1970, the population density in Bizkaia rose 103 percent to 471 people per square kilometer, and in Gipuzkoa 90 percent to 316 people per square kilometer. There was no housing for immigrants, hospitals were inadequate (in 1979 there were still only 4000 beds for a population of 2 1/2 million), nor were there enough schools, parks, or mental health facilities. Also, the concentration of industry in a mountainous area like Euskadi, where valleys are narrow, meant that air pollution was extreme, yet the government did not step in to regulate air quality (Clark 1979: 227-244).

Spanish immigration to Euskadi was popularly understood by Basques to be politically motivated and tantamount to a direct attack on Euskera, Basque culture, and political nationalism. Not surprisingly, racist tensions between native

Basques and Spanish immigrants resulted. Immigrants were discriminated against in employment and marginalized from the social rituals of town life. They tended to find low-paying, unskilled and semi-skilled jobs in large factories, while Basques were given work in small, personalistic factories. Basques called the immigrants maketos, a derogatory term meaning foreigners that implied that they were to be mistrusted and kept at a distance.

At the same time, Basques were ridiculed and reprimanded by teachers and clergy who came from Spain and represented the authority of the state. The issue of language is exemplary. When Euskera was banned after the defeat of the Republic, Basques were forbidden to give their children Basque names or use Basque salutations, instruction in Euskera was illegal, Basque language street signs were changed, and gravestones were destroyed. Language oppression is remembered as being brutal and violent. Immigrants, who were in other ways low-status, made fun of Basque peasants for speaking Euskera which they called, along with the fascist clergy, the "language of the devil." Language became one of the battlegrounds of ethnic tension in many industrialized Basque towns.

Industrialization in Mondragón

Mondragón was dramatically affected by the development plan, more so than other towns. From 1950 to 1970, the

population more than doubled. In 1950, there were 10,014 residents; in 1960, 14,168, and in 1970, 22,421. The rate of growth was much higher than that of neighboring towns, and by 1960 Mondragón surpassed Bergara as the largest town in the comarca, a position that it had not held since the middle ages (Mancomunidad del Alto Deba 1982: 39).

The town was unable to absorb so many people so quickly in any kind of rational or ecologically or culturally balanced way. In 1970, only 45.8 percent of the population was native to Mondragón; 7.4 percent came from the comarca, 4.2 percent from the rest of Gipuzkoa, and 8.7 percent from the other Basque provinces. Non-Basque immigrants constituted 33.9 percent of Mondragón's population (see Table 3.1.)

**Table 3.1.: Origin of Non-Basque Immigrants
Living in Mondragón, 1970**

<u>Place of Origin</u>	<u>Percent of Population</u>
Leon	9.9%
Old Castille	8.5%
Extremadura	7.2%
Andalucia	2.5%
New Castille	2.2%
Galicia	1.9%
Other	1.7%
Total	33.9%

Source: SIADECO (1972: 30-31)³

This resulted in an outright attack on Euskera in Mondragón where, in 1970, a full 47.3 percent of the population had no

knowledge whatsoever of the language (SIADECO 1972: 27). Culturally and socially, Basque immigrants were welcomed, but Spanish immigrants were not accepted into the community (SIADECO 1972: 30-31).

Many working class immigrant families were shunted into largely immigrant neighborhoods, where they were ghettoized, making an already strained situation all the more difficult. Often they were housed in poorly constructed apartments, thrown up quickly to meet the extraordinary demand. The town center was a prestigious neighborhood where many professionals lived. Typical of old European towns, the center is small in area and homes there tend to be passed on within families, offering little opportunity for newcomers to take up residence. It is not surprising, then, that it remained a largely Basque neighborhood. Musakola, as I noted in the preceding chapter, was Mondragón's first working class district. From 1946 to 1961, Unión Cerrajera constructed 275 apartments there for its workers (Unión Cerrajera n.d.: 260-261). This new construction brought some Spanish workers into what was still a largely Basque neighborhood. San Andrés was built for new immigrants and it is not popularly considered a very desirable place to live. However, it is not nearly as undesirable as Santa Marina which has some of the most poorly constructed apartments in town.

Rural farmsteads located on Mondragón's outskirts in

small neighborhoods called auzoak were low prestige in economic terms, but they were still off limits to Spanish immigrants. The few successful farmers specialized in beef and vegetable production, with high profit margins, requiring hefty capital investments (Greenwood 1976). Others simply gave up farming and turned large tracts of land over to pine trees for the growing furniture industry. Mountainsides previously covered with maple and oak (oak is the national symbol of Euskadi) were covered with pine trees, which were uniform in size, betraying that they were not indigenous. While the majority of farmsteads were no longer economically remunerative, in the late-1960s they began to regain cultural and political clout as fortresses of Basque identity (a notion promoted by ETA). Spanish immigrants were not welcomed in rural neighborhoods. The segregated nature of Mondragón's neighborhoods is shown in Table 3.2.

Table 3.2: Neighborhood Composition, 1969

Neighborhood	Mondragón Born	Non-Basque Immigrant
Center	61.8%	16%
Musakola	48%	28.2%
San Andrés	36.2%	47.4%
Santa Marina	32.6%	57.8%
Rural areas	73.1%	15%

Source: SIADECO (1970)

Segregation in housing most severely affected Spanish women. In the factories, immigrant men had an opportunity to

form friendship groups within which they could partake of some of the social life of the town, although the male social institution of the sociedad (the eating club) remained off limits to them (see Heiberg 1989: 205-208). The male world of the bars was off limits to Basque and immigrant women alike, at least until the 1970s, when younger women of both groups began to partake of bar culture. The work and social lives of women were centered in the home, but immigrants lacked the friends and family that filled Basque women's homes. Some immigrant women were reunited in Mondragón with women from their natal villages. Many, however, were without their pre-existing networks and found it difficult to create new ties. These women were condemned to live isolated lives in an unfamiliar and unfriendly town.

María Elena, now in her sixties, often recounted to me the story of how she first came to Mondragón from Madrid in the 1940's. She met her Basque husband in Madrid, and after their marriage, they came to Mondragón to live in her husband's baserri (farmstead). There she lived with only the company of her husband and his unmarried siblings. María Elena was so unhappy that she soon returned to Madrid. When she finally came back to Mondragón, she insisted that her husband take her out with his friends, at least on Saturdays. This was a "brazen" request on her part since she would be the only woman in the bars, but after several

fights, her husband agreed. She was not so brazen, however, as to drink alcohol on those occasions and remembered having as many as eight to ten cups of coffee a night while the men drank wine. María Elena lived her life this way for decades, having made only one close, female friend.

In addition to lack of housing, segregation, and racism, there were many other urban problems, some of which trouble Mondragón until this day. Until recently, when the water table was low, water could not reach the higher floors of the new apartment buildings. Families living in the neighborhood of San Andrés sometimes found themselves without running water for days. Pollution of the air and river is still horrendous. Factories were given building permits for the scarce flat land primarily on the banks of the Deba River, pushing housing and baserriak further up into the sides of the mountains. Urban planning for traffic flow, parking, and parks was simply non-existent.

It is with full consciousness of these problems that a study of Mondragón was commissioned in 1970. SIADECO, a group formed in the 1960s to apply social science to social reform, undertook the project. Urla (1989: 192-202) offers an insightful analysis of the SIADECO group. For our purposes, the fact that these urban problems were identified, and that there was general concern to intervene, is further indication of the seriousness of Mondragón's industrial blight (SIADECO 1970 and 1972).

Comparable problems of urbanization plagued all industrial Basque towns. In Elgeta, a particularly narrow town, farmsteads were pushed so far up the mountains and are on such a steep incline that it is almost impossible to imagine that the land could be worked at all. Of course, machinery cannot be used on many of the plots. Entering the town of Zumarraga, one is welcomed by clouds of orange smoke that spews from a metal-working factory. In each town, the culprit is the unplanned growth of the Franco regime; however, in each case, local agents carried out the industrialization. In Mondragón, these were the cooperatives.

During the period of rapid industrialization in the decade after 1959, the growth of the cooperatives was phenomenal. In the 1960s, the cooperative group began to expand throughout Gipuzkoa and into Bizkaia but remained concentrated in Mondragón. In Mondragón in 1971, of 65 industrial firms, six were cooperatives. They tended to be large firms and employed 41.5 percent of the total of 6,399 factory workers. Only two coops had less than 100 workers (SIADECO 1972: 58). Additionally, Mondragón was the administrative center of the cooperative movement, housing the central headquarters of the bank, the social security cooperative and the Polytechnical School.

The cooperatives did in Mondragón what private firms did in other towns. It is not the case that the cooperatives

were agents of the Franco regime nor that they purposefully engineered the urban planning disasters that befell Mondragón. Rather, they were the bearers of these ills because they were the most dynamic economic force during this period. Some private firms pursued immigrant labor actively; for example, the personnel director of Polmetasa told me that the factory's owners sent buses to southern Spain in search of workers. In 1989, 65 percent of Polmetasa's work force was from Spain. Aranzabal, another local firm, employed 60 percent immigrants. While the cooperatives do not gather data on the ethnic breakdown of their membership (and personnel managers could not give me estimates) they were known for employing a higher percentage of local Basque workers than many private firms. Partially, this was due to the entrance applications, which gave additional points to applicants who were related to members; thus, the screening process tended to reproduce an ethnically Basque work force (see Bradley and Gelb 1983: 64-66 and 75-82). Nonetheless, as the largest and fastest growing firms in the area, the cooperatives attracted a good number of Spanish immigrant and thereby brought environmental and social change that was unwelcomed by Mondragón's residents.

That the cooperatives were agents of unwanted change did not go unnoticed by townspeople. Txema, one of my informants, came from a baserri that was bought by the town

so that it could be torn down to make room for apartment houses. Txema worked in the personnel offices of one of the coops from 1969 to 1973 and developed the following analysis of the impact of the cooperatives on the town. During Spain's economic boom in the 1960s, Ulgor enjoyed a domestic market that could absorb as many stoves as could be produced. Instead of making a determination about production based on the available labor power, they made a purely market-driven decision and hired one thousand additional workers, thus bringing another wave of immigrants into Mondragón. He considered these things to be assaults against the town.

The First Criticisms of the Cooperatives

An event that took place in 1965 would cement emergent anti-cooperative sentiments. The minister of labor honored Father Arizmendiarieta with the Gold Metal for Merit in Work. It must have been very difficult for Arizmendiarieta to accept the award, given his nationalist sympathies, yet he did accept it. The local branch of Catholic Action used the occasion to print a short and laudatory biography of the priest in the magazine Mondragón (1965: 10) which he helped to publish. Franco's minister of labor made a visit to Mondragón to present the award personally in a public ceremony. His presence in town was a symbol of state power over a town which hated the Franco regime.

The award generated the earliest criticisms of Arizmendiarrieta and the cooperative business form. The first was written for publication in Zutik, ETA's official organ of communication with the Basque people, which was printed by leaders who were in hiding or exile in Bayonne (on the French side of the Basque country) said:

Franco knows whom to reward and whom to punish. To tell the truth, he is rarely mistaken. This is why José María Arizmendiarrieta, director of the Mondragón cooperatives, received a medal from Franco... he deserved it.

[T]he Basque worker is a *compañero*, a friend to his class. The problems of the workers are his problems. It is a disgrace to differentiate the problems of the working class and of cooperativism. What is happening is that each cooperative is converting itself into a closed world. Its workers do not want to have anything to do with other workers. When there is a strike, cooperative workers don't want to strike because they don't have problems. What kind of an attitude is this?

We are still forced to hear that cooperativism is the solution for Basque workers and will be the death of capitalism. This cooperativism that is built in the belly of capitalism in nothing more than selling oneself. It serves no other purpose than to break the working class, to intensify our isolation (we, in our corner, live well, the rest can go to hell), and to strengthen capitalism.

The essay was the first analysis of the role the cooperatives had played in transforming the working class of the town. However, it was not well received. While workers and working class organizations (including ETA) might have had nagging suspicions about the cooperatives, these were overshadowed by the economic dynamism the industrial coops brought to Mondragón and to Euskadi, something that was dear

to those who were committed to Basque nationalism. The essay was rejected for publication by the leadership of ETA; however, its main point--that the cooperatives divided the working class of Mondragón--would become ever more evident in the next decade. In Euskadi, a workers' movement was organized for the first time since the Civil War, and in the context of this movement, the effect of the cooperative on Mondragón's working class would become a topic of political debate. This is the subject of the next chapter.

Conclusions

The reforms initiated by Father José María Arizmendiarieta continue today in a variety of ways. For example, there is a consumer committee, sponsored by the consumer cooperative Eroski, which is charged with educating the public on matters of nutrition, health, and safety. I interviewed María, a member of the committee, a woman in her forties, who is a nurse by profession and whose husband is well-placed within the coops. María told me that Mondragón is an individualistic place where townspeople resist associating with each other. I was greatly surprised as I had come to know Mondragón as a highly associational place, where people took enormous pride in their collective forms. María explained that in Mondragón when someone purchased a defective product, they were unwilling to return it, and they were unwilling to demand better service from local

businesses because people lacked a concern for those consumers who came after them. She saw this as evidence of general apathy and individualism.

There are interviews that one conducts during fieldwork that become central to one's research--this was just such an interview. I came to understand that there is an essential tension in Mondragón between an identity that stresses consumption and an one that stresses class affiliation. The consumer cooperative Eroski is involved in promoting the former. Despite the fact that María believed she was fighting individualism, the consumer identity she envisioned directly competes with that of class, one of the primary collective identity among townspeople. Eroski's philosophy, which is apparent in its magazine Eroskide, is that people must learn to consume correctly; this requires that they understand their rights⁴. Thus, Eroski offers courses that teach people that selection, service and quality are their due in a consumer society⁵. This world view asserts that that one's rights in society come from one's position as a consumer, rather than as a producer (worker) or citizen.

Since middle classes are often partially created through patterns of and attitudes about consumption (see Bourdieu 1984) Eroski's aims parallel the middle class reformism that was integral to the cooperative project from its inception. I argued in this chapter that the cooperatives were an attempt to generate middle class values

within the proletarian milieu of Mondragón; consumerism is just the most recent expression of this effort. In the remaining chapters, I will show how the working class was changed by cooperativism, in particular, how cooperateurs and the rest of the working class were separated by an ever wider chasm.

Chapter Notes

1. Barrandiaran died in 1991 at the age of 102. The occasion of his 100th birthday in 1989 was celebrated with much popular fanfare as he is held in the highest esteem as a folk hero by all segments of the Basque population.
2. For a detailed history of the cooperative Polytechnical School see Ornelas (1980).
3. The census figures differ from SIADECO (1970) figures. I consistently use census data compiled by the Macomunidad del Alto Deba (1982) throughout the thesis.
4. Eroskide, July-August 1989, 84: 7 features an article that considers "health as the right of the consumer." A second article is an interview with Eroski's representative to the European Community's working group on consumer education.
5. See Eroski, 1988 "Memoria Txostena;" the 1989-1990 course guide called "Kontsumitzaile Eskola;" "La Educación del Consumidor en la Escuela," suplemento no. 134, November 1989.

Chapter Four

REMAKING THE BASQUE WORKING CLASS

Introduction

In this chapter, I analyze how the Basque working class made the passage from a "class-in-itself" to a "class-for-itself" in the decade spanning the mid-1960s to the mid-1970s. E.P. Thompson (1966) defined this process for the English working class as the expression of a common identity through cultural, social, and political forms. This collective expression constituted the proletariat as a class-for-itself and was only possible (though not inevitable) after workers had shared a concrete experience inside the factories and mills of eighteenth and nineteenth century England, that is after industrial conditions made them into a class-in-itself. As I discussed in Chapter Two, the Basque proletariat first became self conscious at the end of the nineteenth century, after the development of a modern steel industry, when workers formed social and cultural clubs, and joined syndicates and political parties. They even began to bridge class and national identities, especially in Mondragón where the social and nationalist party Acción Nacionalist Vasco was strong.

However, as E.P. Thompson reminds us, the making of classes is a historical phenomenon; once made, they can be

unmade or remade. This was the case in Euskadi. The political repression that followed the Spanish Civil War and the industrial transformation that resulted from the 1959 Stabilization Plan required Basque workers to confront the task of remaking themselves as Basques and as a class.

This process of reformation began in the mid-1960s as the radical Basque nationalist movement took shape. Labor activism increased steadily, cultural and language organizations flourished, there was a sea change in what it meant to be Basque, and ETA became a socialist organization (socialist in its ideology and program, but unaffiliated with, and in opposition to, the official Spanish Socialist Party.) In Mondragón, where a large segment of the labor force worked in the cooperatives, the events of this decade presented particular complications. Cooperateurs were less involved than were other workers in many of the labor struggles that contributed to the remaking of the local working class. This fact indicated the existence of a rift between cooperateurs and the rest of the working class. In this chapter, I examine the effects of this rift for Mondragón.

The political developments that characterized the decade culminated in Mondragón in a walkout at the Ulgor cooperative in 1974. Townspeople remember the Ulgor strike as one of the most divisive events in local history. As solidarity among cooperateurs eroded, their political

consciousness and experience became distinguished from the rest of the town's working class, and the conflict was carried into social life via local bars. Gutiérrez-Johnson and Whyte (1982) and Whyte and Whyte (1988: 96-102) believe that the fundamental cause of the strike was the growing impersonalism of labor-management relations as Ulgor expanded. But, the strike was also in large part a reaction of shop floor workers to the attempt by management to consolidate a strata of middle- and upper-level engineers and managers, that is to increase stratification within the cooperative. The Ulgor strike was also about broader questions regarding the very transformations of the Basque nationalist movement that had made the decade as a whole so dynamic. The Mondragón cooperatives became a litmus test for the political dilemma which both plagued and vitalized the radical nationalist movement--the problem of unifying working class and nationalist interests--a concern that was common to many nationalist movements at the time.

There were two tendencies within the movement. Leftist factions of ETA favored class over national alliances, while the original founders of ETA promoted a cross-class nationalism that was at the same time working class in social and cultural tone. In Mondragón, where earlier in the century the debate between socialism and nationalism was particularly vibrant, this conflict was played out again on the issue of cooperativism and was at the center of the

strike at Ulgor. Strikers sympathized with leftist factions of ETA while the historic ETA condemned the strike.

The First Stirrings of Working Class Militancy

A first indication that the working class was remaking itself in Mondragón as in the rest of Euskadi was the resurgence of labor militancy. In the previous chapter, I discussed the effect on business of the Opus Dei-led economic reforms of the late 1950s, when the Franco government shifted away from a strictly corporatist vision of the economy. These reforms introduced rational capitalist policies not only to business but to the arena of labor relations. By the 1960s, the Stabilization Plan had brought about a massive proletarianization in the Basque country and throughout Spain, the political implications of which could not be fully contained even by severe and violent repression.

Growing working class militancy forced the government to allow collective bargaining for labor contracts, although workers were still represented by delegates from government-controlled vertical syndicates rather than the independent syndicates they had formed before the war. Furthermore, rising prices and wage freezes triggered strikes. In 1965, the regime was forced to change the penal code to legalize strikes over wages, contracts, and other economic issues; political strikes remained illegal. This

was the regime's attempt to accept that conflict-ridden labor relations went hand in hand with a rational capitalist economy, yet it became clear that even strikes over strictly economic concerns were difficult to control. In 1967, all strikes were once again made illegal, but by then the new workers' movement could not be easily stopped (Clark 1984: 205, 252 and 258-260; *Colectivo Unitario-LAB* 1988).

The first mobilizations can be traced to the Asturian coal miners strike in 1956, during which an ad-hoc committee called Comisiones Obreras (CCOO) was formed. From 1962 to 1964, there was a wave of strikes and CCOO committees sprang up elsewhere in Spain. Under the control of the Communist Party, they were popularly seen as the vanguard of the workers' movement. In Euskadi, where the Communist Party was never strong, ETA was a driving force in the development of CCOO (*Colectivo Unitario-LAB* 1989: 25-27). The reawakening of Basque workers' consciousness and the rebuilding of working class organizations took place alongside political and cultural activism that was tied to the founding and growth of ETA (Gurruchaga 1985: 255 and Unzueta 1988: 160). Thus, in Euskadi, nationalist and class organizations were simultaneous and interconnected.

The Early Years of ETA

ETA had its origins in the 1950s when a group of students from the prestigious Deusto University in Bilbao

formed EKIN, a nationalist organization independent of the Partido Nacionalista Vasco. They were convinced by PNV to affiliate with the party's youth wing but their association was short-lived. In 1959, they broke with PNV and named their new organization Euskadi ta Askatuta (meaning Basque Homeland and Freedom.)

The members of ETA distinguished themselves from traditional nationalism by proclaiming to be a-confessional (a move that foreshadowed the wide-spread rejection of the Church by young Basques in the late-1960s) and revolutionary and by emphasizing activism. ETA was organized into five fronts: the promotion of Euskera, education, political propaganda, legal actions, and military activity. When it drafted its principles in 1962, it condemned all forms of racism--distancing itself still further from PNV--and began to differentiate its social-economic positions from the conservatism of PNV nationalists.

While neither Marxist nor socialist, ETA nonetheless called for the protection of the "primordial" social nature of productive property, a planned national economy, the socialization of basic resources, the recognition of the supremacy of labor over capital, and the promotion of cooperatives (Bruni 1989: 39-44). In its second assembly in 1963, ETA began to use the slogan "Gora Euskadi Sozialista" (Triumph Socialist Euskadi). The following year, ETA published "An Open Letter to Basque Intellectuals" in which

it reiterated its positions regarding a planned economy and the nationalization of basic industry. Its position on cooperatives, however, changed. While ETA advocated workers' control inside factories, it expressed doubt that cooperatives could provide a viable solution to the problems posed by capitalism. ETA also declared that all workers had a right to affiliate with syndicates, and that syndicates should play a role in the development of the national economy.

This document moved ETA closer to a socialist program, but it was also conciliatory to Basque petty-bourgeois and middle classes, who, along with intellectuals, were its intended audience (Bruni 1984: 59). Though the letter stated that the agent of the national liberation of Euskadi was its workers, it invited "popular" or "revolutionary" Basque middle classes to join ranks with the working class. Between 1966 and 1967, ETA incorporated Marxism as a basis for its official ideology. At its fifth assembly in 1967, it officially declared itself a socialist organization, yet it continued to see nationalistic segments of the petty bourgeoisie as political allies. This cross-class alliance is nurtured by ETA and the organizations in its political orbit until the present day, and it was the cause of most of the early internal tensions in the organization (Bruni 1989: 44-60).

Factionalism in ETA

Factionalism in ETA became evident after the fifth assembly. One faction was led by Txillardegi, the director of the cultural front since 1962. Txillardegi's group (known as the "culturalists" or the Branka group, after their magazine) believed that the essential aspect of Basque liberation should be to resist cultural and linguistic domination by rebuilding an Euskera-speaking population. Eventually, they resigned from ETA to work in independent language and cultural organizations (see Urla 1987: 108-130). Another schism developed in the 1970s over the issue of armed tactics versus participation in the electoral arena. The splits were numerous and complicated and can best be followed in the sixteen volume collected documents of ETA, entitled Documentos Y (see also Bruni 1989; Clark 1984). Here, I summarize the schisms that were most relevant to the debate about class.

The first split occurred 1967, when members of ETA's political front were expelled from the organization. The group formed a new organization called ETA-berri (new ETA) and criticized the petty-bourgeois character of ETA's nationalism, its adherence to humanist rather than scientific socialism, and ETA's acceptance of traditional nationalism's anti-Marxist analysis of class. In 1971, ETA-Berri voted to join the Spanish state-wide Maoist party Movimiento Comunista de España (MCE). Over the next decade,

Maoism would have a great influence on the left in Euskadi, and MCE would become one of the most influential "ultra-leftist" parties in Spain. ETA-berri's decision to affiliate with MCE was based on its conviction that the focus of revolutionary struggle should be class and that nationalism simply served to divide the working people of Spain. In the second edition of its magazine Komunistak they firmly rejected all nationalisms. The nationalist faction of ETA branded MCE members as "españolista" (pro-Spanish), a derogatory term that is still used today (Bruni 1989: 75-83.) Later, MCE would be forced by the weight of popular political will to reevaluate Basque nationalism as well as the linguistic struggle of many Basques. Significantly, they changed their name to the Basque Euskadiko Mugimendu Komunista (EMK) in the 1980s.

The period 1971 to 1972 brought further ideological and organizational turmoil for ETA. The first part of the sixth assembly was held in 1968, when many ETA leaders were in jail. In the absence of these leaders, Trotskyists emerged as the majority faction within the organization, thereby marginalizing the more nationalis elements. Like the Maoist groups, ETA-VI (so named because their positions were formulated in the sixth assembly) believed that the natural allies of Basque workers were not the Basque middle classes but Spanish workers.

By 1972, ETA-VI had so fully rejected nationalistic,

cross-class politics in favor of working-class alliances state-wide that, according to Bruni, it lost its link with the historic goals of ETA and with the sentiments of the Basque people. In 1973, ETA- VI joined the Spanish Trotskyist party Liga Comunista Revolucionária (LCR) and soon after joined the Fourth International (Bruni 1989: 147-149). They, too were branded *españolista*. Like MCE, LCR would later reconsider its positions on nationalism, including the arguments of the "culturalists" on language, and change its name to reflect a more Basque identity, becoming Liga Komunista Iraultza (LKI).

As ETA-VI lost much of its credibility with a nationalist population, in 1973, ETA-V (the faction that continued to hold to the positions of the fifth congress) consolidated its legitimacy among Basque working and middle classes by assassinating Carrero Blanco, the newly-named president of the fascist government and Franco's hand-picked successor. The events of the assassination were dramatic. The explosives used to blow up Carrero's car were so powerful that the car landed six flights up atop a nearby building. That explosion is still celebrated in song at popular dinners, bus rides to political demonstrations, and in Euskadi's radical bars. Casanova (1983) credited ETA-V with contributing to Spain's transition to democracy since it effectively destroyed the mechanism, in the person of Carrero Blanco, for continuing the Francoist regime. There

was a general awareness of this fact among Basques; thus, the action solidified ETA-V's position vis-à-vis the other factions of ETA. However, its legitimacy would be tested again in the following year.

In 1974, another major split took place in ETA, when those favoring political action over military action left to form ETA político-militar (ETA p-m). ETA (p-m) would soon evolve into the political party Euskadiko Ezkerra, ceasing its affiliation with ETA. The group that remained was ETA militar (ETA-m). Today's ETA is the descendent of ETA-V and ETA(m) as opposed to any of the other factions.

ETA in Industrial Towns

The tensions over ETA's political line were coincided with a geographical shift in its membership. As ETA began to move from its urban origins into the industrial towns, the heartland of Euskadi, it confronted working class concerns which influenced the nature of the organization. Zulaika provides an ethnographic account of the way in which Catholic youth groups in the town of Itziar mobilized young men into politics, most notably into ETA (1988: 39-73). The same was true in Mondragón, where young men's experience in the Scouts and Young Catholic Workers sparked their interest in politics. Zulaika suggests that the content of the discussions and the ideology of these groups, specifically that of ekintza (taking action), accounts for their

political dynamism. Ex-ETA members whom I interviewed also remember their affiliations with Catholic organizations as important for the simple fact of involving them in collectives. Since the right to assemble was strictly limited under Franco, these meetings of Catholic groups, whether for study circles, discussions, or to plan town fiestas, gave young people a legitimate organizational forum which they otherwise lacked. For many, it was the simple fact of affiliation that influenced them most and led them to ETA.

ETA introduced its version of nationalism into the popular consciousness in 1961 when it undertook its first armed action. The plan was to derail trains that were on their way to Donosti for the celebration of the twenty-fifth anniversary of Franco's military uprising. The attempt was not successful, but the repression that followed was severe.

In the factories and in the schools, the mood is very tense: the constant presence of the police, continuous, arbitrary arrests for the purpose of establishing police files on people, gratuitous abuse during police controls, etc. (Bruni 1989: 40).

Over 100 people were arrested and tortured. Most were jailed or sent into exile (see also Clark 1979: 157). Among them was J.J. Etxabe from Mondragón. From that point, ETA was known in Mondragón.

Young people in Mondragón were recruited into ETA in the early-1960s to carry out propagandistic actions, mostly to paint "ETA" on town walls. In 1964, a special unit of ETA

called "las Cabras" was formed in Mondragón and nearby Oñati. It carried out political education, mountain excursions (where police tortures and interrogations were simulated to prepare members for the worst), distribution of political propaganda, and military training. I interviewed a member of las Cabras who told me that they reviewed the mountains surrounding Mondragón from a military standpoint to evaluate the tactical advisability of waging a guerilla war but concluded that such a war would be unwise.

Soon after las Cabras was founded tensions emerged between the student leadership of ETA living in urban centers, whose contribution was largely intellectual, and working class militants from Mondragón. While some leaders devoted themselves to producing texts that became cornerstones for the movement (most notably, Federico Krutwig's Vasconia published in 1963), members of las Cabras, most of whom studied only until age fourteen, grew frustrated with a leadership that they saw as removed from the problems of industrial life and the dangers of activism. In 1966, they split from ETA and operated independently. By 1968, during one of many States of Exception to be declared in Euskadi, when all civil rights were suspended (allowing the government to make "preventive" arrests without specific charges, to hold detainees incomunicado, and to impose curfews) las Cabras was crushed by the police (interview with an ex-Cabra; see also Bruni 1989: 73).

Las Cabras was not the only faction of ETA that developed in Mondragón. Always a place where working class identity made nationalist expression complex, Maoist and Trosktyist factions were stronger there than in many other towns. Workers in Mondragón even founded the short-lived Marxist-Leninist faction of ETA-VI, probably the most classically Marxist of any manifestation of ETA.

The Cultural Work of Building a New Working Class

In the early phase of the radical nationalist movement, simply overcoming the fear and shame of thinking politically, organizing, and taking action was a struggle. People who came of age during these years told me that they experienced repression on two levels. First, the regime instilled pure fear, since arrest and torture were common. Second, after years of living under the dictatorship, they had internalized the state-promoted belief that it was immoral and irresponsible to enter the world of politics because of the dangers it presented to one's family and community. By the mid-1960s however, this stigma was being cast off, and Basques began to define resistance as moral and courageous.

This changing attitude about activism allowed for a level of popular participation in social and cultural events that was unthinkable a decade earlier. The social and cultural activism was in large part fomented by ETA. In

ETA's first assembly in 1962, the organization called for "the establishment of a government that is democratic and absolutely representative, in the political and socio-economical sense as well as in the cultural" (Bruni 1989: 41). ETA's goal was to encourage Basques to participate in the rebuilding of the social and cultural fabric of their nation.

Under the dictatorship, it was illegal to use Euskera in public (including in Church services), Basque cultural societies were banned, and some libraries and publishing houses that held Basque language materials were burned (Urla 1987: 103). Many children watched their parents struggle in Spanish, a language in which they were not fluent, or risk humiliation and arrest for using their own language. Given these circumstances, Basques were anxious to engage in cultural activism. ETA encouraged a broad range of people to participate in cultural life and public celebrations and fiestas, and to make these into expressions of the political, social, and cultural will and identity of the Basque people. This popularized the movement for national liberation in a way that politics alone could not have done.

What is notable about the cultural movement is that it was not purely romantic or folkloric (although there were elements of both). From the outset, ETA rejected what it considered the sentimentalism of the traditional nationalism of PNV. Txillardegui, the leader of the "culturalists", remarked:

We reject the excess of sentimentality ... which to our way of thinking existed in 'official' nationalism and translated into such incomprehensible attitudes as denouncing the oppression suffered by Euskera but doing absolutely nothing to learn it (quoted in Gurruchaga 1985: 239).

Consciously avoiding a passive romanticism, ETA helped to create a generative cultural movement. The type and character of social and cultural expression established the basis for a social world that was imbued with politics, which could propagandize and motivate the people but was also a means of collective and artistic expression. The intimate relationship forged in the 1960s and 1970s between politics and popular culture remains one of the most essential nexusses of Basque radical politics.

Much of the cultural politics of the 1960s centered around Euskera. The cultural front of ETA drew on anthropological theory, especially the Sapir-Whorf hypothesis, to develop their ideas about the relationship between language and culture. ETA believed that language shaped the cultural being. Urla (1987) reported that this position was accepted by much of the Basque-speaking population; peasants in rural villages were concerned that they not only spoke Basque but thought in Basque.

Language activists opened clandestine ikastolas to teach children in their own language. At first, ikastolas operated underground, and consequently there were very few; in 1960, only about three ikastolas existed in all of

Euskadi. After 1968, ikastolas were tolerated by the regime (though they were still officially illegal) and began to operate openly. Soon, an ikastola was started in nearly every Gipuzkoan and Bizkaian town. By 1974, there were 132 ikastolas in Euskadi. The schools were run as cooperatives; parents paid a modest monthly fee which not only covered their child's tuition but gave them a right to vote in the assembly which governed the school. Teachers (mostly young townspeople who were native Basque speakers) were also part of the assembly, as were local business people who contributed monetarily to the school (Gurruchaga 1985: 258-264; Urla 1987: 133-138).

Ikastolas not only taught Euskera under conditions of repression, they went beyond this initial goal to become "a key element in the meaning of the collective We" (Gurruchaga 1985: 260). If the task before Basques in industrial towns like Mondragón was to remake themselves, as a class and as a nation, then the ikastola was a core institution in this process. Ikastolas were centers of dense social relationships between students, parents and teachers; teachers were important cultural referents for the town; and the ikastola itself was a symbol of cultural reproduction for a Basque nation (Gurruchaga 1985: 259- 260).

The effort to reconstruct a Basque nation led also to the project to unify the many dialects of Euskera into a single official language. The project was undertaken in 1964

(not of course without the power struggles which tend to characterize language unification and often turn on the dominance of one dialect over others). The result was Euskera Batua, now the official Basque language (Urla 1987: 148-165). Euskera found a voice in poetry, fiction, and plays. Gurruchaga argues that a uniquely Basque poetry genre was developed: poems were set in the city, they ruptured the dichotomy between purity and vulgarity, and they were social commentaries (1985: 257). The language movement successfully went beyond simple language transmission to generate new art forms, and thus became more dynamic than a purely folkloric or sentimental revival of language.

Musical forms were also elaborated in a conscious building of Basque culture. Txalaparta, an ancient drum-like instrument thought to be used to communicate from mountain to mountain, was discovered and revived. And, a Basque folk music movement that was contemporary with the New Music movement in Latin American countries became important. Mikel Laboa was a leading figure. Laboa's work is particularly interesting because, stylistically, it is often more experimental than folk, yet he uses traditional and sometimes sentimental poems and political messages for his lyrics (Gurruchaga 1985: 255; Urla 1987: 138-140; Unzueta 1988: 160). More significantly, he sometimes does not use lyrics at all; many of his songs are simply compilations of Basque sounds. It seems to me that in this way Laboa's music

has come to represent Basque language revival as a central symbol of a renewed nationalism, not just the direct transmission of language through vocabulary or grammar.

Also notable was the revival and infusion of politics into the traditional song dueling of the singing poets or bertsolariak. A bertso or verse is spontaneously composed to a tune and rhythm chosen by the singer, and the bertsolari's opponent must respond in the same tune and rhythm. The rapidity, rhyme, use of language, humor, and emotional depth of the verses are the characteristics by which they are judged (see Zulaika 1988: 208-235).

Basque Fiestas

All of these cultural forms played a role in language revival and stood on their own as art forms that engaged people in cultural expression. They also became building blocks of popular fiestas that began to resurface in the Basque country. The resurrection and reinvention of Basque holidays and fiestas at the national and local levels were at the heart of the cultural work of reconstructing the Basque working class.

Aberri Eguna, the day of the Basque fatherland, was celebrated anew in 1964. First held on Easter of 1932, during the liberal government of the Second Republic, its revival in Gernika (Guernica) was a very important event. Politically, it showed the ability of the Basque people to

organize despite twenty-five years of repression. Symbolically, Gernika resonated with meaning. Not only was it the ancient capital of the Basque Country, it had also been destroyed during the Civil War by massive bombings by Franco-allied German pilots--an air raid that was the subject of Pablo Picasso's famous painting named for the city (Clark 1979: 115).

Local Basque fiestas were also revived. Town fiestas were held during the dictatorship, but they had an official and authoritarian character; they were not considered either popular or Basque. Indeed, participation in the official event was seen as collaboration. Greenwood (1977) writes about the local government's concern about the lack of participation in the ritual of Alarde in the coastal town of Fuenterrabia. Although he does not suggest that non-participation might have been a political statement on the part of townspeople, he does note that the local Francoist government reorganized and manipulated the festival, thereby crushing popular participation. In Mondragón, boycotting fiestas was an explicit means of protest.

Throughout the dictatorship, fiestas were a source of conflict between townspeople and the Franco-installed local governments. In Mondragón, where the patron saint is San Juan, the first popular, Basque San Juan fiesta to be held under Franco was in 1964. It signaled the resurgence and, in

some sense, reinvention of a popular festival. Young people joined the Comisión de la Fiestas Vasca (the committee in charge of the fiestas) to participate in planning the events, and townspeople took part in the festivities, which included playing traditional musical instruments, such as the txistu (a flute-like wind instrument), rural sports, and the performance of new art forms.

ETA was anxious for these fiestas to be successful. In its underground magazine Zutik, which was circulated clandestinely among the growing number of townspeople, the organization communicated the following evaluation of Mondragón's first popular San Juan:

The abertzale tone was high and people sang abertzale songs and talked about Euskadi. ... Arrasate was boiling with patriotism. A young girl spent the whole day playing the txistu and the drum. In this it could be clearly read 'Gora Euskadi Askatuta' [Long live free Euskadi]. The topic of the conversation was the New Resistance [ETA]... They are the best, when do we start, they are courageous, they are not afraid of anything... (Documentos Y 3: 343).

While the tone of the congratulations to Mondragón's residents is clearly propagandistic, the salient point is that ETA engaged in a dialogue with townspeople about building the fiestas. ETA intervened in popular culture, termed it political, and encouraged people to approach the fiesta from the same point of view. Townspeople were anxious to take back their fiestas from the Franco-controlled government, and they read in Zutik how this contributed to the nationalist movement as a whole.

Redefining Basqueness

Social and cultural expression of this sort was not an entirely new phenomenon in Basque towns. Before the Civil War, PNV organized mountaineering clubs, social clubs, and town and national fiestas. What was new was the intermingling of social life with the radical nationalist politics of ETA and the effect this had on what it meant to be Basque. Taking part in social and cultural events became a more important condition of identity than race, ethnicity or language. This marked a dramatic change in the nature of Basque nationalism, for it meant that one did not have to be Basque in order to become Basque. Rather, Basqueness was achieved by activism in radical nationalist culture and politics.

This was of particular importance for Euskadi's working class which was both Basque and Spanish. For the first time, Spanish immigrants could partake along with their Basque neighbors in social and cultural events and political acts. Moreover, as ETA's version of nationalism gained popularity, Basqueness was transformed from an ethnic identity to a political one. Spanish immigrants who were committed to the working-class-identified radical nationalist project could become Basque.

Marianne Heiberg (1980 and 1989) has studied the question of Basque identity in depth, analyzing the change

from the racialist definition of Basqueness that was espoused in the late-nineteenth century by Sabino Arana and his followers to the political conception of Basqueness adopted by these same traditional nationalists a decade later. As first set out by Sabino Arana in 1895, the core of being Basque was to have blood "uncontaminated" by Moorish or Jewish influence. Later, physical anthropology was employed to make Basqueness a more scientific category. Anthropologists collected anthropometric data on body type, cranial size, and nose length, for example, and their findings were used to support nationalist claims that Basques constituted a distinct type from Spaniards, French and other Europeans (see Urla 1989). Basques were found to have a significantly higher incidence of RH negative factor blood than other populations (Moulinier 1949).

When turn-of-the-century conservative nationalists set out to form the political party PNV, however, race was not sufficiently exclusive to demarcate the population. Not all racial Basques could be considered Basque. As I discussed earlier, PNV was at the same time anti-oligarchic and anti-Socialist; therefore, the party excluded from their newly conceived Basque community both financial and industrial elites tied to Madrid and Basque Socialists. Furthermore, PNV successfully imposed the responsibility of political commitment on those who claimed the status of being Basque.

Arana had to make race a politically operative category--not a static matter of once and for all biological inclusion or exclusion. Basque status was granted solely to those who faithfully and publicly adhered to... political behavior.... [A] real Basque could only be a Basque nationalist (Heiberg 1989:56).

Heiberg argues that one feature of Basque identity persists over time: the fact of inclusion in, or exclusion from, what she calls the "moral community," at first racially and later politically defined. She considers the continued pattern of inclusion and exclusion more important than the shift from a race-based definition to a political one, and she states that the existence of a moral community today, albeit along different political lines, replicates the structure of earlier nationalism. The development of radical nationalism is in her estimation best understood as continuous, rather than a definitive break from traditional nationalism (1980 and 1989).

Heiberg's analysis is compelling, especially considering its parallel with post-structuralist theory that locates identity in the creation, often through language, of notions of self and others (e.g. Butler 1990). However, Heiberg does not intend to make a post-structuralist argument. Rather she means to note a historical continuity in the bounding of a Basque community even while the standards by which the community is defined change.

This phenomenon is not particular to Basque conceptions of identity. Anthropologists have shown that ethnic or

racial identity is typically about inclusion and exclusion (see Williams 1989). Nor is it exceptional that the content of Basqueness would change over time or in response to changed circumstances. What is significant about the Basque case--and, I think this is overlooked by Heiberg--is the content of Basqueness itself, the fact that Basque identity was disarticulated from ethnicity and located in spheres that were accessible to Spanish immigrants. This shift made possible the integration of the immigrants into the social life of Basque towns and redefined the movement as a multi-ethnic, working class struggle. It was an important process by which the Basque working class remade itself.

Spanish immigrant men and women who participated in the radical nationalist world felt Basque and were accepted as Basque. Both in popular consciousness and political writings, these immigrants were increasingly seen as "more Basque" than Basque ethnics who were socially or culturally inactive or politically conservative. In its "Open Letter to Basque Intellectuals" ETA wrote:

We have always been and always will be on the side of workers who, whether born in Euskadi or not, work for a true democracy in our country. They are the basis of the future Basque society. We consider them and their children, without a doubt, rather more Basque than those capitalists with several Basque surnames who dare to call themselves patriots while they do not cease to enrich themselves at the expense of their own people (quoted in Bruni 1989: 58).

The following example from Urla's fieldwork in Usurbil, indicates that ETA's program influenced daily life:

As one of my Basque friends, the author of the article on race, told me in a heated discussion, even if Fraga Ibirane, (Fraga was born in Galicia but Iribarne is a Basque surname), had ten Basque surnames (and was thus "biologically" Basque), he would never be considered Basque. As head of the conservative Spanish party, Alianza Popular, his politics put him at odds with Basque identity--he was an anti-Basque (1987:118).

The process of the integration of Spanish immigrants into the radical nationalist community was not smooth--remnants of racism were the subject of repeated critiques of the radical nationalist movement--but at least the new conception of Basqueness was fundamentally more open to immigrants than any that had come before. In Mondragón, it was precisely immigrant workers, politicized in their factories, who found the confidence (for it was difficult to take the first steps into a closed world) to participate in the new Basque public life and to make their way toward being Basque.

I talked with many Spanish immigrants and their Euskadi-born adult children, about becoming Basque. The typical candidate was a young factory worker. He or she might have learned a Marxist analysis of class from parents or grandparents who had been anarchists or Communists before the Civil War, but more commonly older people were afraid to pass leftist politics on to their children and grandchildren and more often than not kept silent about their pasts. Still, these young people knew vaguely that their families had been "red." Through the strikes of the 1960s, in which

ETA as well as Comisiones Obreras began to tie together Basque nationalist and working class concerns, the young person came to feel Basque.

At first, feeling Basque simply meant seeing a similarity of interest between themselves and a population that had been hostile to them when they arrived only a decade earlier. This commonality became more clear as both the workers and nationalist struggles were seen to pose a real threat to the Francoist state. On a deeper level, identifying as Basque resulted from participating in the political life of radical Basques. As more and more economic strikes included demands for amnesty for political prisoners or freedom for Euskadi, immigrants became involved in nationalist politics. In growing numbers, they attended nationalist demonstrations, and there they suffered police violence along with Basque ethnics. This created strong affective bonds which began to integrate friendship groups and their daily round in the bars, as well as dating relationships and marriages.¹ By 1968, Spanish surnames began to appear on the lists of those arrested for involvement with ETA (Bruni 1989: 94- 95).

By the early-1970s, the radical nationalist movement had built the basis for creating a unified working class that was Basque culturally, socially, and politically, regardless of traditional markers of ethnicity such as racial characteristics. With this broader definition of

Basqueness, the working class became particularly combative.

Labor Activism

The last years of the Franco regime saw intense labor conflicts throughout Spain. After more than three decades of dictatorship, the workers' movement emerged stronger than it was in other industrialized countries. Rates of affiliation with clandestine syndicates and activism were high, even though independent syndicates and strikes were still illegal (Albarracín 1987: 43-44).

Table 4.1: Labor Conflicts in Basque Provinces

	Labor Conflicts	Workers Involved	Total Hours
	1963-1974	1967-1974	1968-1974
Total in Spanish State:	9,061	2,706,542	49,350,211
% in Gipuzkoa:	18%	10.9%	15.2%
% in Bizkaia:	15%	15.9%	14.8%
% in Naparroa:	3.5%	2.8%	4.3%
% in Araba:	.5%	.7%	1.3%
Total in Basque Provinces:	37%	30.3%	35.6%

Source: Nuñez (1977: 189)

The Basque working class--of both immigrant and Basque origin--became notable for its militancy. From the mid-1960s

to the mid-1970s, 37 percent of all labor conflicts in the Spanish state occurred in the Basque provinces (Table 4.1.) This rate was disproportionately high compared to the percentage of the industrial work force employed there.

In Euskadi, labor strikes coincided with the 1971 trial in a military court in the city of Burgos of sixteen ETA members. The ETA members were found guilty of the killing, three years prior, of a police official, and they were condemned to death by execution. The Burgos trial was a critical juncture in Basque political life. For the first time since the Cold War, the international community took a stand against the brutalities of the regime. Jean Paul Sartre (1975), for example, wrote an essay supporting Basque people's right to self-determination and calling for the commutation of the death sentences. And, the arrest of so many ETA members at once and the prospect of their executions was also a profoundly mobilizing force among the Basque populace who had by that time embraced ETA. Many people attended demonstrations for the first time in their lives. The conjuncture of this political protest with already brewing labor activism made Euskadi into a hotbed for the next several years.

In Mondragón, several strikes would shape the experience of the local working class during this period. However, cooperateurs' experiences of these events differed

from the rest of the working class and would set them apart from their fellow workers.

The Labor Movement in Mondragón

Although syndicates other than the state-controlled vertical syndicate were illegal under Franco, they continued to function clandestinely. In Mondragón, the PNV-affiliated syndicate ELA-STV (ELA for short) organized a twenty-day strike in 1962 at Unión Cerrajera. The strike was waged over the first contract that vertical syndicates were permitted to negotiate with the association of business owners. Harrassed by management because of their participation in the strike, several workers left Unión Cerrajera and went to work in the coops. Some even founded cooperative firms (interviews with strikers).

A leading syndicalist in Mondragón marked the Unión Cerrajera strike as the moment at which cooperateurs left the labor movement. Although a handful of individuals affiliated over the years (in 1989, each syndicate counted several coop members among their ranks) as a group, cooperateurs were never to be active in it again. Another syndicalist told me that many early cooperative members were affiliates of ELA, but after several years in the coops they let their memberships lapse. The syndicate was irreparably weakened when they left.² Furthermore, cooperateurs ceased to be part of any labor organization that could connect them

collectively to the struggles that were to follow.

Cooperativist ideology may have been based officially on solidarity between cooperative workers and the rest of the working class, and Father Arizmendiarrieta may have written on the topic, but cooperateurs' actual record of solidarity was uneven.

The decline of ELA in Mondragón left a vacuum that was filled by young people who founded Comisiones Obreras (CCOO) in 1966. By the late-1960s, a small group of workers comprising CCOO met regularly, often in the secrecy and safety of the mountains. One of their first efforts was a walkout in the Aranzabal factory (IFAM) in 1973, when 135 employees went on strike over salaries. After the first day of the strike, workers were locked out, and those who succeeded in entering were forcibly removed by the Civil Guard. CCOO of Mondragón called upon workers in other firms to express their solidarity with the IFAM strikers. In a leaflet written by CCOO, it was noted that over several days in three different factories, there were five work stoppages of an hour or so. From 800 to 1,000 workers took part in these actions.

This was the first cross-factory strike in Mondragón's history. Greenwood and González, et al. (1989: 75) report that in 1973, 264 cooperative workers stopped work for an hour in solidarity with strikers in a local private firm (presumably IFAM). While this is an indication that some

cooperateurs felt an allegiance with other workers--a small minority to be sure--it is also the case that no single cooperative respected the strike by ceasing production. This was not how the strike was carried out in private firms, where work stoppages were complete.³ In 1976, during a strike in the Gamei factory, cooperateurs continued to work while others of their class struck.⁴

The Ulgor Strike

In 1974, however, there was a walkout in Ulgor, the largest of the Mondragón cooperatives where refrigerators and stoves were manufactured. The walkout spread quickly to the neighboring cooperative Fagor Electronica which produced electronic components. Although it lasted only a couple of days, the strike deeply affected the town of Mondragón.

Gutiérrez-Johnson and Whyte (1978) and Whyte and Whyte (1988: 91-103) chronicled the strike. According to them, a leading cause was the rapid growth of Ulgor, which had expanded in a few years to a membership of 3,500. Newly hired workers, both ethnic Basque and Spanish immigrants, were not properly assimilated into the cooperative because they were not given proper ideological training about the meaning of cooperativism. Moreover, the sheer size of the cooperative meant that the face-to-face relations, which were believed to make for better labor-management understanding, had been compromised. In this tense

atmosphere, management in the major industrial cooperatives announced that new ratings would be assigned to jobs throughout the plant.

As I explained in Chapter One, in the cooperatives, anticipios, or anticipated share of earnings, are paid as if they were monthly salaries. Anticipios are based on the rating assigned to each job. At the time of the strike, all jobs from the assembly line to top management ranged in rating from one to three depending upon training and expertise required for the post, the level of responsibility involved, and job hazards. The project to re-evaluate job grades and, therefore, to redistribute earnings was initiated by managers who were concerned that engineering and managerial jobs had taken on increasing importance over the years but had not been reassessed in relation to assembly jobs. They appointed an evaluation committee to review all jobs in the plant. The committee recommended an increase in rates for engineers and a decrease for some assembly positions. Additionally, a merit system was introduced whereby individual performance, such as output, quality of work, and initiative could increase the rating by .15. Supervisors were given the power to evaluate workers and to recommend them or not for merit points (Gutiérrez-Johnson and Whyte 1978; Whyte and Whyte 1988: 91-102).

Of the five cooperatives affected by the

reorganization, it was in Ulgor where the most jobs were downgraded; 22 percent of the job classifications there were lowered. Individuals with complaints about their classifications were entitled to a review; more than 1,000 petitions were submitted in the five plants, and the committee changed over 200 ratings (Whyte and Whyte 1988: 95-96). What was not subject to review, however, was the standards used to evaluate the jobs.

The conflict began when a group of protestors demanded to meet with the governing council of Ulgor. This body refused since the bylaws of the cooperative required that complaints be presented through the social council. The social council, in turn, was supposed to request a meeting with the governing council. Even though some of the protesters were themselves members of the social council, they were convinced that it was an ineffective organ, and they insisted on meeting with the governing council as an independent body. They were turned away (Gutiérrez-Johnson and Whyte 1982; Whyte and Whyte 1988: 91-102).

I interviewed some of the workers involved in these events. They viewed the project to change the evaluation system as an effort to "professionalize" the cooperatives by esteeming mental work more highly than manual work. They envisioned this as a shift in class relations in the cooperatives. Furthermore, the evaluation committee was appointed by management and composed of engineering and

managerial personnel; thus, they argued, the review process was infused from the onset with a technical bias.

They were further frustrated by limitations imposed on the social council. The council was charged with representing individual workers who felt that their job ratings were unfair, but it was not permitted to question the concepts behind the evaluations. Concretely, strike organizers wanted job monotony to be weighed in the rating of a job, thereby increasing pay for manual work. They also wanted to introduce controls over the supervisors' discretionary role in rating individual workers. When the governing council of Ulgor refused to meet with a group of discontented workers, these workers organized a strike.

They walked through the Ulgor plant encouraging their colleagues to abandon their jobs. Several hundred left and headed for the street alongside the factory where they blocked traffic. At this point, they were joined by workers from Fagor Electrónica who could see the events from their factory. Approximately 700 workers from both plants gathered in the street. Managers then locked them out. Inside the factories, managers moved throughout the plants trying to convince non-striking cooperateurs that the others were out to destroy the cooperatives. Managers organized non-striking workers to form a picket line to prevent strikers from entering the factories. The picket-line lasted for the entire day. Strikers were not allowed into their factories

either to get water or to pick up their lunches which they had left behind (interviews with strikers).

When strikers returned to work the next day, they found themselves locked out. They had planned to decide among themselves whether or not to continue the job action, but they were warned by management that they would be fired unless they returned to work immediately. Most returned to work (interviews with strikers).⁵ The strike lasted only one day and never fully stopped production. Since internal strikes were forbidden by a 1971 coop bylaw, the governing council was free to sanction those who walked out. Twenty four leaders from both plants were fired.

Implications of the Ulgor Strike

Jerry Lembcke writes that "big strikes" have a tendency to insinuate themselves into the very fabric of community relations (Lembcke 1991-1992: 425). The Ulgor walk out was just such a big strike. One reason was the firings. The coop members who were fired were notified in the last days of June, but the firings were provisional, pending the vote of the general assembly of Ulgor which was not to convene until November. According to one of my informants, in the intervening months, cooperative managers held "informative chats" in the factory to influence the way in which people thought about the issue. Managers also went to the bars, including bars they did not normally frequent, to talk

informally about the incident; strikers too went to the bars to tell their side of the story.

The social life of the bars became a battleground for the strike, and in this way it became a very divisive event in Mondragón and throughout Euskadi. Even the Church commented on the social upheaval caused by the conflict. The Secretary of Social Affairs of the Diocese of Gipuzkoa wrote a thirteen-page essay in response to the strike. He began by noting the strain on town life: "Mondragón is living through conflictive days, the consequences of which are being felt by individuals, families, and groups."⁶

Nevertheless, when the general assembly of Ulgor met in November, it voted to uphold the firings. One of my informants who was not involved but was sympathetic to the strikers told me that the general assembly vote to fire the cooperateurs was a tragic moment for Mondragón. To him, it was a dramatic expression of the lack of solidarity between co-workers in the cooperatives. In the many illegal strikes taking place in private factories at the time, the first demand of striking workers was always readmission of workers who were typically fired when they initiated a strike. Yet in Ulgor, workers themselves voted to dismiss their colleagues.

About two-thirds of those fired were women. According to Morrison (1991: 180), women played an important leadership role because they worked at the lowest skilled,

lowest paying jobs and were most directly affected by the technological bias of the new job ratings. Moreover, I learned from my informants, that many of the women strikers had participated in a clandestine course in Marxism given by an economist who lived for a short time in Mondragón. Participants in this study circle developed the theoretical tools for analyzing what they believed was the growth of a privileged and powerful class of technocrats in the coops. Some of them went on to join Movimiento Comunista de España (MCE), the Maoist-influenced party that had earlier been a faction of ETA; thus, they were branded *españolista*.⁷ Women also made up the vast majority (72 percent) of the group of 264 cooperateurs who joined the 1973 work stoppage in solidarity with the IFAM strike (Greenwood and González, et al. 1989: 76). This relative activism of women versus men is an important area for future research.

The strikers believed that they were blacklisted throughout Euskadi, a claim the Church seemed to confirm.⁸ They found it nearly impossible to get jobs, even in distant towns, and were forced to take the hardest and lowest paying positions, a situation exacerbated by the general discrimination that women faced in the labor market. One woman worked cleaning fish in a port town, one in a small factory unloading trucks, and many worked illegally, caring for children. This situation continued for three and a half years and became a scandal.

After the death of Franco in 1975 workers and newly-legalized syndicates fought for a general labor amnesty which they won two years later. All firms that had fired employees under Franco's anti-strike law were required to give them their jobs back, a concession the post-dictatorship government considered an essential feature of a new, democratic Spain. Not having applied Franco's anti-strike law but its own bylaw, Ulgor did not have to readmit the workers. To some, the coops began to appear worse than privately-held firms which were willing to conform to the formalities of a democratic transition by rehiring workers. To others, including ETA-V and many local radical nationalists, the firings were just. Eventually, a campaign was launched for the rehiring of the Ulgor workers; they were finally readmitted in 1978.⁹

The fact that bitterness was so deeply felt, so widely spread, and so persistent is an indication that there was something much more at stake than a labor conflict. Indeed, just below the surface of the Ulgor strike were the splits in ETA and the struggle over the nature of the radical nationalist movement.

ETA and the Ulgor Strike

Though some authors note the political atmosphere in which the strike at Ulgor unfolded (Whyte and Whyte 1988: 91-93; Morrison 1991: 149), no serious consideration of the

political dimensions of the conflict is undertaken in the literature on the cooperatives. Nonetheless, Basque nationalist politics were central to the conflict.

As I noted above, some managers reportedly accused the strikers of wanting to smash the cooperative system. They also called them "communists" and "pro-Spanish," despite the fact that most were born locally and had Basque parents, and charged them with "not loving Euskadi." This language was taken directly from factionalist name-calling in ETA¹⁰ (and reflected political claims to ethnicity, and their manipulation, rather than actual place of origin). The strike pitted cooperateurs against each other on the question that was plaguing ETA: What is the relation of working class concerns to a nationalist movement? The Ulgor strike, like the issue of cooperativism in general, was a canvas for this debate. When radical nationalists gained enough control over the Basque social world in the 1960s to delegitimize the monopoly which the political conservatives' held over Basque identity, they also labeled "ultra-leftists" non-Basque.

As splits in ETA became increasingly divisive, Maoists and Trotskyists who renounced Basque nationalism were branded *españolista*, pro-Spanish, regardless of their ethnicity. Cooperative managers, some of whom were publicly known to be supporters of ETA-V and many of whom were PNV-style nationalists, were able to draw on this

politicized notion of ethnicity to label the strikers, many of whom were Maoists, as anti-Basque. Managers were able to delegitimize the strike to cooperative workers, both Basque and Spanish immigrant, not so much because the demands were unimportant, but because the politics were not correct.

From 1971 to 1975, several criticisms of the cooperatives were published. They came from all factions of ETA except the historic ETA which maintained its support for the cooperative system. I collected leaflets and articles written during this period from townspeople who had participated in the factional debates and saved the documents over the years. These texts are important sources of data not only because they enable me to reconstruct the debates over cooperativism that led to the Ulgor strike but because they were read and discussed by townspeople who were beginning to reexamine the cooperatives.

As I discussed in the previous chapter, the first attack on the cooperatives was written in 1965 for Zutik, but was not published because the ETA of 1965, just as the ETA that survived after 1974, did not consider a criticism of the cooperatives to be appropriate for a cross-class, nationalist movement. However, when the various leftist factions split from ETA, they began to publish and distribute their critiques.

In 1971, the Maoist ETA-berri published a copy of the newly instituted cooperative bylaw against internal strikes,

asking sarcastically which was more despotic, the fascist government which outlawed strikes, or coop managers, who likewise forbade them. ETA-berri called upon coop workers to reflect upon an appropriate plan of action for organizing themselves.¹¹

A few months later, the group wrote an analysis of the cooperatives, arguing that in a capitalist mode of production, there was no possibility for cooperation between labor and management. They reasoned that the increasing integration of the cooperatives into the world market obliges coops to increase the number of hired laborers, making worker-owners an "aristocracy within the factory." The market also required cooperateurs to "produce according to profit motives rather than principles of social necessity and to reduce wages while work pace increases." They referred as well to a recent survey in which 35 percent of coop workers complained about the increasing pace of work.

In this market-driven environment, they argued, the possibility of self-management is taken from the workers and surrendered to a "new technocratic class." All of this, they concluded, is packaged in a cooperateur ideology of paternalism making it all the more difficult to fight.¹² Azurmendi (1984: 617-619) cites another document distributed that same year; he attributes the authorship to ETA-VI. Entitled "An Analysis of the Cooperative Movement in Euskadi," the document raised the questions: What is

cooperativism? And why is it concentrated in Euskadi? It answered, that cooperativism is an effort by the state to defeat the working class of Euskadi.

In 1972, a three-page document entitled "What is happening in Mondragón?" charged the cooperatives of taking over the social life of Mondragón--work, sports, education, and the town hall. While the authors did not draw on Gramsci (and likely did not know his work) their argument parallels his discussion (1971) of the way in which corporations organized "appropriate" leisure activities for workers who were encouraged to give up their old forms of socializing and attend activities that were planned for them. In Pittsfield, Massachusetts, for example, General Electric founded an athletic association for the community (Nash 1989: 319). Applying this analysis, the leaflet emerges as a document that accuses the coops of stifling working class cultural and social forms in favor of their own institutions. The pamphlet further claimed that the coops had created in Mondragón an island of peace and collaboration with the Franco regime (Azurmendi 1984: 624).

In 1973, ETA-VI printed "Un Caso Particular: Las Cooperativas." The article laid out a plan for political action in the cooperatives, calling for grassroots groups to be organized and to replace the social council, to struggle against management and to ally with workers in other firms. The document further demanded the right to instigate

internal, economic strikes in the coops, and to permanently fix the job differential at 1:3.¹³

In 1975, ETA (p-m) criticized the social council, writing that members of this body were apathetic, and it accused the general assembly of similar disinterest. The document charged that in meetings of the general assembly when the membership reviewed annual business plans and made other key decisions, rank and file cooperateurs had no consciousness of what they were voting for and simply rubber-stamped management's proposals. Moreover, ETA (p-m) argued that managers had real property in the coops while workers had only juridical property without corresponding powers. It also charged that work rhythms were faster in the coops than in other firms, cooperateurs worked an enormous number of extra hours, and their dehumanized work environment made them apathetic.¹⁴

In sum, the leftist factions of ETA observed that cooperative workers were isolated from the rest of the local working class and from the labor movement. They also charged that as the regional economy became increasingly competitive, the cooperatives became more and more like private firms; thus, cooperateurs were subject to the same kind of exploitation as non-coop workers. This critique became more forceful as the 1973 crisis impacted Spain, Euskadi, and the local cooperative economy. It is probably not coincidental that the Ulgor strike occurred over the

issue of salaries, since, after accounting for the high rate of inflation after 1973, workers in Spain had not received a real increase in their wages since 1972 (Albarracín 1987: 50-51). Another criticism was that democratic organs in the cooperatives, especially the social council, were ineffective and unable to represent workers. Finally, cooperative management was accused of being paternalistic and of using the ideology of cooperativism to exploit workers.

The only faction within ETA not to criticize the coop was ETA-V, the historic ETA (Azurmendi 1984: 625). To the contrary, ETA-V published an article in 1975 condemning the Ulgor strike, because the localism of the cooperatives counteracted the decapitalization of Euskadi, the centralizing nature of the Spanish state, and monopoly capital in general. ETA-V even applauded the solidarity of coop workers with managers in upholding the firings of the strike leaders whom they perceived as agitators. To ETA-V the coops represented the economic autonomy of Euskadi and the kind of cross-class, nationalist project they supported. Indeed, there were some ETA members and radical nationalists in high positions in the cooperatives (for example, Txomin Iturbe, the long-time leader of ETA's military wing founded one of the smaller coops), and they would have held a managerial rather than workers' perspective.

However, the article also implied that ETA-V understood

that stratification in the cooperatives, and the effects of the cooperatives on Mondragón's working class were more complicated. The article ended with a promise that ETA-V members would "devote themselves to a more profound study of the cooperatives in recognition of the great political importance of the Mondragón system for Euskadi." It called upon all of the "Basque socialists, patriots" to analyze the cooperative phenomenon closely.¹⁵ In actuality, those in the orbit of ETA did not undertake this analysis and remained silent on the issue of the cooperatives until a decade and a half had passed.

Over the next few years, those in the orbit of ETA-V founded several socialist-oriented groups and parties to address the issue of linking political organization with military action and to create a socialist organization that would fit a nationalist struggle. In 1974, ETA-V confronted head-on the problem of the organization and struggle of workers within the nationalist movement by promoting the founding of the syndicate LAB (see Bruni 1989 and Clark 1984). In 1976, the Basque Socialist Coordinating Committee, Koordinadora Abertzlae Sozialista (KAS) was formed and two years later, Herri Batasuna was founded to bring radical nationalism into the electoral arena (Bruni 1989: 289-294).

Many of the specific critiques of the various factions of ETA rang true to the average coop worker, especially those regarding work pace, lack of faith in the social

council, and apathy among coop workers. The charge that the cooperatives were degenerating under the requirement of competing in a capitalist economy were true enough even if their political conclusions--that the coops were no better than fascism or that coops only served to fool the working class--were not accepted by most townspeople. There was also palpable apathy among workers.

ETA's reluctance to criticize the cooperatives meant that they ignored these concerns. Later, the syndicate LAB found itself in a similar bind. Like ETA, LAB had a handful of affiliates who were managers or engineers in the cooperatives; this reflected its dual character as a nationalist and working class organization, and contributed to its popular appeal, but it also made its position in the cooperatives complicated, since it had to balance information and analyses from both management and shop floor sources. As the situation in the cooperatives deteriorated throughout the late-1970s and into the 1980s, LAB repeatedly argued that the coops were not as bad as private firms: at least coop jobs were secure. However, as we will see in the next chapter, this response was inadequate to the lived experience of the cooperative workers and the town.

Conclusions

In analyzing the local-level structure of Basque nationalism in the town of Elgeta under the Franco regime,

Heiberg shows that Basque nationalists built a parallel universe to the official one organized by the regime. The elements of this universe were ikastolas, Basque fiestas, cultural revival, and the cooperatives of the Mondragón system. Elgeta's cooperative furniture factory Dormicoop was part of what Heiberg calls the Basque moral community--the world that was popularly seen as challenging the anti-Basque, pro-Spanish world. She further claims that when the radical nationalist movement was consolidated in Elgeta in the 1970s, it took Dormicoop with it (1989: 223-225).

The Mondragón cooperatives had always looked to Basque nationalism for their political inspiration and ideological cohesion. Whereas the Mondragón cooperatives had openly propounded their cooperativist philosophy to the socios (members) of Dormicoop by 1975, the nationalist view of the cooperative movement was absorbed rapidly into the ideas the pueblo held concerning Dormicoop. Cooperativism was the Basque nationalist mode of production (Heiberg 1989: 225).

The role that nationalist politics played in the Ulgor strike supports Heiberg's argument. Managers were able to draw on the charge that the cooperatives fit within the Basque moral order and therefore to challenge them was pro-Spanish. However, as I noted above, Heiberg does not distinguish between nationalisms, since she believes that the continuities between traditional and radical forms of the nationalist position are more significant than their differences.

To accept the cooperatives into the Basque world was a complicated position for the radical nationalists. As

socialists, they were committed to the class question in a way that PNV was not. Their silence on the coops was a compromise--the consequence of the cross-class nature of their constituency and the significance of the cooperative system to any concept of an economically sovereign Euskadi. This may not have been a problem in Elgeta, but this silence had serious implications for Mondragón's working class, a full 50 percent of whom were cooperateurs.

After the strike, cooperateurs began to earn the reputation of not expressing solidarity with the rest of Mondragón's working class, and they were seen as increasingly isolated in their own privileged work world. While this did not translate into social isolation--cuadrillas were mixed, cooperateurs frequented the same bars as other workers, and many families had members who were both cooperateurs and employees of private firms--cooperateurs were less and less interested in labor causes. The Church expressed concern over this issues. In his essay "Conflictos en el Movimiento Cooperativo," the Secretary of Social Affairs of the Diocese wrote that cooperateurs had grown egotistical and had become estranged from their fellow workers. He urged them to become more involved in the labor movement.

When the economic crisis became serious in the 1980s, coop workers were ill-equipped to respond. They lacked internal organizations and alliances with outside syndicates

that would have built a strong rank-and-file to confront the problems of automation, flexible work schedules, the hiring of contract laborers, and increased work pace that would come to characterize their work lives in this decade. Furthermore, LAB was weaker in Mondragón than it was in other similarly industrialized towns; similarly, the militants of Herri Batasuna were less involved in Mondragón's labor movement than they were in other working class towns of Euskadi. That is, the radical nationalist movement was weak on labor issues, a situation that was a striking reversal from the Mondragón of the early to mid-century when workers were more likely to be socialistic than their neighbors in nearby towns. The political implications of the cooperative experience on the town of Mondragón is the subject of the two succeeding chapters.

Chapter Notes

1. My argument is based predominantly on informal discussions with ethnic and non-ethnic Basques. The fact that Spanish immigrants share a Basque identity is widely recognized by Basque scholars, but to my knowledge there has been no study of the process by which this first occurred or is currently reproduced. This is an important and interesting area for future research which would need to look at various aspects of social life, including dating and marriage patterns and housing. It would also have to include the perspectives of those who never felt Basque.

2. The effects of the formation of the cooperatives on ELA-STV is noted in Arrasate Langile, Mondragón Obrera, a monthly pamphlet produced by Mondragón's CCOO. After the Civil War, ELA-STV remained active for several years until, as the article states, "the most dynamic sectors entered the cooperatives, and [ELA-STV] ceased to function as a syndical organization" (Arrasate Langile, October 1976: 3, archives of Mondragón's CCOO).

3. The events of the IFAM strike are recounted in a leaflet entitled "A Todos los Trabajadores" signed by "Grupos de base unidos" (CCOO archives.)

4. Several leaflets were produced during the Gamei strike, by the strikers themselves, by workers in Unión Cerrajera, and by CCOO. Of particular significance was an article published in Zutik, no. 79, 23 January 1976. At the time, Zutik was under the editorial control of the Trotskyist faction of ETA. The article notes that "the behavior of the cooperateurs requires special comment." It claims that during the strike, coop managers publicly opposed the struggle and accused the strike of being fomented by "communists". The article charges that this had the effect of breaking solidarity with strikers and was aimed at dividing the working class between cooperateurs and workers in private firms.

5. These aspects of the strike were also described by J. Dopazo and M. Múgica in an article entitled "Adonde Van las Cooperativas?", Cuadernos para el Diálogo, October, 1974, pp. 16- 17. A copy of the article is held in the library at Ikasbide, the cooperative's training center located in Aretxabaleta.

6. The Secretary of Social Affairs undertook a thorough analysis of the effects of cooperatives on the population, the tendency of the cooperative form to degenerate under capitalism, and the growing isolation of cooperateurs from the rest of the working class. Part of the essay is

reproduced in part in Azurmendi (1984: 394-368). The full document can be found at the library at Ikasbide.

7. I interviewed the leader of this study group in his home in Barcelona. The group met clandestinely in apartments in Mondragón where they learned the basic concepts of Marxism. Strike leaders whom I interviewed credited the study group with giving them the tools of class analysis with which to better understand the inequalities in the cooperatives.

8. "Conflictos en el Movimiento Cooperativo" alluded to the blacklist:

Finally, we cannot conclude without proclaiming the right to work of those who were fired and [by condemning] any action that might impede their ability to get a new job in certain geographic areas.

9. The debate about the readmission of the cooperateurs was carried on in the MKE controlled magazine Zer Egin? in an article entitled "Mondragón: La Amnistia no llega a las Cooperativas" and in a leaflet produced by ETA (VI) entitled "Readmisión de los Despedidos de las Cooperativas" (private archives).

10. Azurmendi (1984: 614-645) summarizes the factional splits as they are relevant to the Mondragón cooperatives; he has also reproduced some important documents pertaining to ETA's position on the cooperatives.

11. Reprinted in the collected papers of ETA, Documentos Y, Volume 11: 329.

12. Originally published in Berriak, number 7, June 1971: 5-6. (A reprint can be found in Documentos Y for that date).

13. Zutik, number 55, March 1973: 41-45. (A reprint can be found in Documentos Y for that date).

14. Documentos Y, Volume XVII: 4.

15. ETA V's analysis was published in Zutik (August 1975: 20-21). This was the same magazine that rejected the first criticism of the cooperatives in 1966. When ETA was controlled by the Trotskyist ETA VI, Zutik published an attack on the cooperatives (March 1973: 41-45).

Chapter Five

COMPARING A COOPERATIVE AND A PRIVATE FIRM

In the coops, we should have more rights. It is written that we should have more human rights! But instead it seems we have fewer.

(a cooperative worker angry over the introduction of computerized machine tools in Fagor).

Introduction

Every year, Mondragón receives social tourists from all over the world who have read books, scholarly articles, and newspaper accounts of the cooperatives. These visitors expect to find that working conditions in cooperative factories will be better than those in private firms, that cooperateurs will be actively involved in running their factories, and that cooperateurs will be happier in their jobs than workers in private firms. A standard tour, such as the one given to members of the World Sociology Congress in 1990 which I attended, includes a trip to the headquarters of the cooperative bank, the research and development center, the Professional and Polytechnical school, and the show-case refrigerator factory.

Tourists typically stay in a hotel outside of town and take their meals at Ikasbide, the management training center which hosts the system's many guests. During their stay, visitors see little of town life and interact mainly with

managers whose job it is to represent the cooperatives to outsiders. Not surprisingly, then, social tourists are offered a rather normative view of the cooperatives which tends to confirm their expectations about labor relations.¹

When I first arrived in Mondragón in 1987 to undertake pre-dissertation fieldwork, I had many of these same expectations, but I was soon presented with a different reality. While looking for a pensión, I met some young people who took me into their home for the duration of my stay. When I told them I had come to study the cooperatives, they invited Begoña, the sister of one of their housemates, to join us for dinner one evening. Now in her early thirties, Begoña had been a member of one of the Fagor coops since she was eighteen. She worked on an assembly line. When we met over dinner, she told me that she felt exploited at work. The fact that she shared ownership of the firm meant nothing to her. She said she felt "apathetic" and only went to the annual meetings of the general assembly because "it was required of her."

Had I gotten the sense that Begoña was alone in her feelings, I would not have taken her complaints so seriously. However, she continually spoke for her fellow workers, indicating that her experiences were common. Furthermore, all of those at dinner had lived their entire lives among cooperateurs and did not seem surprised by what she said. To the contrary, they offered anecdotal evidence

of instances of unfair labor practices, workers' apathy, and poor working conditions which they had heard from friends and relatives who worked in the cooperatives.

Begoña's words stayed with me as I prepared my dissertation proposal. I decided that it was important to evaluate the Mondragón cooperatives from the point of view of those who worked on the shop floor, as well as local syndicalists and political activists, and I determined that a good way to do this was to compare a cooperative and a private firm.

In this chapter, I present the results of such a comparison. I consider whether cooperative democracy better represents workers than standard antagonistic labor relations by comparing the cooperative social council with the workers' council in private firms. I also discuss instances in which cooperative social councils failed to adequately represent workers, and I show that the existence of work place democracy and participation in management does not guarantee that workers fare better. In the next sections, I analyze two firms, the cooperative Fagor Clima and the privately-held Mayc, S.A.. It is my intention to portray working conditions in each factory, to convey what workers themselves think and feel about their work places, and to describe some of the effects each firm has on the political experiences and consciousness of its respective work forces.

Methodology

"How does the quality and extent of worker participation in the Mondragón cooperatives compare with the prevailing situation in private industry in Spain?" Whyte and Whyte (1988: 209) raise this key question, but they note that there have been no large-scale surveys that would provide the necessary data to answer it. Though the literature on the Mondragón system asserts that cooperatives are better for workers than private firms, neither a broad survey nor an empirical and ethnographic comparison of two firms has been carried out (Greenwood and González et al. 1989: 54).

One comparative study was conducted by Bradley and Gelb (1983) who surveyed 1080 members of 15 cooperatives, using 280 workers in two private firms as a control group. Their intention was to test the hypothesis that identification with the firm increased productivity in the Mondragón cooperatives. They questioned cooperative and non-cooperative workers about their perceptions of their work places and found that cooperateurs felt significantly less inhibited in voicing their opinions and grievances than did respondents from private firms, an observation which other researchers have made (e.g. Greenwood and González et al. 1989: 119-150). They also found that cooperateurs perceived considerably less social division between workers and managers. Finally, they reported that an overwhelming

majority of cooperateurs (75%) did not support a "large" role for trade unions in the cooperatives (1983: 40-56).

Bradley and Gelb's study is, however, incomplete for several reasons. First, as the authors themselves note, they decided to conduct a survey rather than interviews because Basques are "reluctant to discuss sensitive points with outsiders" (1983: 90). After completing the survey, they did interview some managers, which undoubtedly provided them with more in-depth information, but this data privileged managers' points of view over workers. Moreover, it is important to use ample interviews and observation in conjunction with survey data. Whyte and Whyte turn to their own observations in U.S. firms (in particular, Xerox) which have implemented employee participation, as well as interviews and documentary evidence they collected in Mondragón. They conclude that cooperative workers are more fully involved in management than are American employees (1988: 209-211). U.S. firms are not, however, an ideal comparison. Rather, I envisioned a comparison with a local factory where the strength and weaknesses of the Basque labor movement would be reflected in working conditions and workers' experiences.

After touring over twenty cooperatively and privately-held factories in the area, I selected the cooperative Fagor Clima and the private firm Mayc for my study. I was concerned to find two firms that were roughly the same size,

with similar enough product lines and production processes so that they would also have similar job classifications and working conditions. Furthermore, both firms had to be fairly typical for the area. As Bradley and Gelb note (1983: 39) this task proved to be difficult, because few private firms matched the characteristics of one of the cooperatives.²

Unión Cerrajera was being decapitalized by its new owners who closed or relocated whole sections of the plant and laid off workers in the remaining sections. By 1989, the plant employed 688 workers, half the number it had eight years earlier. All indications were that more jobs would be lost in the coming year, and workers were fearful and demoralized. Such conditions would not make for a fair comparison. Other firms were too small to compare with a mid-sized cooperative, and still others had dissimilar product lines and production processes.

I also encountered a peculiar phenomenon in Mondragón. Two private firms adopted cooperative-like practices. These firms had weak workers' councils and there was a low rate of syndical affiliation among workers. The owner of one of these firms is known for making low interest loans to his employees on the occasions of their wedding or when they want to buy a car or apartment. Local gossip has it that these workers are later pressured into repaying the loan by working overtime and weekends, something that their contract prohibits. In this firm, no members of syndicates had been

elected to the workers' council, and only five out of a total eighty-three employees were affiliated with syndicates.

The owner of the second firm studied with Father Arizmendiarrieta, and he believed that his firm embodied the teachings of the priest as much as the cooperatives. Each year at Christmas, he distributed envelopes containing a share of the company's profits. The owner said that he learned from Father Arizmendiarrieta that personal relationships with workers were better than syndicalism; thus, he held meetings to keep employees apprised of business progress and future plans. While his workers have participated in solidarity strikes, they have never waged an internal strike.

Neither of these firms were suitable for my comparison because of their unusual records of labor peace, but they point to the effect that the cooperatives had on the local business climate, influencing some firms to mimic coop practices. These firms altered my perspective on the cooperatives since they fell between cooperatives and standard firms in their labor practices. I began to see coops not so much as a distinct business form, but as part of a continuum of business styles. Along that continuum were other firms that used management techniques as ideologies to generate cooperation between labor and management.

Thus, I extended my search outside of Mondragón to

neighboring Bergara. There I found Mayc, S.A., a mid-size top-loading washing machine manufacturer that was in the same domestic appliances sector as many of the Fagor cooperatives. The fact of Mayc's location was problematic, given the different political histories of Mondragón and Bergara. As I discussed in Chapter Two, prior to 1959, Mondragón was considered to be a more proletarian town than Bergara, and Mondragón is still reputed to be more working class in character than its neighbor. In recent years, however, these distinctions have not been manifest in significant differences in elections results. Furthermore, syndicate locals in Bergara have close ties with Mondragón since the central comarcal offices are located in Mondragón. Syndicalists I talked to believed that Mayc was the best choice I could make.³

Thus, I decided to compare Clima and Mayc. I compiled business histories and conducted several interviews with the members of Mayc's workers' council and representatives of Clima's social council. I toured Mayc on one occasion, in the company of the head of engineering and the head of the workers' council. I toured Clima several times, first with the personnel manager, later during periodic visits with two head engineers and the factory nurse.

In addition to interviewing managers several times, I interviewed workers in both plants. I also socialized with many of these same workers in local bars, and attended

demonstrations and rallies with some of them. I knew workers in several contexts and had opportunities to talk with them about their work lives, their perceptions, and their opinions in a variety of settings. I also met with syndicalists who were concerned with both the particular conditions in each plant and the overall status of the local labor movement. After about six months, I designed a survey to distribute in each firm, which focussed on workers' attitudes about their work places, the degree to which they felt represented by the social council or workers' council, their sense of identification with their firms, and their class identifications. I involved managers and workers in writing the questions, discussed the results of the survey with them, and incorporated their comments into a report I presented while I still lived in Mondragón.

The Social Council and the Workers' Council

In Chapter One, I outlined the committees that plan and manage production, sales, and personnel in cooperative factories: the governing council is an elected body which functions like a board of directors; the manager is appointed by the governing council to oversee daily operations; the managing council oversees and advises the manager; and the general assembly is constituted by the entire membership of the cooperative and convenes once a year to ratify business plans and policy. All of these

organs draw cooperateurs into decision making and management as co-owners of the cooperative. The social council is the only body that convenes cooperateurs as workers (Greenwood and González et al. 1989: 68; Whyte and Whyte 1988: 213). The role of the social council, like the workers' council in a private firm, is to represent workers to management.

Typically, one representative is elected for each section of the plant, including the engineering and management offices; thus, the social council represents the interests of both production workers and managers. This is also the case in private firms, where low- and mid-level managers are represented by the workers' council.

The social council was introduced in Ulgor in 1957. It was modeled on the jurados de empresas, factory councils under the control of the vertical syndicates, which were formed during the Franco dictatorship. The 1947 decree that constituted the factory councils charged them with helping management to improve production, reduce waste, and increase efficiency; ensuring that management complied with all social legislation; advising on issues of physical, moral, cultural and social betterment of workers, including professional training; being informed on production figures, supplies, and deliveries; and keeping abreast of bonuses, piecework, and contracts, making sure that they are handled and paid correctly (translated from Larrañaga 1986: 11- 13).

Factory councils had a contradictory character. On the

one hand, they were intended to protect workers, even if their scope was limited to pay and safety. On the other hand, they were to assist management in running the factory. The cooperative social council inherited this contradiction. Even after Franco's death when independent syndicates and workers' councils were legalized, the cooperative social council still retained its dual character. The social council is both the workers' voice of opposition to management and an extension of management on the shop floor. Today, the powers and responsibilities of the social council include the following:

- improving decision-making by integrating, or at least taking into consideration, different points of view regarding business objectives and plans
- examining business plans and contributing proposals
- analyzing and proposing changes in cooperative rules and norms
- participating in studies and proposing alternatives regarding the organization of work and labor relations
- preventing accidents and monitoring health and safety
- monitoring social security and health benefits
- participating in annual evaluations of pay rates
- keeping workers informed of management projects and decisions of a daily nature as well as annual business plans, proposals for new products, and the economic condition of the cooperative
- Informing workers regarding the activities of the social council and disseminating information on the mechanisms for participation
- maintaining an open dialogue with all members so that they can raise questions, proposals, and inquietudes, and facilitating the flow of this information back to management

- analyzing the objectives and methods for improving labor relations
- evaluating the system of information flow from managers to workers and vice versa
- deciding to submit to a vote of the general assembly whether or not workers will participate in solidarity strikes
- establishing subcommittees and study committees, and developing a list of candidates for the management council (translated from Larrañaga 1986: 19-25).

Like the social council, the workers' council in a private firm is also elected to represent workers to management, yet its nature and scope is different. Spanish labor legislation drafted in 1988, gives the workers' council the rights and responsibilities to:

- receive information trimesterly on production figures, sales, production plans, and future employment projections
- be informed of the firms's finances, including accounts and shareholders
- inform workers of any plans that the company has regarding restructuring the plant, layoffs, training programs, changes in work organization, new quality control systems, time-motion studies, productivity-linked bonuses, or job ratings
- transmit information on any change in ownership of the firm that might affect employment
- be familiar with labor contracts
- be informed of the penalties and sanctions applied to workers who break rules
- know the rate and causes of absenteeism, accidents, work-related illnesses and be familiar with studies regarding work environments
- actively ensure that the company abides by all regulations concerning social security, unemployment, and health and safety and take legal action when necessary

- participate in the management of social projects for the benefit of workers and their families
- collaborate with management to maintain and increase productivity, in accordance with the agreement made in the annual contract (Estatuto de Trabajadores 1988: 64-66).

Clearly, the workers' council is conceived as a body that challenges management. In an environment where labor and management are seen as adversaries, the workers' council is prevented from participating in decision making, which is management's prerogative. The cooperative social council, on the other hand, is designed for an environment in which workers and managers are assumed to share many of the same interests. In the event that something goes wrong, the council is supposed to defend workers, but the normative situation imagined is one of collaboration rather than conflict. For the most part, the social council is supposed to bring workers into management. Which is a better strategy for representing workers?

This question goes to the heart of current trends in labor-management relations in western Europe, the United States and Japan. Advocates of a "cooperative" approach suggest that workers, along with owners, benefit when unions adopt less confrontational tactics. Similarly, advocates of the Mondragón model suppose that since workers have the right to participate in the management of their firms, they have better working conditions, are less alienated, and are generally more satisfied with their work lives. To evaluate these arguments, it is necessary to look beyond their

respective rights and examine the actual functioning and the real powers of the social and workers' councils (cf. Greenwood and González et al. 1989: 86).

The Powers of the Social Council and Workers' Council

An important difference between the social and workers' councils is the compensation time allotted to representatives. Spanish labor legislation establishes the number of paid hours delegates receive for council work. In a firm with less than 100 workers, the council members are given 15 hours; 20 hours in a firm with 100-250 workers; 30 hours for 251-500; 35 for 501-750; and 40 hours for larger firms (Estatuto de los Trabajadores 1988: 62-69).

Cooperative bylaws do not grant compensation time. Social council members have two meetings a month and are given about one hour a month to report to their section what transpired at those meetings. Beyond this, they have little time to study plans and prepare responses.

I interviewed members of social councils in several cooperatives, and they all felt that they simply did not have enough time to do their jobs adequately. One worker told me:

Management is paid to develop plans, and when they present them to us, they look very nice. We are supposed to present an alternative to these plans, but it is all we can do to criticize them. After work we have to spend our own time reading and analyzing the plan; it is all we can do to intelligently criticize them. We are in no position to actually prepare alternative plans.

This raises a second concern about the social council. Not only are they hampered in their efforts to ensure democracy by time limitations, but council representatives do not have the professional expertise they need to do the work they are charged with. Syndicates have staff lawyers, economists, and engineers who help workers' councils with the challenges of evaluating management proposals. The social council is not allowed to use these outside resources; in fact, it is an infringement of coop regulations to seek external professional help. Instead, they are supposed to rely on cooperative staff, but this is often impractical as these staff people prepared the plans in the first place, and council members do not trust them to revise their own projects. Social council members believe that lack of access to outside professionals hampered their efforts to exercise their democratic rights to manage their firms (see also Whyte and Whyte 1988: 216).

Greenwood and González et al. (1989: 95-150) conducted one of the most thorough studies to date of cooperateurs' opinions and perceptions of their system of participation. The authors are themselves a team of Fagor members, (unfortunately, overwhelmingly from the ranks of management [168-169]) who designed and carried out their own research with the assistance of the anthropologist Davydd Greenwood. They first distributed a questionnaire to a sample of Fagor members, then followed up the questionnaires with interviews

and later round-table discussions in which people from all job categories participated. During the discussions, an interesting contradiction emerged. Cooperateurs felt that they were inundated with technical information about accounts, business plans, and production, but they also believed that key information was being kept from them (145-149).

I think that a good deal of the frustration that workers feel about information (which may be expressed in their contradictory statements) can be attributed to their inability to make effective use of it. In private firms, where less information is shared, workers' councils seek the assistance of labor lawyers, engineers, and economists who are hired by the syndicates to interpret data and plans, and to analyze their effect on the work force. When social council members need help interpreting information, they are restricted to cooperative personnel, are unlikely to have manual workers' best interests at heart.⁴

Workers' apathy is another reason commonly given for the ineffectiveness of the social council. In 1981, the central offices of the Fagor group authorized a study of the social councils in individual factories. In Ederlan, a foundry located in three kilometers from Mondragón in the town of Aretxabaleta, a team made up of social council representatives found that the social council did not function as it was supposed to. Representatives did not

attend meetings, and even when they did, they were disinterested. This apathy is a well-known feature of cooperative life. It is part of the commentary one hears in local pubs when the subject of the cooperatives comes up. Usually, individuals are blamed. The social council requires a lot of commitment, people explain, and the strength of the council depends on its members. Unfortunately, workers are often uninterested in serving on the social council. Rather than voting for the person who they feel is most likely to fight for them, as is customary in private firms, they "vote for the new guy, the jerk who doesn't know any better and can't get out of it," as one cooperator told me.

The 1981 Ederlan report sparked controversy because it charged that the causes of apathy were not personal but structural. It argued that cooperative ideology was meant to convince workers that their work places were free from labor-management conflict; thus, workers became apathetic and willingly ceded power to technicians and managers. The report further claimed that while business plans were supposed to be discussed annually by the general assembly, in reality, workers simply rubber-stamped management plans without engaging in critical dialogue. Finally, in the context of the economic crisis, managers were increasingly seizing power, and decision-making was being progressively centralized. The document argues that the structures of democracy had to be changed in order for workers to truly

participate in their firm.⁵

The Ederlan team developed a plan for restructuring the social council and it designed several new positions including a social delegate (who would be concerned with health and safety, work organization, calendars, and with critiquing management business plans); and a factory council (which would keep workers informed about production issues).⁶ These recommendations were, however, not carried out.

These same issues surfaced in 1989 in Fagor Clima. In the spring of that year, the social council dissolved itself in protest of its limited powers to be involved in management decisions. Specifically, members of the social council wanted to change the process by which lower-level jobs were reassigned among workers in the plant. Jobs that became available were assigned by managers, but the social council believed that the positions should be posted on a community bulletin board and the selection process standardized, as they would be in any union shop in the United States or in local private firms. The management council rejected their proposal, promoting social council members to search for a cooperative bylaw which would allow them to disband.

They found a bylaw that required the social council to step down if the majority of workers signed a petition requesting their resignation. This norm was conceived as a

check on a social council that was not functioning properly; it was never conceived as a tool of protest for the social council itself. Interestingly, one of the most active representatives to the social council was also a leader of the 1974 strike in Ulgor. She told me that just like in 1974, managers told her fellow workers that she was a "trouble maker," a "communist," "pro-Spanish" (though she is ethnically Basque). This time, her co-workers, many of whom voted to fire her in 1974, were not persuaded and signed the petition. Social council members collected signatures from an overwhelming majority of their co-workers and dissolved the social council (interviews with informants).

Ironically, a few months after the social council in Clima disbanded over the issue of lack of participation, the workers' council in the privately-held Mayc struggled to extend its rights to be involved in managerial decisions. As in many other firms in this competitive sector, Mayc managers were seeking ways to increase output of top-loading washing machines. Mayc already produced 230,000 washing machines a year, but production plans called for an increase of 5,000. Consultants from the cooperative Fagor Systemas determined that a lack of space on one of the assembly lines made it impossible to meet the necessary quotas. They concluded that they would have to add a second shift, affecting the schedules of about 200 workers and creating jobs for temporary workers. As required by Spanish labor

law, Mayc management sent an official dispatch to the workers' council informing them of the proposed change.

In Spain, the workers' council is not permitted a voice in planning and cannot make recommendations about ways to change the design of the plant. The Mayc council, nevertheless, asked syndicate engineers to design a plan that would increase output without adding a shift. Their alternative plan increased the space available for production by adding tables alongside one section of the assembly line. Though they were not permitted to be involved in managerial planning, the workers' council representatives argued before the labor court that their intent was not to plan production but to protect work schedules, which was the domain of syndicates.

When I left the field, the two plans were still being considered by the labor court in Donosti, the provincial capital. I did not expect the workers' council to win; nonetheless, the fact that they gathered legal and engineering experts, doing work that was considered a managerial prerogative, was an important commentary on work place democracy. This example of workers' council activism shows that sometimes syndicates are equally (and sometimes more) involved in management than are social councils, despite the different juridical characters of these two bodies. This involvement can make a syndicalized work place de facto democratic even when they are not formally so.

However, just as the strength of the social council depends in part on the commitment of its members, it takes an activist workers' council to do what the workers' council did in Mayc. The representation of certain syndicates is crucial to the strength of a given shop, since all syndicates do not equally stand up to management. Ideology, political affiliation, under-the-table deals, and Spanish state-wide pacts all affect the character of local syndicates.

Perhaps, the most important factor influencing the local labor movement is the Pacto de Moncloa, signed between the major syndicates and the central Spanish government in 1978. The pact committed the syndicates to accept changes in labor law to liberalize firing procedures and to legalize temporary contracts. In return, leading syndicates and the parties with which they were affiliated--in particular, UGT and PSOE, and CCOO and the Spanish Communist Party (PCE)--were welcomed into the post-Franco parliamentary democracy. Ironically, these laws offered fewer protections to workers than did rigid labor law under Franco, which made it difficult to lay off workers or cut back work schedules in times of crisis. Thus, UGT and CCOO cooperated in instituting a more virulent form of capitalism in Spain (Albarracín 1987: 39-69).

In Euskadi, PNV has recently combined its forces with PSOE to govern in the Basque parliament. ELA, the syndicate

tied to PNV, thus behaves much like UGT. Both syndicates often approve annual contracts without a fight and oppose the activism of other syndicates in factories. For example, both opposed the efforts of Mayc's workers' council to redesign the assemble line; it was CCOO and LAB which led that fight in Mayc. In the area around Mondragón, CCOO maintained its autonomy from PCE. Instead, it developed in the 1960s, alongside ETA, but as the main branch of ETA evolved, ETA withdrew from CCOO and favored the syndicalism of LAB.

In towns like Mondragón where leftist factions of ETA were strong, Maoists and especially Trotskyists of the party Liga Komunista Iraultza (LKI), rather than PCE, took over the leadership of CCOO. Both CCOO and LAB therefore remain combative, and they both are strong in the Alto Deba, making for a rather forceful syndical presence in local factories. The strength of each syndicate in the comarca is reflected in election results for worker councils in all factories, small shops, and services (Table 5.1).

Table 5.1

Workers' council Elections, Alto Deba Comarca, 1986 and 1990

<u>Syndicate</u>	<u>% of Vote, 1986</u>	<u>% of Vote, 1990</u>
ELA-STV	44.18%	41.51%
CCOO	22.09%	20.56%
UGT	16.86%	14.53%
LAB	12.2%	21.1%
Independents/Others	4.64%	2.26%

While only about 15 percent of workers are affiliated with syndicates, most vote for a syndical rather than independent slate. A closer look at Mayc, where eight of seventeen members of the workers' council represent CCOO and LAB, and CCOO holds the presidency of the council, reveals how a workers' council can effect factory life.

Mayc, S.A.

Mayc was founded in 1941 by three families from Bergara. Over the years they sold small amounts of stock but retained majority ownership of the firm. When the owners found themselves in financial trouble in 1981, the Fagor group communicated its interest in buying the plant. The possibility of Mayc becoming a cooperative was discussed among workers. In 1989, I interviewed members of LKI who told me that workers voted against the sale. They explained that workers believed that cooperativization was not in their best interest, and they felt they would be better off in a private firm, protected by their syndicates. LAB members remembered the events differently. According to their version, the majority of workers favored the sale, "preferring to fall into the hands of the cooperatives than the hands of a multi-national." According to LAB, the owners of Mayc and the directors of Fagor--not the workers--decided against the sale. Whichever version of events one accepts,

the fact is that a formal offer of purchase was never made by Fagor.

The discrepancies in the stories are interesting because they follow the lines of the 1970s splits in ETA which I discussed in Chapter Four. LKI echoed the arguments of the leftist factions in ETA from which it evolved. LAB, like the historic ETA which was its source, favored cooperatives because Basque-owned capital was preferable to Spanish or foreign capital. The fact that the sale had been discussed among workers was important for my comparison because it meant that they had collectively considered the pros and cons of a cooperative firm over a private firm. I was able to draw upon this in my study of Mayc workers.

In 1992, the local owners of Mayc sold 64 percent of the shares to the Italian multi-national Candy. At the time of the sale, Mayc had eight percent of the Spanish washing machine market, with sales of 300,000 in 1991.⁷ In 1989, Mayc employed 612 people; by year's end in 1992, 129 jobs had been eliminated. This was precisely the situation LAB warned about regarding foreign-ownership.

Mayc manufactured its top-loading washing-machines under the brand name Ostein. It also produced under contract for a number of other companies including Fagor and Westinghouse, a common practice whereby companies simply put their own brand name on products manufactured by their competitors. In its early days of operation, Mayc produced

small motors. Later it manufactured washing machines (using in-house motors) and hot water heaters, using its own foundry to make its own parts. By spring 1989, Mayc was producing its last water heaters. In 1985, the state's industrial conversion plan, prepared for Spain's full entry into the European Community, concentrated water heaters in three firms throughout Spain. Fagor Clima would be one of three firms to receive credits and loans to modernize its plant. The Fagor group as a whole consolidated its status in the household appliance sector. Consequently, Clima was able to offer full cooperative membership to fifty people in 1991 while most factories in the area, including Mayc, reduced their work forces.

The 1985 plan allowed Mayc to apply for government credits of two billion pesetas to modernize its washing machine plant, on the condition that it cease production of other products. Mayc received the credits and began its reorganization in 1987. Most of the money was spent on automated machinery and on a plan to reduce the size of assembly lines; both were requirements for receiving state assistance. In 1989, Mayc had five short assembly lines and two long ones, one of which had 200 workers and operated on two shifts, the other of which had one shift and was the object of the syndicate-management conflict I discussed above.

The only production done at Mayc after the summer of

1989 was assembly of washing machines. This is a common trajectory for heavy manufacturing both in Euskadi and in other industrial centers (e.g. Nash 1989). Once, the hallmark of mass production was vertical integration, whereby a single factory made a product from start to finish, but vertical integration was largely defunct by the 1980s, when it was replaced with a system of sub-contracting smaller firms to produce pieces and do assembly work. This sub-contracting system is at the heart of the economic boom in central and northern Italy (Blim 1990; Enloe 1989) as well as Toyota's success (Keeney and Florida 1988).

The Work Force: In 1989, 612 people were employed at Mayc; 498 were manual workers, the rest were clerical staff, engineers and managers. The average age of employees was 42. One hundred and twenty-eight women were employed, only 21 percent of the labor force as compared with 32 percent in Clima. Ninety-eight women worked on the shop floor and most of the remaining thirty in clerical jobs. Only one woman was a manager. In the coops, most women employees also worked in low-skilled production jobs, but a handful hold engineering or managerial positions. While still unequally represented, this reflects the greater opportunities for employment and advancement for women in the cooperatives (see Hacker and Elcorobairutia 1987; Hacker 1989.)

The average salary for manual workers was \$130,000 pesetas per month with two yearly bonuses of \$130,000 each,

for a yearly wage of about 1,820,000 (about \$18,000.) This was an average wage for the area and provided workers with a comfortable standard of living. One wage earner in a family of four could afford a mortgage on an apartment (if it was purchased before the real estate boom of the late-1980s), a car, and an annual vacation for the family camping, perhaps, in a coastal town in the province of Galicia or in the Pyrenees mountains. On a more mundane level, this salary also bought nightly rounds of the bars and provided an allowance for older children who frequented bars on weekends with their friends.

Sixty-five to eighty workers were on short-term contracts--as much as thirteen percent of the total labor force worked without the promise of permanent employment. Legislation permitting temporary contracts was introduced in Spain in 1984. This followed six years of increasingly flexible use of labor, which began in 1978 when the major syndicates signed the Pacto de Moncloa (Albarracín 1987: 39-69). Often the children of long-time Mayc employees, temporary workers earned monthly salaries that were comparable to those of permanent workers, but the contracts lasted for short periods of time. One year was the maximum. Contract workers could not afford the lifestyle of permanent employees. Many managed to buy a car, were able to spend freely in bars and restaurants, and took vacations considered to be extravagant (for example, to New York or

South America.) However, they could not buy an apartment and begin an independent life outside of their parents' homes. This division between temporary and permanent workers manifested itself as a generational difference. Unlike their parents, young working class people did not create stable homes for themselves. Rather, for the most part, they spent their incomes on consumer goods and services.

Management Style: One of the things that struck me most about Mayc was the management style of the director of personnel, Gregorio Etxebarria. When I arrived for our first meeting, he asked me if I wanted coffee. I did, and he phoned his secretary who entered his office several minutes later with two cups of coffee atop serving tray. I usually took coffee in the cooperatives I visited, but there, the personnel manager always fetched the coffee himself. Later, when he wanted cigarettes, Etxebarria phoned his secretary again, and she brought a pack to his office. I had not seen such obvious indications of status inequalities in any of the cooperatives I visited.

Etxebarria described himself as a "very cold" manager. He came to Mayc after working in Germany at a General Motors/Opel plant where cooperative labor-management relations were promoted. The company had installed a 35,000 volume library for workers, which he claimed was never used; eventually, the library was donated to the town. Etxebarria considered the General Motors/Opel policy to be

paternalistic, and he objected to it. He believed instead that "a worker should earn a decent wage and be left alone to live his or her life outside of the factory." Mayc was run on the presumption that labor and management had different interests and, as a result, Etxebarria often found himself in the labor courts in San Sebastián over a grievance.

My initial contact with Mayc was made through José María Larrañaga of Ikasbide who helped me in many ways during my fieldwork, including arranging most of my factory visits. José María called Etxebarria and asked him to assist me.⁸ I also met members of Mayc's workers' council through my own syndicate contacts. After interviewing Etxebarria, I began my tour of the plant, accompanied by the head engineer. In a few minutes, the president of the workers' council, Juan López (from CCOO), found us. Unbeknownst to me, Juan had arranged with Etxebarria to be present during the tour so that he could give me "the workers' perspective of the plant," as he put it. He was supposed to have been notified when I was ready to see the factory, but this message was never conveyed by Etxebarria to the head engineer. Juan was angry and began to yell at the engineer, then he took off in search of Etxebarria. The engineer and I stayed put until the confusion was cleared up, which caused an argument between Juan and the personnel manager. Only then did I tour the plant, with a rather annoyed engineer,

and the president of the workers' council.

After this incident, the management of Mayc was not anxious to continue to help me. While I could have continued my study with the assistance of only the workers' council, I waited to smooth things over. With the help of José María of Ikasbide and after six months had passed, management reluctantly agreed to let me proceed with my study.

My reception in the cooperatives was very different; there personnel directors showed me the plants. During none of my cooperative tours was it ever considered that a social council member should accompany me, or that the workers might have a different way of seeing the plant that could alter my impressions. Even when I asked to interview cooperateurs who were known to be critical of the cooperative, managers offered to arrange interviews for me in the factory during work hours.

There are two ways to interpret the different ways I was received in the cooperatives and in Mayc. In keeping with cooperative ideology, it could be argued that since labor relations in the cooperatives are not combative, managers have nothing to hide. In the private firm, where labor-management relations are by definition conflictual, the question of perspective was contentious. Another interpretation is that cooperative workers had less control in their factories, which they could not show to an outsider. Instead, cooperative workers were interpreted by

personnel managers who spoke for them and who described their experiences; workers did not speak for themselves nor did a representative of the social council speak for them. When I met with contentious workers, it was arranged by management and the meeting took place inside the factory. It could be argued that in this way, management was able to normalize discontent by portraying it as part of the cooperative process. Even as serious a matter as the disbanding of the social council in Clima could be discussed inside the factory. Following this interpretation of power relations, management and syndicates in Mayc had separate arenas of power. While managers dictated the terms of production, the syndicates were ready to grieve any infraction of the contract or syndical prerogative (for example, my tour).

Syndicates in Mayc: Mayc's workers' council had seventeen members; six from ELA-STV; four from CCOO; four from LAB; and three from UGT. Representatives to workers' councils are elected every four years, and can run independently or on a syndicate slate. Syndicate representation in Mayc was typical for the comarca (see Table 5.1) where ELA has a majority, but LAB and CCOO together comprise a powerful minority.

Conflict and divisions among syndicates make them less effective advocates of workers rights. For example, in Mayc ELA and UGT were did not support the redesign of the plant.

They preferred the addition of a second shift, which LAB and CCOO opposed. One reason they favored the second shift was that it would create jobs for temporary workers. The majority of temporary workers in Mayc were affiliates or family members of ELA affiliates. It was common to hear ELA accused of running a "mafia" to get its people temporary positions. Popular rumor and political accusation⁹ had it that ELA allowed management to turn jobs into temporary positions and management in turn promised ELA those positions. This won ELA affiliates among some young people who knew this was their best avenue for jobs (though they were not likely to be committed syndicalists), but it did not make ELA an effective syndicate. Another reason is that members of ELA represent lower and middle managers on the workers' council who bring a management perspective to that body. This kind of inter-syndicate conflict limited workers exercise of their power in Mayc.

Fagor Clima

Fagor Clima produces gas water heaters for domestic use. Originally, it was a section of the Fagor refrigerator plant, but it became an independent enterprise in 1984. It is located alongside the Deba River at the edge of town, in the same industrial complex as several other Fagor factories and the central offices for the group. In 1989, Clima (for short) had about 250 workers. It was neither too

large--large size had been discussed as detrimental to the cooperative spirit (Whyte and Whyte 1988: 91)--nor too small--which, conversely, would have made labor-management relations smoother than usual.

When I first visited Fagor Clima in the spring of 1989, 250 people worked there. All but a handful were from Mondragón, reflecting the localism of labor pools which characterizes industrial Basque towns. Fifty were not members but hired laborers who worked on temporary contracts. Approximately 80 were women, and the average age of the workforce was 45.

The average salary for a production worker was 128,000 pesetas per month. A typical annual salary for Clima workers was 1,792,000 pesetas (approximately \$17,900), which, as in the case of Mayc workers, provided a comfortable lifestyle. A head of department with a rating of 2.8 earned 3,850,000 pesetas (\$38,500.) These differences were slight by regional standards, but they were important indicators of inequality to workers. Both also received a share of annual profits. One high-level manager showed me his bank book; after twenty years in the cooperatives, he had \$35,000 in earnings which would become his upon retirement. Since profits are paid in proportion to job rating, manual workers with the same seniority have fewer savings.

In Clima, manual work was performed by about 160 blue collar workers in two sections of the plant, pre-assembly,

where parts and components were transformed, and the assembly line, where the finished heaters were put together. Much of the pre-assembly work was done individually at stations that were outfitted with new computer assisted machine tools. Pre-assembly was located on the first floor of the plant, where 82 people worked, mostly men. Since this section had recently been modernized, two shifts were introduced in order to amortize the investment. The first floor was functioning well.

Women Workers: The second floor--where most of the women worked in pre-assembly--was considered to be the problem. In 1989, Clima produced 180,000 hot water heaters; the aim was to produce 300,000 in 1990; engineers determined that the second floor would have to be overhauled if that goal was to be achieved. Previous attempts to reorganize production there had failed. Several years earlier, work teams were introduced among groups of women in an effort to improve production. According to both managers and the women themselves, the teams failed because the women preferred to work alone. Competition undermined the experiment; group members were paid the same, despite differences in individual performance, and this led to quarreling. Furthermore, the team members did not like being responsible for each others' work. The experiment was abandoned and the women went back to their old jobs. Since then, women workers

have been defined by themselves, their male co-workers, and managers to be something of a problem.

Data from other factories on the effects of the team concept on work life suggest that the problem lies elsewhere. As I discussed in the Introduction, these kinds of tensions are common in private firms when the team concept is introduced. Indeed, Parker and Slaughter (1988) argue that encouraging workers to manage and supervise each other is one of the main goals of this approach. Peter Taylor (1988) studied team concept experiments in the cooperative Copreci, located just outside of Mondragón, where both women and men comprised the groups. While Taylor observed that women were less comfortable expressing their opinions at team meetings, (largely, he believed, because they has less experience talking before groups), he did not report a difference in men's and women's success in teams.

In fact, Louise Lamphere (1993) argued that women in a U.S. factory she studied were more likely to develop a collectivist work culture on their own and, thus, were more disposed to accepting the cooperative labor-management techniques being introduced by managers, including the team concept. These cases indicate that in Clima, the reasons for women's lack of interest in the work groups is more complex than the common shop floor assumption that "women are just more difficult than men."

Women I talked with told me that there was considerable

petty competition among them, more so than among male workers. They explained that since they were confined to jobs on the lower end of the pay scale, even the smallest differences in their job ratings took on great importance. It was an attempt to remedy this situation that led some women to be active in the drive to disband Clima's social council. The policy which the social council protested was the assignment of low-level jobs, and they believed this particularly affected women. Social council members agreed. They reasoned that if job assignments were standardized and not the prerogative of management, whom they believed discriminated against women, they could reverse some of the gender inequality in the plant. Women's dissatisfaction in their work and their reported greater activism in, for example, the 1974 Ulgor strike, and in the disbanding of Clima's social council, is an important area for further study.

In Clima, women's dissatisfaction with the work teams left unresolved the problem of reorganizing the second floor of the plant. Some individual work stations were designed, but in 1989 the remainder of the work was done on one large assembly line. That assembly line (like the one at Mayc) was considered inefficient and had to be reorganized to meet production goals. During August, when Clima was closed for vacation, the assembly line was to be broken down into six small lines. In the past decade, small assembly lines have

replaced larger lines in factories throughout the world. With fewer workers on each line, there are fewer people dependent upon the output, quality of work, attendance or lateness of any individual. Clima also purchased numerical control machine tools to automate production, and a system was to be introduced to mark pieces with an identification number so that individual workers could be held accountable for the quality of their work. Work life was to be more controlled.

Equality and Inequality: In Clima, as in all of the cooperatives I visited, I asked the personnel director: "How many workers and how many managers are there?" Typically, my informant would respond, "We are all workers (obreros)." I was repeatedly reminded that cooperative ideology held that all cooperateurs, regardless of their jobs were "laborers." Cooperatives did not have social classes. The personnel directors' mental map of social groups were instead divided between mano de obra indirect (indirect labor) and mano de obra directa (direct labor). The distinction was between those whose labor directly transformed the product and those whose labor was removed from the product.

Skill, pay, and status did not figure into this classification. For instance, a maintenance person who oiled the presses belonged to the same category as the director of the marketing department. Both were mano de obra indirecta, despite the fact the maintenance person worked with

machines, wore blue coveralls, and earned considerably less than the manager who worked in an office and dressed in slacks and a button-down shirt.

Two personnel managers at Fagor Garagatza, where front-loading washing machines and stoves are manufactured, were unusual in that they suggested that there were discernable inequalities. They used the terms *mano de obra directa* and *indirecta*, but modified these classifications, indicating a second category of those who were "socially" engaged in direct or indirect labor, despite the technical aspect of their jobs. To them, these distinctions were bound up with status, suggesting that contrary to official ideology conventional social classes did exist in Garagatza.

Workers at Clima saw clear inequalities in their plant. Los de arriba (those on the top) versus los de abajo (those on the bottom) was the way in which they most commonly referred to difference. Most workers also spoke of themselves as curelas (working stiff) and called managers jefes (bosses). *Jefes* was used interchangeably for managers and engineers as well as the elected representatives to the governing council and the management council, suggesting that they perceived them as management-controlled bodies rather than democratic organs that represented workers' interests.

It seemed clear that there were structural inequalities in Clima, and that these inequalities were more meaningful

to those on the bottom than to those on the top. Official ideologies about the value and meaning of labor seemed to be more significant for managers' perceptions of factory life than for workers and managers were more inclined to defend them. Workers often expressed frustration because the ideological pronouncements of managers denied their experiences. "At least there they don't pretend that there is equality." This is a frequently repeated comment from those who were tired of being told that there were no classes in the cooperative since they were all worker-owners.

Greenwood and González et al. (1989: 105-110 and 132-136) collected similar data from their interviews and round table discussions with members of Fagor, who continually referred to los de arriba and los de abajo. Their informants did not distinguish between managers and representatives of the management and governing councils; they were all los de arriba. Greenwood and González et al. report that when they probed further, informants could not clearly draw a line between those on top and those on the bottom. They were, nonetheless, "vehement" in their claims of inequality:

No, of course, we are not all equal.

We are not different from other businesses in any way.

It doesn't matter how equal we are in theory, in practice we are not (Greenwood and González 1989: 134).

It seems to me that the emotion with which cooperative workers express their view that there is inequality reflects their frustration with cooperative ideology which denies the reality of their daily experience. Greenwood and González et al. (1989: 112-114) describe this phenomenon as well. They quote one of their informants:

What good does it do me that they call me a collaborator when they treat me like a subordinate; in a private firm, they call you a subordinate but they recognize that this is what you are (113).

I often heard coop workers remark: "At least in a regular firm you can call the boss a son-of-a-bitch."

Temporary Workers: Another notable fact about the cooperatives is their use of temporary labor. In 1989, fifty people worked in Clima on temporary contracts. Government incentives made it especially attractive for businesses to use contract workers. Since the government gave subsidies to firms that hired people from the unemployment rolls, it was possible for a company to extend a six month contract to a production worker at virtually no cost to the firm. After six months, the worker was let go. He or she would apply for unemployment, and when that ran out, seek another contract. By 1990, these credits to firms had been cut, making it less advantageous to hire temporary laborers, and in 1992, unemployment benefits were restricted as workers received fewer months of unemployment and had to work more months in order to qualify.

In 1989, however, the system was going strong, and, as a friend of mine who worked in Mondragón's unemployment office told me, it was used particularly effectively by the cooperatives. Fagor Garagatza, for example, had 400 contract workers in May of 1989, a full third of the total labor force. Nash (1989: 312) described similar practices in General Electric in Pittsfield, Massachusetts, where she called the contract workers industrial "Kelly Girls". The cooperatives behaved just like other firms in the changing international environment.

One owner of a private firm in Mondragón told me that he too would use a higher percentage of contract laborers if only the syndicates would let him. Although at the state-level the syndicates had agreed to collaborate with making labor more flexible, at the level of individual plants, a strong workers' council was able to keep the number of temporary workers low. This forced the company to hire permanent workers rather than make short-term adjustments with temporary workers. The owner in question complained that this put him at a disadvantage compared to the cooperatives, where temporary workers were numerous.

Inside the factories of Fagor, there were two kinds of workers: worker-owners who had rights to participate in management and shared in yearly profits, and hired laborers to whom work place democracy did not extend. Many of my friends were contract laborers in the cooperative. They felt

doubly exploited in their jobs, by managers and by ordinary coop members, whom they felt acted like "little bosses," always watching them, criticizing their work, and complaining when they smoked a cigarette or took a coffee break. Coop members felt that contract workers' were lazy and careless. But, temporary workers were assigned the most routinized and unpleasant jobs in the factory; some worked extra hard, in the hopes of being offered permanent employment, and were bitter when they were not. The practice of hiring temporary labor, beyond the numbers hired in private firms, where at least some syndicates fought against abuses of the system, created divisions and conflicts on the shop floors of cooperatives like Clima.

The cooperative system's practice of hiring temporary labor transformed life outside of the factories, as well. In the late-1980s, the town's young people worked in the cooperative factories on short contracts, often during school vacations, while their peers elsewhere were unemployed. These young people, mostly in their twenties, had considerable disposable income, especially since they did not earn enough to move out of their parents homes and therefore had few monthly living expenses. The result was a temporary and minor consumer boom in Mondragón relative to other towns. When the legislation changed in the 1990s, however, this relative affluence ended, and young people faced unemployment.

Survey Results

Another source of data I used to compare Mayc and Clima was a survey designed to gather the opinions and attitudes of managers and workers in both firms. The surveys were not given to a pre-selected representative sample of workers, rather, I left approximately 100 copies of my questionnaire in each firm. In Mayc, the workers' council distributed them for me, in Clima, the factory nurse. Of the 100 surveys I left at Mayc, only 36 (about 5 percent of the plant) were returned. In Clima, 59 (about 25 percent) were returned, but some were not complete. Not surprisingly, in neither case did I get a representative sample.

Probably the most important imbalance was the high percentage of new members who responded to the survey in Clima. I distributed the survey after fifty new people were hired; they had never been surveyed before (unlike many cooperateurs who have filled out numerous in-house and external surveys over the years) and were likely more enthusiastic about filling out my form. Their short tenure in the cooperative probably unfairly weighed their opinions against it on many questions. Furthermore, my sample for Mayc over-represented syndicate affiliates (69 percent). Since numbers of affiliates are not public knowledge, it is hard to say just how much this is off, but syndicalists I talked to estimated that from 50 to 63 percent of Mayc's work force was affiliated with a syndicate.

Therefore, I discuss here only some of the results of my survey. Furthermore, I do not consider them definitive. Rather, in conjunction with interviews and observation, they are suggestive of opinions and attitudes, as well as the effects of the different factory regimes on workers.

Identification With The Firm: It is often assumed that because co-operators are co-owners and because they participate in management, they feel a closer identification with their firm than do workers in regular firms. Bradley and Gelb (1983) argued that this was responsible for increased productivity. I evaluated identification with the firm in Mayc and Clima by asking the following questions: Do you feel that you are working as if the firm is yours? Do you feel that you are part of the firm? In Mayc, 28 percent responded that they did feel that the firm was theirs, compared with 39 percent in Clima. Sixty-four percent in Mayc said they felt part of the firm compared to 61 percent in Clima.

While more co-operators felt that the firm was theirs, more than one-fourth of Mayc employees, who hold no stock in their firm, also believed that the firm was theirs. When the results are considered according to job categories, in Mayc twenty percent of the manual workers believed that the firm was in some part theirs, while fifty percent of the managers felt that way. In Clima, the results were not very different. Twenty-one percent of manual workers and 68

percent of technicians or managers believed that the firms were theirs. Though it is not surprising that workers in Mayc would not feel themselves owners, it is surprising that cooperative members who work on the shop floor do not see the coop as theirs. Significantly, managers in both firms, but especially in the coop, were more likely to feel some sense of proprietorship

When asked if they felt part of the firm, 67 percent of manual workers in Mayc responded yes, but only 46 percent answered yes in Clima. Again, it was cooperative managers who felt most identified with their firm; 77 percent answered yes to the question. These data were undoubtedly influenced by the influx of new, full-time members to Clima, who had not yet become integrated into the coop. However, they also raise questions about the nature of workers' sense of ownership and their identification with their firm. Perhaps, this sense is not to be found in juridical ownership or rights to participation in management. Perhaps, instead, it is to be found in social relationships with fellow workers, a history of struggling to improve working conditions, or simply in the fact of their labor.

Comraderie: Workers in Mayc had lived through a difficult strike in 1974. As in the cooperative Ulgor in the same year, Mayc workers struck over salaries. During the course of the strike, some workers were fired and strikers demanded their readmission. The strike was settled in a

month, and those who were fired won readmission two weeks later. Also won were salary increases and equal pay for women. During the strike, several people met their future spouses from among their co-workers. One can imagine that this atmosphere in which gender equality in pay was being demanded was particularly conducive for new romances.

While it is often assumed that working in a cooperative makes people feel part of a collectivity, it is also possible that participating together in a strike creates these kinds of bonds. Workers in Mayc reported engaging in more collective activities together such as playing the lottery with co-workers, which 56 percent of Mayc reported they did frequently as compared to 36 percent in Clima.

Feelings of comraderie could also be contrasted with feelings of competition. There was more competition among workers in Clima than in Mayc; 69 percent of cooperateurs said they believed there was competition among co-workers over job ratings versus 54 percent in Mayc. This suggests that the 'syndicates may do a better job of creating comraderie than does the social council.¹⁰

The Social and Workers' Councils: To determine whether cooperateurs felt better represented than workers in regular firms, I asked: Do you think that the social/workers' council has real power to improve conditions? Thirty-three percent of manual workers in Mayc said that they felt that the workers' council had real power. Only 25 percent of

manual workers in Clima said yes. Those who most believed in the social council in Clima were technicians, 64 percent of whom thought that the social council had real power.

The effect of this lack of confidence on the shop floor may be that coop workers do not turn to the social council when they have a problem. Only 13.5 percent of the respondents in Clima said that they had ever asked the social council's help, whereas 33 percent in Mayc had gone to the workers' council. The personnel director of Clima cautioned me about interpreting this data to mean that cooperateurs had less confidence in the social council. During a meeting we had to discuss the results of my survey, he suggested that cooperateurs might simply have fewer reasons to go to the social council. Working conditions might be better, or they might feel freer to talk with managers (indeed, Greenwood and González et al. 1989 argue that there is a culture of dialogue in the cooperatives that allows for this kind of interchange)--the practice of cooperativism might actually work to cooperateurs' advantage. My survey was not fine-tuned enough to be definitive, but the support for syndicates among cooperateurs suggested that the personnel director underestimated workers' frustration.

Syndicates: If coop workers did not believe that the social council was effective, did they believe that the syndicates should play a role in the cooperatives? (I did

not ask "large role" as did Bradley and Gelb). Forty-six percent of cooperateurs said yes. Clarifying what that role might be (because I assumed that many workers would not be familiar with what syndicates do), I asked: Do workers in Clima need the support of syndicates? Do they need the right to ask syndicate lawyers, economists, and engineers for help with developing alternative production and business plans? Fifty-four percent of workers answered yes to both questions.

However, this did not mean that cooperateurs would prefer to work in a private firm: ten percent said they would. In Mayc, where many workers had participated in discussions in 1981 about joining the Fagor group, 19 percent, almost double, said they would prefer to work in a cooperative. Though critical of the cooperative form, cooperateurs did not want to see their firms privatized.

Class Identification: I asked respondents what social class they belonged to. In Mayc, 46 percent of manual workers said they were working class, while 27 percent identified as middle class. Sixty-eight percent of manual workers in Clima said they were middle class. While these same cooperateurs did not identify as property owners, they did see themselves as middle class.

In earlier chapters, I argued that this tendency was evident in the cooperative movement from its beginnings, due to its origins in the traditional nationalism of PNV and to

the social vision of Father Arizmendiarietta, the founder of the cooperatives. However, the process of middle class formation was not complete since workers in Clima also felt that there were class differences on the shop floor. They may have seen themselves as middle class compared to other workers but not in comparison to cooperative managers. Indeed, a slight majority wanted syndicates to be involved in the cooperatives. They were not, however, motivated to affiliate, something that coop bylaws permitted individuals to do even if syndical activity inside the factories was barred--in 1989, only a handful of cooperateurs were syndicalists.

Conclusions

A recent article appearing in Harvard Business Review concluded that employee participation and ownership programs work best when unions are involved. Even when social councils are formed in firms with employee participation to protect workers' rights, they usually have little efficacy when they are not buttressed by a union, with access to institutional forms of power outside the company (Hoerr 1991: 30-46).

This chapter corroborates the conclusions of that article. In Mondragón, where work place democracy and participating in management are highly developed, these programs still do not guarantee that workers fare better in

a cooperative than in a privately held firm. My comparison of the cooperative Fagor Clima and the privately held Mayc showed that the exigencies of market competition demand sacrifices from both groups of workers, who have seen their plants automated and temporary workers hired. In Clima, the social council was often proved powerless to adequately represent them, whether due to apathy or structural problems. There was more competition over pay in Clima than there was in Mayc, and coop workers expressed feeling less identified with their firm (indeed, perhaps, more alienated).

Cooperative managers, however, saw things very differently; they consistently reported feeling more cooperativist and believing more firmly in cooperativism than did shop floor workers. I have repeatedly argued that this constitutes a bias in the literature on Mondragón, which tends to privilege managers' perspectives. Their adherence to cooperativism also reflects the role that managers, especially those in the higher-levels of Fagor and the cooperative bank, play in the community. During the 1974 walk-out in Ulgor, strikers charged that managers were using the new job ratings to consolidate themselves as a new technocratic class. Beltza (1976: 59-61) argued that the role of the cooperative system was to create this stratum as a political class for Euskadi.

The flow of personnel between the cooperatives and the

Basque Autonomous government seems to bear out Beltza's prediction. On the local level, it became apparent that cooperative managers had solidified a new class position for themselves in the arenas of consumption and ideology. Throughout the 1980s, cooperative managers bought cars, clothes, and homes that marked them as different from workers. This consumption-identified managerial class was something Mondragón had not before known. A small development of new luxury duplexes in Mondragón is the geographical manifestation of their success.

More importantly, this stratum developed its own ideological expression of class position. In the cooperative factories, workers and managers disagree about the meaning of equality. Managers were convinced that equality existed; workers insisted otherwise. Interestingly, this class disagreement over the interpretation of equality parallels earlier debates about Basque equality.

As I discussed in Chapter Three, this myth, which holds that Basque society is in essence egalitarian, has historically appealed to different classes at different economic and political moments. It was likely invented by a rising mercantilist bourgeoisie who sought to legitimate their new found wealth in an ancien regime, but was later used by peasants to demand equality (Otazu y Llana 1986: 7-16). Like Basque egalitarianism, the ideology of cooperative equality changed over time. It was originally

articulated by the traditional nationalist founders of the cooperatives in the hope of promoting a social project that could generate ethnic rather than class alliances.

References to equality became part of the management style of the cooperative factories. By the 1970s, however, workers perceived that class differences were real; workers' frustration with official cooperativism is evident in this chapter.

As I will show in the next chapter, working conditions began to deteriorate and conflicts began to escalate in the last months of 1989 and the years that followed. Towards the end of my research, managers at Clima were beginning to reject the ideology which they had previously promoted. They argued that the cooperative was never meant to create equality, but something more flexible like "solidarity." Managers increasingly used words that were part of a global language about industry, including "efficiency," "crisis," and "competition," to convince workers of the urgency of various business and production plans.

These words began to replace the more locally based notions about industrial work, such as "we are all workers," and the previous ways of encouraging workers to be conscientious, such as "we are all in this together," Greenwood and González et al. (1989) exemplify this new ideology; their major argument is that the cooperatives do not seek equality but "equilibrium."

Once having formulated the ideology of equality, however, managers could not fully control its use. Now workers who were previously cynical are demanding it. Since workers do not feel particularly confident in the social council, they have begun to look to syndicates. This growing shop floor activism and the relationship between syndicates, particularly LAB, and cooperative workers are the topic of the next chapter.

Chapter Notes

1. The tour is generously provided by the cooperative system which devotes staff and resources without the hope of monetary return. Instead, they graciously extend themselves to meet the demand that international notoriety has placed upon them. I, too, depended upon their generosity, and am very grateful to them.

2. Bradley and Gelb distributed their survey in Unión Cerrajera and Mayc's plant in Gasteiz, approximately 40 kilometers from Mondragón.

3. Professor Davydd Greenwood, who studied Fagor, conscientiously answered a letter in which I expressed doubt about the comparison, and he encouraged me to undertake it.

4. Nash wrote about a similar situation in the GE in Pittsfield, where in-house staff were supposed to police themselves. In the 1970s, it was reported that PCBs were causing high rates of cancer in workers in the power transforming division of the plant. The company's testing department investigated the problem, and it found that the reported PCB level was exaggerated. It also denied a link between PCBs and cancer (1989: 335-336).

5. March 1982, "Algunos de Una Crisis," Ederlan, S. Coop.

6. October 1982 "Propuesta de los Organos Sociales," Ederlan, S. Coop.

7. Egin, 17 Jan 1992.

8. That no private firm ever denied José María's request was an indication of the influence of the cooperatives in the area, a fact that one owner of a private firm pointed out to me.

9. See LAB's pamphlet dated 5 July 1990.

10. Here, questions about gender differences emerge. Is there more competition in Clima because it is felt more strongly by women, as evidence from the team concept experiments, as well as shop floor common knowledge suggests? Did the demand for pay equity during Mayc's 1974 strike generate better relations between male and female co-workers, despite the fact that there are more women employed in the cooperatives, where they reportedly have better chances for promotion [Hacker and Elcorobairutia 1987]? My data does not allow me to answer these questions about the relationship between gender and factory regime; they are important areas for future study.

Conclusions

COOPERATIVES, SYNDICATES, AND WORKING CLASS LIFE: LESSONS FROM MONDRAGON

Introduction

Every year in Mondragón, as in other Gipuzkoan towns, there is a strike during the negotiation of the provincial contract for the metal sector. This strike has taken place since 1962, when the Franco regime first empowered the vertical syndicates to bargain with employers. In a zone where the metal contract affects the material lives of the majority of people, the strike is a central event. Indeed, it is as much a ritual as a strike. During negotiations between the business owners' association and the syndicates over wages, conditions, and vacations, metal workers walk out to demonstrate their collective strength. They do so even in years when the talks are going well; thus, the strike is not always a genuine struggle between labor and owners. Sometimes, the two sides simply go through the motions so that the structure of the contest does not break down. In this sense, it is a ritual.

Yearly, the strike stops production in most of the metal shops for at least a few hours, but in 1990, workers did not act out their parts as they had for almost three decades. A walk-out was called for the morning, but in some factories, workers did not even assemble before their shifts

to vote to join the action. In other factories, the customary assembly was held, but workers opted to stay on the job. A demonstration was also planned for the afternoon, but only sixty people showed up. Someone suggested that there were too few people to hold a demonstration. The majority decided to go ahead with it, but instead of marching through the working class neighborhoods of Mondragón as they had planned, they would make a shorter circuit and only circle the streets of the town center. The action was over in half an hour. It was disappointing for those who participated.

Moreover, not a single cooperateur was in attendance. Although the provincial contract does not officially determine salaries in the cooperatives where pay is pegged to profits, it does influence wages indirectly. In principle, the coops pay profits at a percentage that equals the wage level in the area; a norm pegs lower salaries to the local labor market. Thus, the annual contract does impact cooperative workers. No one expected the cooperateurs to call the strike to a vote in their work places, as the relationship of the contract to coop wages makes it arguable whether or not this would be an internal and thus illegal strike. Nor did syndicalists blame the failure of the demonstration on cooperateurs, whose attendance they never counted on. Syndicalists were disappointed, nonetheless, that not even one cooperateur showed up for the afternoon

demonstration; surely someone on the late shift could have attended in his or her free time.

The poor turn-out indicated that labor's strength had dwindled and that locally there was a failure in the radical nationalist movement in Mondragón. While workers were expected to turn out en masse for a variety of events sponsored by radical nationalist organizations--demonstrations organized by Herri Batasuna for independence for Euskadi, campaigns to raise money for the language organization, vigils for the political prisoners held by the amnesty organization--these same groups did not mobilize their membership for the yearly metal sector strike. Community members I know who work in bars, cooperative factories, and small stores and who participate in radical nationalist activities simply did not see the strike as their concern. This was not the case ten to fifteen years earlier when there was much more interaction between labor and nationalist struggles. The working class in Mondragón had changed.

Txomin, the comarcal leader of the radical Basque nationalist syndicate LAB, was worried by the lack of participation. Mondragón, he told me, should be like Hernani, a heavily industrialized town known for its working class militancy and its radical nationalist movement. Mondragón and Hernani have similar histories and similar populations, but "the cooperatives have changed this town,"

he said. Over the year that I had known Txomin, this was the first time he criticized the impact of the cooperatives on Mondragón's working class. Indeed, the radical nationalist movement had publicly maintained its support of the cooperative system for over thirty years. Our conversation not only marked a transformative moment for my research when I realized the implications of the cooperatives on the political life of the town. It also signalled an important change in the radical nationalist position on the coops.

This chapter is about this shift in the radical nationalist position. Beyond its local consequences, this political development has important implications for how the Mondragón model is understood internationally. It shows that the cooperative system is intimately entwined with Basque nationalist politics; thus, it challenges the myth of Mondragón which casts the cooperatives as apolitical institutions within their own environment of Euskadi. More generally, it contains lessons on the effects of the Mondragón model and the ideology of cooperation for the reshaping of other working classes culturally, socially, politically, and ideologically.

Why Radical Basque Nationalists Took On the Mondragón Cooperatives

The turning point in the radical nationalist position on the cooperatives came in September of 1989, when an

article criticizing Fagor came out in Egin,¹ the widely read daily newspaper which is associated with the radical nationalism of Herri Batasuna. Egin ran a full-page story claiming that Fagor had a plan to cut its work force by 1,038 through early retirements. The article charged that this was an indication that the cooperatives had come to behave just like private firms.

Private companies in Euskadi and throughout industrialized economies use early retirement plans to reduce their work forces. Often, handsome sums are offered to older employees who are likely to retire in a few years anyway. Early retirements are not nearly as devastating for individuals as lay-offs; indeed, they may be welcomed by many workers. They are, however, devastating for industrial economies since jobs vacated by retirees are not available for younger, permanent employees. Instead, companies use the opportunity to eliminate permanent workers, replacing them with people hired on temporary contracts, if they fill the jobs at all. Early retirement allows firms to rid themselves of inflexible, full-time and permanent contracts, and increase their pool of temporary, part-time, or seasonal labor. In this way, early retirement is an important strategy for what Harvey (1989) calls the flexible phase of capitalism that we are currently experiencing. By developing a plan for early retirements, the cooperatives were behaving like other firms in the business environment. The Egin

article made this connection between global changes in labor relations and local conditions in the cooperatives. A representative of LAB accused the cooperatives of

becoming like any private firm, from the point of view of daily work, the cooperative member is as exploited in his/her job as any worker in a capitalist firm by increased production, mobility, schedule changes etc..

The next day, Fagor management denied that it had any plan for early retirement and accused LAB of stirring up trouble. LAB stood by its charge. The interesting question was: Why did LAB choose this particular moment to make such a serious criticism of the cooperatives? There were three reasons. First, hostilities had increased between the Partido Nacionalista Vasco and the more radical versions of nationalism represented by ETA and HB, with which LAB is associated. Second, the labor movement was in trouble, and LAB saw in the cooperatives an important source of new membership. Third, and most important, was the economic crisis. The cooperatives were undergoing dramatic changes which caused work life and democratic structures to deteriorate, and workers themselves began to take action. LAB determined that it was time to respond.

The Changing Relations Between Traditional and Radical Nationalists

I argued in Chapter Three that the cooperatives shared with PNV the social project of eliminating class conflict by

generating cross-class ethnic solidarity. The radical nationalist project was more firmly based in the Basque working class, where Basqueness was defined by activism rather than ethnicity. Despite the different nature of their projects, radical nationalists accepted PNV's control of the cooperatives as long as relations between the two nationalist camps were good. They saw the cooperatives as valuable national resources and had no desire to undermine them for short-term political gains; moreover, the cooperatives embodied the kind of cross-class alliances that radical nationalists sought. This attitude separated the radical nationalists from leftist factions of ETA in the 1970s and continued to do so in the 1980s and 1990s. Radical nationalists also benefitted from the experience their own affiliates gained in the cooperatives. For example, the HB mayor of Mondragón is an engineer in one of the Fagor plants. The mayor has a reputation as a good administrator. He is well-liked even by townspeople who otherwise do not support HB. Likewise, the mayor of neighboring Salinas is the head of Fagor Clima's engineering department; though he ran as an independent, he is affiliated with HB and is an activist in LAB.

In 1985, LAB issued a booklet entitled "Resoluciones de la Unión Nacional Sobre Cooperativismo y S.A.L.," in which it spelled out its analysis of the cooperatives. One of its strategies was to place its affiliates and win sympathizers

in the middle rungs of power in the cooperatives.² LAB also considered that the cooperatives encouraged Euskadi's technological development. The cooperative research and design center Ikerlan made important strides in machine tool automation and design which made the region less dependent on foreign innovations and patents. This is the kind of position common in developing countries where cooperatives are a way to build an independent economic base that can also help to develop a political class (see Nash et al. 1976). While Euskadi is not an economically underdeveloped region, its political development, initiated on the eve of the Civil War, when the Basque government was formed, was halted with Franco's victory.

However as relations between traditional and radical nationalists became strained in the wider political arena LAB's opinion of PNV's power in the cooperatives changed. The impulse to this shift was the Pacto de Ajuria Enea signed in 1988. This pact joined the signatories in a condemnation of the political violence of ETA; all of the major parties in Euskadi signed, except Herri Batasuna. PNV itself would not have signed this pact just a few years earlier. Until the late 1980s, ETA members were perceived as national heroes by a large segment of the Basque population, including those who voted for PNV. In the political arena, PNV laid historic claim to ETA, including periodically reminding the electorate that ETA was originally linked to

PNV. This won votes (Clark 1990: 2-3). However, ETA's popularity dwindled in the late-1980s, along with other leftist movements in Europe, particularly after the collapse of communism in the East. The 1987 ETA bombing of a supermarket in Barcelona, which killed eighteen civilians, contributed to the particular conditions which shook the Basque left. In this context, PNV distanced itself from ETA. It also waged a political and ideological war, along with the ruling Spanish Socialist Party, against Herri Batasuna which was doing well in the polls, regularly commanding 18-20 percent of the vote and winning the mayorship of key Basque towns like Mondragón (Cueva 1988).

In some towns, PNV launched a campaign to limit the public display of political posters. They banned the use of paste for putting up posters; tape was to be used, instead, to make removal easier and cleaner. This made posters a less permanent part of the decor of a town. Postering was to be further limited to designated areas, leaving the facades of local buildings free from political debate. Given that radical nationalists had a far greater capacity to use public space, PNV saw that it was to its advantage to limit this popular form of communication. It was also an attempt to impose a new aesthetic, one that is considered by radical nationalists to be more middle class and European than the working class and Basque flavor of most towns.

In Mondragón, the battle between PNV and HB came to a

head after the 1991 municipal elections, when the mayorship was to be decided. In Spain, municipal council seats are distributed proportionately according to votes, and the council members, in turn, cast their vote for mayor. With 24.4 percent of the vote, HB was the largest single party by a slight margin over PSOE (with 24.1%). Still, HB did not have an absolute majority, and its control of the mayorship was vulnerable. As a part of a larger plan to defeat HB in key towns, PSOE and PNV (which together commanded 45 percent of the vote) entered into an agreement whereby PNV instructed its council members to give their votes to the PSOE candidate in order to hand over the mayorship to the Socialists. This goes against standard practice, by which each party votes for its own candidate.

For days before the mayorship was to be decided, rumors abounded as to what the PNV council elects were going to do. In other towns, the pact had successfully taken mayorships away from HB. In a dramatic meeting in Mondragón's town hall, two of the four PNV elects refused to give their votes to PSOE. At the eleventh hour, HB won the mayorship, and the hall filled with shouts and cheers of the hundreds of HB supporters who had crowded in to witness the proceedings.

This kind of heated conflict between PNV and HB created an environment in which LAB reevaluated the cooperatives. It was only after this strategic alliance broke down in the political arena that LAB changed its long-standing position.

Syndicalism in the Post-Franco Era

Another pact contributed to this change in LAB's position. This was the 1978 Pacto de Moncloa between the syndicates and the central government in Madrid. As I discussed in the last chapter, the pact liberalized labor laws, including legalizing temporary contracts, giving employers more flexibility in scheduling and facilitating lay offs. The result in Euskadi was a watered-down syndicalism.

In this environment, LAB found its job of defending workers difficult. Sometimes, it could depend on the more radical elements in CCOO to represent workers, as was the case in Mayc. Other times, it was isolated in the factories. Often, workers became disillusioned and syndicates lost membership. This was compounded by the effects of deindustrialization; like many other industrial centers, Euskadi lost syndicate affiliates as it lost jobs in heavy industry. In Mondragón and surrounding towns, LAB benefitted from the growing disillusionment with other syndicates. In the Alto Deba it grew from 1986 to 1990 to be the second most powerful syndicate (see table 5.1), but like unions all over the world, LAB realized that it needed a strategy to win more affiliates.

The most obvious place to look was the cooperatives. The cooperatives employ over 20,000 workers in Euskadi, over 6,000 in the cooperatives of Fagor in the Alto Deba. This

was a potential source of membership for LAB, which had indicated in its 1985 pamphlet that it believed that a good number of lower-level coop members were sympathetic to radical nationalist causes, even if the leadership was aligned with PNV, a claim that my study of Clima substantiated. In its 1985 pamphlet, LAB indicated that it would search for an innovative way to organize in the cooperative, but it was unsure of how to proceed. Unions elsewhere have had difficulties determining an appropriate strategy for organizing in worker-owned firms (Whyte 1988: 275- 276). LAB's difficulties were compounded by the fact that it is simultaneously a nationalist and working class organization and has sometimes divergent commitments; nonetheless it faced the question common to other unions: how should worker-owners be integrated into an association of wage earners? LAB did not take on this complicated project until the 1990s, when workers had grown angry enough about labor conditions and the effects of the economic crisis that they began to organize on their own.

The Cooperatives and the Post-1973 Crisis

The effects of the world-wide economic crisis were becoming very apparent in the Mondragón cooperatives in 1989. Indeed, 1989 will likely be remembered as a watershed year in the history of the cooperative system. Spain, like the rest of the industrial world, entered a phase of

stagnation in the 1970s. The subsequent recession of the early-1980s exacerbated the damage to the Spanish economy, which was particularly susceptible to recession, given that years of state control under Franco had made capitalism there less competitive than in other European countries. Furthermore, when the fascist regime finally came to an end in 1975, the Spanish working class was more combative than working classes elsewhere in Europe (Albarracín 1987: 38-48). Yet, the cooperatives thrived in a sluggish national economy, increasing exports and creating jobs throughout the 1970s and into the 1980s, even as other firms closed (Whyte and Whyte 1988: 131).

To weather the economic crisis, management began to propose amendments in the cooperative structure to centralize operations. Previously independent cooperatives were organized into geographic and sectoral groups, such as Fagor. New management organs were created: the central social council served as the workers' representative for all of the Fagor cooperatives; a central general assembly gathered representatives from the individual cooperatives; and group-wide governing and managing councils were established. This removed some decision making from the shop floors and even the offices of the factories and transferred it to Fagor's central offices (Greenwood and González et al. 1989: 76-78; Whyte and Whyte 1988: 131-149).

Policies to channel more money into capital reserves

were also introduced. Members were asked to make additional contributions to their individual capital accounts in order to increase funds available for investment. These proposals were ratified by the cooperative membership that was willing, even if unhappy, to sacrifice for the long-term survival of the firm (Whyte and Whyte 1988: 131-149).

In 1989, however, things were changing. Some of the larger cooperatives had recently reorganized their plants, and shifts had been introduced to amortize investments in new machinery. Two and three shifts were scheduled to keep the machines running twenty-four hours a day, including weekends. Managers explained that this was the only way to remain competitive, especially as they looked towards full integration into the European market. Workers, on the other hand, objected. Shifts interrupted their home lives, and since their schedules changed weekly, their sleeping patterns were also disrupted.

Shift work also interfered with the customary way of socializing. The ritual making the rounds of local bars was jeopardized, since the after work hours when people typically gathered were no longer shared. Shifts were therefore perceived by workers as an assault on Basque culture and identity.

Bar culture, the friendship group or *cuadrilla* that makes the round of local bars, men's eating clubs, mountain clubs, and language groups are some of the many arenas of

collective life in Basque towns. As I discussed in Chapter Four, participation in these activities is considered to be part of what it means to be Basque. Many Basques, especially those involved in radical nationalist politics who pioneered an associative Basque identity in the 1960s and 1970s, believe that their high degree of association is their best defense against what they call the "Europeanization" of their society. They imagine and have seen Europe as a place where people retire to the privacy of their homes by nine o'clock in the evening, where they may entertain a small group of friends but more likely watch television or a rented video alone. In contrast, the streets of Basque cities and towns are crowded until eleven o'clock during the work week and the early morning hours during the weekend, even later in the spring and summer months. As I noted in Chapter One, the collectivity that is constructed in local bars has a political dimension as well. Politics are discussed among friends and with bartenders, who take on an important role in communicating information and shaping political ideas. Shift work in the cooperatives diminished this collective and street life in Mondragón, and like PNV's campaign to rid the streets of political posters, it was perceived as a threat to Basque identity.

A similar conflict between efficiency and social life took place in Fagor Garagatza, one of the largest of the Mondragón cooperatives. Garagatza was introducing

just-in-time-production, whereby work schedules are adjusted according to incoming orders. Since Garagatza produces refrigerators and stoves which sell best in the summer, management proposed that workers' August vacations be cut from one month to two weeks (the remaining two weeks could be taken later in the year.) Like many European towns, Mondragón virtually shuts down in August when families and friends vacation together. Changing the schedules of hundreds of workers would disrupt working class patterns of leisure and family time. When management brought the proposal to a vote of the general assembly, it was defeated.

In the days following the vote, the talk around town was about this major defeat of management. Partly, the vacation schedule took on importance simply because it was the last straw. After years of give-backs in the name of efficiency, crisis, and economic survival, workers felt they had been pushed far enough. Management's credibility was waning as they talked more and more about efficiency and less about equality, democracy, and other ideas upon which the cooperatives were founded. Workers noted the change and blamed it on a new, younger generation of managers who never worked on the shop floor but went right into office jobs after they earned technical or university degrees. Unlike the first generation of managers who founded Ulgor, these young people were not even particularly committed to the nationalist politics of PNV. They were perceived by radical

nationalists as "yuppies," whose interests lay outside of the community in European values and lifestyles.

Partly, too, the cooperatives were undergoing a fundamental transformation in their structural and social character. As I noted in Chapter One, the Fagor group bought the private firm Fabrelec in 1989. While private firms had previously been converted into cooperatives by signing a contract of affiliation with the cooperative bank, this was the first time majority stock was purchased for the purposes of controlling a company which would remain private. Furthermore, a holding company was formed so that more private firms could be bought in the future. In 1991, a second firm was purchased. In town and on the shop floor, the cooperatives began to look more like sophisticated multinational corporations than local, Basque enterprises.

Organizing in the Cooperatives: The Role of Kooperatiba Taldea

Another important factor contributing to the defeat of management's vacation proposal was that a "no" vote campaign was organized by the small opposition group Kooperatiba Taldea (KT), a name it took from the monthly magazine it published since 1982 (although actual publication was spotty) in which it detailed its many criticisms of the cooperatives. From objecting to reserved parking places for executives to analyzing the negative effects of sectoral

groups on the autonomy of individual firms, KT argued that there was no equality in the cooperatives and that participation and democracy were weak.

While KT was not officially affiliated with any party, many of the activists were members of the once-Maoist Euskadiko Mugimendi Komunista (EMK) and the Trotskyist LKI; some had been involved in the 1974 strike in Ulgor. Most had worked in the cooperatives all of their adult lives, and they were in low-level jobs on the shop floor. They believed, as they did in the 1970s, that the social council did not effectively represent them as workers, and that without the right to strike, the social council had no leverage vis-à-vis management. While their analysis was not far afield from the sentiments of cooperative workers, as my study of Fagor Clima indicated, their sometimes belligerent style and constant criticisms earned them the reputation of being rather hard-line. By its own estimates, in 1989, the group claimed no more than fifteen active members and twice as many sympathizers in all of the Fagor plants. Just as the leftist factions of ETA remained isolated from the mainstream of cooperative workers in the 1970s, KT failed to gain broad support in the 1980s. In 1989, however, its popularity began to grow somewhat, and this enabled it to successfully convince workers to defeat the proposal to shorten August vacations.

KT owed its new-found acceptance to a campaign it

launched with CCOO against Metodo de Medición de Tiempos (MMT), a method for measuring workers' productivity that had been introduced in the cooperative Copreci. Unlike traditional time-motion studies, MMT is used for evaluating the efficiency of workers who operate numerically controlled machinery. Specialists were brought from a consulting firm in Belgium to rationalize production. Interestingly, these consultants were consistently called "the Americans" by shop floor workers who, when reminded that they were from Belgium, remarked, "whatever" or "its all the same" and continued to speak about "the Americans." Americans symbolized unbridled and unwanted industrial progress just as Europeans symbolized the defeat of Basque popular culture.

The consultants video-taped workers performing their jobs; every part of their bodies was filmed so that the whole body could be mobilized for production. The specialists also analyzed the videos to determine the smallest components of each motion required for all jobs. Jobs were then redefined, to cut out what were considered to be inefficient movements, and to eliminate what were determined to be unnecessary rests. Workers were expected to perform their jobs in this way throughout the day. The normal rhythms of work--fast in the morning, a slump in the afternoon--were discarded as inefficient. CCOO issued the following statement:

This system doesn't take into consideration the person, it doesn't take into consideration personal characteristics (if the person is old, prior work habits) MMT so rationalizes jobs to the most basic, necessary movements, that the jobs lack any content such that they could be performed by a robot.³

With the new standard, output increased as much as twenty-five percent, but workers complained that the rate was exhausting and stressful. CCOO had evidence from a General Motors plant in Zaragoza that workers suffered from stress-related psychological and physical problems when MMT was used. Several workers had already fallen ill in Copreci. Moreover, CCOO and KT argued that the system went beyond simply rationalizing jobs. Since it was used at computer controlled work stations, MMT allowed managers to provide continuous readings of output and the precise amount of labor power needed at any particular moment. This gave Copreci the capability of making minute adjustments in the work force and easily shifting to a system of just-in-time production.

In Mazda and General Motors plants in the United States a similar time-study system was implemented. At the Mazda factory, management offered ideas on how the entire body could be used in production. The training manual suggested that the number of hand movements could be reduced by using the feet--"not that you must constantly use your feet, but it is worthwhile to consider if you can freely use your feet" (quoted in Parker and Slaughter 1988: 3). The system

was implemented along with the just-in-time production and the team concept. While in theory, the team concept encourages workers to participate in management and decision making, it was used in Mazda and General Motors to squelch conflict over the new pace of work (Parker and Slaughter 1988: 88-94).

KT and CCOO distributed leaflets in cooperative work places, put up posters in the portalón (the main entrance to the town center where political news is announced) and organized a forum in Mondragón's cultural center, the Palace of Monterrón. The forum was attended by approximately eighty people, a good turn-out compared to other lectures organized at Monterrón. The guest speaker was a CCOO affiliate who had worked in the Zaragoza plant where MMT caused physical and emotional stress among his work mates. KT members told me that they considered MMT to be the most serious labor problem facing local workers, and they hoped LAB would take up the battle, that is, that LAB, which was more mainstream and better accepted by the workers, would take an activist stance in the cooperatives.

The Beginnings of Syndical Activism

LAB responded in August of 1989 with a small article in Egin⁴, which termed the imposition of Metodos de Medición de Tiempos anti-democratic, since the social council and the workers were opposed. LAB accused coop "technocrats" of

undermining the democratic and humanist principles of cooperativism. These views were echoed in the larger and more controversial article on early retirements, which appeared less than a month later.

LAB's position was more moderate than KT's; it called for a return to the values of cooperativism, especially equality. Thus, LAB used cooperative ideology itself to rally workers. This seemed to be a good strategy for a cooperative work force that was just beginning to re-enter the arena of the labor movement.

One of the most popular dimensions of cooperation was pay equity. In 1990 and 1991, proposals were made at the yearly general assembly of the social security cooperative and in a meeting of the Fagor group to widen the pay ratio to 1:9 or 1:10. On both occasions, the proposals were soundly defeated by workers (at Fagor, workers spoke so vociferously against the proposal that it never even came up for a vote.) Coop workers refused to allow the cooperative principle of pay equality to be violated and LAB followed suit, publically arguing that this showed that workers were more cooperateurs than managers. Even the electoral coalition HB began to warn of the dissolution of cooperative principles.⁵

In 1991, LAB formed its own group in the cooperatives called Talde Cooperativista, which did not function like syndicates in private firms but as an opinion group much

like KT. Articles criticizing the coops appeared periodically in Egin⁶, a departure from the laudatory tone of pre-1989 reportage, including a special tribute in 1986 to the economic and social contributions of the cooperatives to Euskadi.⁷ LAB also expressed its support for syndical intervention:

the absence of syndicates in the cooperatives has negative repercussion for workers. Workers lack an organizational form, and the directors of the cooperatives take advantage of this fact by making substantial changes in working conditions (increasing work pace, scheduling changes, abusing temporary contracts, etc.) which would not so easily be accepted by workers in private firms.⁸

Currently, LAB is trying to determine the best formula for intervening in the cooperatives. Should it advocate a change in the norms that prevent syndicates from operating in the cooperative? Should it simply try to increase the number of affiliates? Were opinion groups more appropriate than formal syndical slates?

The Mondragón cooperatives are now facing syndicalization for the first time in their history. As the local syndicates evaluate strategies, the nature of their role and their efficacy will depend upon the wider political arena, the strength of the labor movement, and finding creative solutions to organizing in the special environment of the cooperatives. The relative strength of the various syndicates also remains to be consolidated. Like LAB, ELA is in favor of some role for syndicates. Recently, management has sponsored locally broadcasted television shows on

syndicalization, and the official magazine of the cooperative Lankinde has featured articles on the topic.⁹ Towards the end of my field work in 1990, managers began to respond to my queries about syndicates by saying that maybe it was appropriate for them to operate in a limited way. LAB and CCOO activists believe that given growing activism among workers and the changing positions of the syndicates, managers prefer that ELA, with a reputation for not challenging management, rather than a more combative syndicate, organize the coops.

Cooperateurs, who are new to activism after over thirty years of relative isolation from the labor movement will also shape the outcomes. This crossroads for the Mondragón cooperative system raises important questions for those who cast it as a prime example of industrial transformation. If the Mondragón cooperatives, the leading alternatives to standard labor-management conflict, are to be unionized, what does this mean for the status of Mondragón as model and, more generally, the ideology of cooperation?

Lessons from Mondragón

While the economic crisis clearly worsened working conditions and channeled managerial structures and attitudes away from democracy and cooperativism toward efficiency and competition, the conclusion drawn from this dissertation should not be that the cooperatives were utopian in the past

but could not weather this latest economic storm. It is not the economic crisis alone that has pushed the cooperatives towards syndicalization. In this dissertation, I devote considerable attention to historical developments in order to show that, from the outset, the cooperatives were limited in their ability to transform labor relations. This history contains important lessons about cooperatives.

While I argue that the current promotion of cooperativism is linked with a post-1973 ideology of cooperation and participation in the work place, I show in Chapters Two and Three that decades earlier, the cooperative founders had chosen a path that linked them to reformist ideologies of their own day. Politically and socially, the cooperatives were associated with a traditional nationalist social agenda which repudiated the class-based project of Basque Socialists. The founder of the cooperative movement, Father José María Arizmendiarieta, represented an entrepreneurial version of social reform within the Basque Church, in contrast to his colleagues who had closer links to the labor movement. The cooperatives were his effort to reform the centuries old artisan and proletarian character of Mondragón.

Thus, one lesson we can draw from the case of Mondragón is that cooperatives can be social projects for the reform of working classes (cf. Foster 1974: 220-224; Menzies 1992). In Mondragón, this effort at reform was multi-faceted, and

it was partially successful. Analyzing the relationship between the Fordist factory regime and the reshaping of working class life, Gramsci (1971) highlighted consumption, recreation, and education as an important spheres of reform. The cooperative Eroski introduced notions of appropriate consumption as well as a consumer identity that were previously unknown in town. Similarly, Father Arizmendiarrieta reorganized education when he founded the Polytechnical School and recreation through his sports club. More recently, onw of the most important means of working class association--the daily round of the bars--is being threatened by shift work in the coops.

The cooperatives have also transformed the nature of local working class leadership. The coops have failed to generate the kind of leaders that have emerged in private firms. For example, the comarcas director of LAB told me that he became a syndical leader during a months-long strike to prevent Limsa, the factory where he worked, from closing. The strike was unsuccessful, but the experience served to transform him from a class conscious worker into a leader. As Lembcke (1991-1992) notes, the experience of big strikes can change a locality by creating what he calls a "political generation", who have shared and been transformed by a common experience. The 1974 Ulgor walk-out could have been a moment in which working class leadership was consolidated and a political generation formed, but the divisive way in

which it was handled turned it into an involuted and destructive event. The cooperatives have not produced important working class figures. Instead, those who have had an impact on town life and Basque politics have been high-level managers who interact with and wield influence in the Basque Autonomous Government, while working class leaders have emerged from private firms, where labor-management conflict provides formative experiences.

The cooperatives have also reshaped the local population by reforming its class identity, as many coop workers see themselves as middle class. However, the question of their class consciousness is complicated, since they envision themselves as middle class in comparison to workers in private firms, but not in relationship to coop managers. Rather, they see their experiences and interests inside the factories as being class determined. Moreover, they do not link their class position to property ownership; the fact that they own a share in the coop means little to them. This absence of a property consciousness among cooperateurs is significant because it contradicts the assumptions of politicians and policy makers who believe that factory ownership gives workers a greater stake in their nation. Ronald Reagan made exactly this supposition in his letter of support for populist Senator Russell Long's, a renowned proponent of employee ownership, campaign for re-election:

Our duty is to foster a strong, vibrant, wealth-producing economy which operates in such a way that new additions to wealth accrue in greater measure to those who presently have little or no ownership stake in their country (quoted in Rosen 1981: 67).

Clearly, Reagan sees an intimate connection between employee ownership, nationalism, and an identification with capitalism, but can cooperatives actually generate these kinds of ideological commitments among workers (see Kasmir 1991)?

If one were choosing a laboratory for testing the relationship between small property ownership and conservative nationalism, one could not choose a better site than Euskadi, where peasants have historically owned their land, small business has flourished, and nationalist sentiment is fierce. Yet, in Mondragón, property ownership is not important to cooperateurs. Likewise, property ownership was insignificant to women workers in Fall River, Massachusetts who bought their textile firm; contrary to the ideology of worker ownership, these women continued to identify as working class and became more enthusiastic union members than they were before the buyout (Kasmir 1991). It seems, therefore, that property itself does not transform workers, yet ideologies of worker ownership and cooperation remake working classes in other ways.

The case of Mondragón shows that cooperatives can divide working classes. As I showed in Chapter Four, when the Basque working class reconstituted itself in the 1960s

and 1970s, cooperateurs stood somewhat outside that process. Documents produced at that time, by sources as different from each other as leftist factions of ETA and the Catholic Church, indicate that there was local concern about cooperateurs' distance from the rest of the working class, as evidenced by their absence from solidarity strikes with workers in nearby private factories. The particular dynamism of working class and Basque nationalist struggles that characterized Mondragón was undermined as the cooperatives transformed the consciousness of the large segment of the working population which found employment in them. This fact was evident during the 1990 strike for the metal sector contract, which I described in this chapter.

Working classes have always been divided--craft, skill, gender, race, ethnicity have been some of the means of segmentation (cf. Gordon, Edwards and Reich 1982). Worker ownership represents a new division. Likewise ideologies of cooperation and participation, which engage some workers as "team members" or as part of a "total quality" program create new schisms in working classes between those who are expected to share a common interest with management and those who are not. As the economic crisis ushers in more and more such working arrangements, these factory regimes will have an increasingly important impact on working class life. How do worker owners interact with other workers in their communities? What are the effects of worker buyouts on local

unions? How does labor-management cooperation effect the relationships between workers? Unlike most of the literature on the Mondragón coops, my study was not limited to the cooperative system. By extending my research into the social and political life of the town, I showed how critical these kinds of questions are for assessing the contemporary remaking of working classes.

This dissertation also shows that cooperatives are not isolated from their economic environment. Chapter Five documented the working conditions in one cooperative Fagor Clima by comparing it to the private firm Mayc. This comparison was carried out in 1989 to 1990, just as the effects of the global economic crisis were becoming acute. The cumulative effects of the lack of activism in the cooperative, isolation from the local labor movement, and the fact that the cooperative could not escape the forces of the world market meant that from the perspective of the shop floor, work life in Clima was not significantly better than in Mayc. Like other local firms, cooperatives respond to market pressures by increasing the pace of work, automating production, increasing managerial control, hiring temporary labor, and introducing just-in-time production. Despite the fact of worker ownership and participation in management, the cooperative business form does not protect workers from these pressures.

Other authors have made this same observation for

previous cooperative experiments; I noted in Chapter One, earlier in this century the Potter and Webb (Cornforth, et al. 1980: 10-17) and Gide (Nash et al. 1976: 17) argued that cooperatives would either fail or, in the event of their financial success, degenerate. While the Mondragón cooperatives have maintained their worker-owned structure--with the notable exceptions of the new holding company and the recently purchased private firms--competition in the world market has required that they adopt production processes that make them indistinguishable from standard firms.

Similar observations have been made of other kinds of business forms that fell outside of the range of regular firms. While Piore and Sabel (1984) suggested that the recent resurgence of small firms, including family firms, in booming areas like "the third Italy" represented alternatives to capitalism, other authors have convincingly refuted this thesis (e.g. Blim 1990; Rothstein and Blim 1991). These small firms use alternative ideologies to mobilize labor. For example, in the shoe industry of Taiwan, familism and kinship are used to exploit the labor of female workers who are also relatives (Skoggard 1993). This parallels the case of Mondragón, where ideologies of cooperation and sometimes of Basque ethnicity have been used to gloss otherwise exploitative labor practices.

Just as the cooperateurs are starting to turn the

notion of equality on its head, using it to demand pay equity and democracy, perhaps, workers in familistic firms may begin to manipulate the ideology of kinship to their own advantage. In both cases, these ideologies have centuries-old histories. Indeed, this is what Nash (1989) observed in Pittsfield, Massachusetts, where workers embraced the paternalistic attitudes of General Electric just as the company was divesting itself of any responsibility to the community so that it could pursue higher profits elsewhere. These developments suggest that in this flexible phase of capitalism, which draws on new and numerous ideologies for creating industrial organization, unions have to consider new approaches and strategies if they are to survive. The strategies that syndicates formulate in Euskadi may well turn out to be the most important lesson of the Mondragón cooperatives as they may foreshadow and inform the responses of unions to new working environments and new kinds of workers in other parts of the world.

Chapter Notes

1. Egin, 7 September 1989, p.3.
2. Before HB was founded in 1978, radical nationalism had an earlier carnation in the political party Euskal Sozialista Biltzarrea (ESB-Basque Socialist Covergence). The party was short-lived, but significantly, its leadership and a good deal of its constituency was found among the middle-level of management in the Mondragón cooperatives. When ESB disbanded, some of its membership joined HB, including some who had campaigned against the Ulgor strikers. Others moved to more moderate nationalist parties (interview with ex-member of ESB).
3. Leaflet entitled "El MTM es un Sistema de Explotación," CCOO, March 1989.
4. Egin, 12 August 1989, p.12.
5. Egin 21 July 1990, p.23
6. Other articles by Talde Cooperativista, LAB appeared in Egin on 10 July 1992, p.10 and 14 August 1992, p. 9.
7. Egin, 29 June 1986: 2-19. See also Egin "Monografias", 14 Jan. 1978.
8. Two-page leaflet, written by LAB. Not dated, but probably spring or summer 1991.
9. Mondragón has its own television station Arrasate Telebista, which broadcasts in town. Lankide published an article entitled "Sindicalismo y Cooperativismo, muchos puntos en común," May 1989, no. 325, pp. 21-25.

REFERENCES CITED

Documents and Newspapers

Newspapers:

Egin

Diario Vasco

Correo Español

Expansión

Political Documents of ETA:

Zutik

Berriak

(collected documents of ETA were published as Documentos Y, 1981;)

Historical, Political, and Labor Leaflets and Pamphlets:

CCOO archives, Mondragón

LAB archives, Mondragón

Ikerlan Library, Aretxabaleta

Industrial data for Mondragón, circa 1988:

Arrasateko Udala (Ayuntamiento de Mondragón), n.d.

"Industria de Mondragón."

Censuses (held in the town halls of):

Bergara, 1900, 1930, 1950, 1960

Eibar, 1899, 1935, 1950, 1960

Mondragón, 1900, 1930, 1950, 1960

Corporate Publications:

General Motors, 1990 "Project Saturn." (public Relations Materials, General Motors, Spring Hill, Tennessee)

Lankide, magazine published by the Mondragón Cooperative Group (formerly Trabajo y Unión)

Mondragón, 1965 no. 3. (locally published magazine)

Articles and Books

Aceves, Joseph B. and Douglass, William A., eds.

1976 The Changing Faces of Rural Spain. Cambridge, Massachusetts: Schenkman.

Aglietta, Michel

1979 A Theory of Capitalist Regulation. London: Verso.

Albarracín, Jesús

1987 La Onda Larga del Capitalismo Español. Madrid: Economistas Libros.

- Anderson, Perry
1974 Lineages of the Absolutist State.
London: Verso.
- Aranegui, Pedro M.
1986 Gatzaga, Una Aproximación a la Vida de Salinas de Leniz a Comienzos del Siglo XX. Caja de Guipúzkoa.
- Aretxaga, Begoña
1988 Los Funerales en el Nacionalismo Radical Vasco. Ensayo Antropológico. Barcelona: Anthropos Editorial del Hombre.
- Arizaga Bolumburu, Beatriz
1990 Urbanística Medieval (Guipúzkoa). San Sebastián: Kriselu.
- Arocena, Ignacio
1980 "Linajes, Bandos y Villas". In Historia General del País Vasco, Vol. V. San Sebastián: Haranburu, pp. 7-124.
- Azark, J.I. Paul
1988 "Aproximación a las Especificidades del Socialismo Eibarese. Economía y Conflictividad Social (Siglos XIX-XX)." In Congreso de Historia de Euskal Herria, Vol. V. San Sebastián: Editorial Txertoa, pp. 359- 368.
- Azcona, Jesús
1984 Etnia y Nacionalismo Vasco: Una Aproximación Desde la Antropología. Barcelona: Antropos Editorial del Hombre.
- Azurmendi, Joxe
1984 El Hombre Cooperativo. Pensamiento de Arizmendiarrieta. Caja Laboral Popular.
- Barrett, Richard
1974 Benebarre: The Modernization of a Spanish Village. New York: Holt, Reinhart, and Winston, Inc..
- Beltza (Emilio López)
1976 Nacionalismo Vasco y Clases Sociales. San Sebastián: Editorial Txertoa.
1978 Del Carlismo al Nacionalismo Vasco. San Sebastián: Editorial Txertoa.
- Bensman, David and Roberta Lynch
1987 Rusted Dreams: Hard Times in a Steel Community. New York: McGraw-Hill.

- Blim, Michael
 1990 Made in Italy: Small-Scale Industrialization and its Consequences. Westport, Ct.. Greenwood Publications.
- Bluestone, Barry and Bennett Harrison
 1982 The Deindustrialization of America. Plant Closings, Community Abandonment, and the Dismantling of Basic Industry. New York: Basic Books.
- Boggs, Carl
 1986 Social Movements and Political Powers: Emerging Forms of Radicalism in the West. Philadelphia: Temple University Press.
- Bourdieu, Pierre
 1984 Distinction: A Social Critique of the Judgement of Taste. Cambridge, Ma.: Harvard University Press.
- Bradley, Keith and Alan Gelb
 1982 "The Replicability and Sustainability of the Mondragón Experiment." British Journal of Industrial Relations, VXX (1): 20-34.
 1983 Cooperation at Work: The Mondragón Experience. London: Heinemann Educational Books, Ltd..
- Brandes, Stanley
 1976 "The Impact of Emigration on a Castillian Mountain Village." In Joseph B. Aceves and William A. Douglass, eds., The Changing Faces of Rural Spain. Cambridge, Mass.: Schenkman.
- Briggs, Pamela
 1988 "The Japanese at Work: Illusions of the Ideal." In Mike Slaughter and Jane Parker, eds. Choosing Sides: Unions and the Team Concept. Detroit: Labor Notes, pp. 60-65.
- Bruni, Luigi
 1989 E.T.A., Historia de Una Lucha Armada. Tafalla: Txalaparta.
- Butler, Judith
 1990 Gender Trouble: Feminism and the Subversion of Identity. New York: Routledge.
- CLP (Caja Laboral Popular)
 1983 Pensamientos de Don José Arizmendiarieta.

- 1988 "Estudio Comparativo Trienal Sobre Niveles Retributivos 1987." División Empresarial, Departamento de Estudios.
- 1990 Annual Report.
- Campbell et. al., Alastair
1977 Worker-Owners: The Mondragón Achievement. London: Anglo-German Foundation for the Study of Industrial Society.
- Carbonella, August
1992 "Historical Memory, Class Formation, and Power: A Central Maine Papermaking Community, 1920-988," Focaal 19: 1001-1023.
- Caro Baroja, Júlio
1974 Vasconiana. San Sebastián: Txertoa
- 1972 Los Vascos y la Historia a través de Garibay: Ensayo de Biografía Antropológica. San Sebastián: Txertoa.
- Carr, Raymond
1966 Spain, 1808-1939. Oxford: Oxford University Press.
- Casanova, José
1983 "Modernization and Democratization: Reflections on Spain's Transition to Democracy", Social Research 50 (4): 929-973.
- Castells, Miguel Arteche
1982 Radiografía de un Modelo Represivo. San Sebastián: Ediciones Vascas.
- Celaya, Pedro Olabarri
1970 Eibar, Syntesis de Monografía Histórica. San Sebastián: Caja de Ahorros Municipal de San Sebastián.
- Chaffe, Lyman
1988 "Social Conflict and Alternative Mass Communications: Public Art and Politics in the Service of Spanish- Basque Nationalism." European Journal of Political Research, 16 (5): 545-572.
- Chilicote, Ronald
1968 Spain's Iron and Steel Industry. Austin: Bureau of Business Research, University of Texas at Austin, pp. 1-27.

- Chomsky, Ave and Jon Aske
1991 "The Basque Popular Movement." Z Magazine,
February: 105-109.
- Clark, Robert P.
1979 The Basques: The Franco Years and Beyond. Reno,
Nevada: University of Nevada Press.
1984 The Basque Insurgents: ETA, 1952-1980. Madison:
University of Wisconsin Press.
1990 Negotiating with ETA: Obstacles to Peace in the
Basque Country, 1975-1988. Reno: University of
Nevada Press.
- Cole, John
1977 "Anthropology Comes Part Way Home: Community
Studies in Europe." Annual Reviews in
Anthropology, 6: 349- 378.
- Colectivo Unitário -- LAB
1989 Obreros Somos ... 1969-1989. El Movimiento Obrero
en la Comarca de Tafalla. Tafalla, Altafalla:
Kultur Taldea.
- Cornforth, Chris, et al.
1988 Developing Successful Worker Co-operatives.
London: Sage Publications.
- Cueva, Justo de la
1988 La Escisión del PNV: EA, HB, ETA y la
Deslegitimación del Estado Español en Euskadi Sur.
Tafalla: Txalaparta Argitaldaria.
- Cumbler, John T.
1979 Working Class Community in Industrial America:
Work, Leisure, and Struggle in Two Industrial
Cities, 1880- 1930. Westport, Ct.: Greenwood
Press.
- Documentos Y
1981 San Sebastián: Hordago.
- Douglass, William
1975 Echelar and Murelaga: Opportunity and Exodus in
Two Spanish Basque Villages. New York: St.
Martin's Press.
- Earle, John
1986 The Italian Cooperative Movement: A Portrait of
the Lega Nazionale de Cooperative e Mutue. London:
Allen and Unwin.

- Ellerman, David P.
1984 "Entrepreneurship in the Mondragón Cooperatives."
Review of Social Economy, 42: 272-294.
- Enciclopedia Histórica-Geográfica de Guipúzcoa
1983 "Bergara." In Enciclopedia Histórico-Geográfico de Guipúzcoa. San Sebastián: Horanbu, S.A.. Vol 4: 211-240.
- Enloe, Cynthia
1990 "Blue Jeans and Bankers". In Bananas, Beaches and Bases: Making Feminist Sense of International Politics. Berkeley: University of California Press, pp. 151-176.
- Eroski
1988 Memoria Txostena
1989 "La Educación del Consumidor en la Escuela", suplemento numero 134
- Estatuto de los Trabajadores
1988. Estatuto de los Trabajadores. Madrid. Editorial García Enciso.
- Etxezarreta, Miren
1979 La Crisis del Caserio. Saioak.
- Fagor
1986 Estatutos Sociales de Fagor Clima S. Coop.. 2 de Junio de 1986.
- Ferrer, Manuel Regales
1966 "Iniciativa y Promoción Industriales en Guipúzcoa." In Homenaje al Excmo. Sr. D. Amando Melón y Ruiz de Gordezuela. Zaragoza, Spain, pp. 137-161.
- Flinn, M.W.
1955 "British Steel and Spanish Ore: 1871-1914."
Economic History Review 8 (1): 84-90.
- Foster, John
1974 Class Struggle and the Industrial Revolution: Early Industrial Capitalism in Three English Towns. London: Methuen & Co., Ltd..
- Fox, Richard
1976 "Lineage Cells and Regional Definition in Complex Societies." In Carol A. Smith, ed. Regional Analysis, Vol. 2. New York: Academic Press, pp. 95-121.

- Frankenberg, Ronald
 1990 The Village on the Border: A Social Study in a North Whales Community. Illinois: Waveland Press, Inc.
- Fusi, Juan Pablo
 1984 "El Primer Socialismo Vasco 1885-1936" In Nacionalismo y Socialismo en Euskadi. Bilbao: IPES, Cuaderno de Formación N° 4, pp. 87-107.
- Geo
 1989 "El Imperio en el Valle," 34: 108-122.
- Gilmore, David
 1977 "Land Refrom and Rural Revolt in 19th C. Andalucia." Peasant Studies, 6: 142-146.
- González, Primo
 1981 "Mondragón, El holding Abertzale en la Encrucijada." Dinero (October).
- González, Manuel Portilla and José Maria Garmendia
 1988 La Posguerra en el País Vasco: Política, Acumulación, Miseria. Donostia: Krislev.
- Gordon, David
 1978 "Up and Down the Long Roller Coaster." In Union for Radical Political Economics, eds., Capitalism in Crisis. New York: Union for Radical Political Economics.
- Gordon, David M., Richard Edwards and Michael Riech
 1982 Segmented Work, Divided Workers: The Historical Transformation of Labor in the United States. Cambridge: Cambridge Univeristy Press.
- Gorroño, Iñaki
 1975 Experiencia Cooperativa en el País Vasco. Durango: Leopoldo Zugaza.
- Gramsci, Antonio
 1971 "Americanism and Fordism." In Selections from the Prison Notebooks. New York: International Publishers, pp. 277-321.
- Granja, José Luís
 1984 "La Izquierda Nacionalista Vasca en la II República: A.N.V.." In Nacionalismo y Socialismo en Euskadi Bilbao: IPES, Cuaderno de Formación N° 4, pp. 123- 135.

Greenwood, Davydd

- 1976 Urewarding Wealth: The Commercialization and Collapse of Agriculture in a Spanish Basque Town. Cambridge: Cambridge University Press.
- 1977 "Culture by the Pound: an Anthropological Perspective on Tourism as Cultural Commodification", In Valene Smith, ed., Hosts and Guests: The Anthropology of Tourism. Philadelphia: University of Pennsylvania Press, pp. 129-139.
- 1986 "Labor-Managed Systems and the Second Industrial Divide: The Fagor Group of Mondragón." Paper Delivered at the annual meetings of the American Anthropological Association, Philadelphia.

Greenwood, Davydd and José Luis González

- 1989 Culturas de Fagor. Donostia: Editorial Txertoa.

Grenier, Guillermo

- 1989 Inhuman Relations: Quality Circles and Anti-Unionism in American Industry. Philadelphia: Temple University Press.

Gui, Benedetto

- 1982 "Basque Versus Illyrian Labor-Managed Firms: The Problem of Property Rights." Quaderno N° 24, Università Degli Studi di Trieste, Istituto di Economia.

Gurruchaga, Ander

- 1985 El Código Nacionalista Vasco Durante El Franquismo. Barcelona: Antropos Editorial del Hombre.

Gutiérrez-Johnson, Ana and William Foote Whyte

- 1982 "The Mondragón System of Worker Cooperatives." In Frank Lindenfeld and Joyce Rothschild-Whitt, eds., Workplace Democracy and Social Change, Boston: Porter Sargent Publishers, Inc., pp. 177-199.

Habermas, Jurgen

- 1986 "The New Obscurity: The Crisis of the Welfare State and the Exhaustion of Utopian Energies." Philosophy and Social Criticism, (2): 1-18.

Hacker, Sally

- 1989 Pleasure, Power and Technology: Some Tales of Gender Engineering, and the Cooperative Workplace. Boston: Unwin Hyman.

- Hacker, Sally and Clara Elcorobairutia
 1987 "Women Workers in the Mondragón System of Industrial Cooperatives." Gender and Society, 1 (4): 358-379.
- Hall, Stuart
 1988 The Hard Road to Renewal: Thatcherism and the Crisis of the Left. London: Verso.
- Hansen, Edward C.
 1977 Rural Catalonia Under the Franco Regime. New York: Cambridge University Press.
- 1983 "Drinking to Prosperity: The Role of Bar Culture and Coalition Formation in the Modernization of the Alto Pañades." In J.C. Aceves, ed., Economic Transformation and Steady State Values: Essays in the Ethnography of Spain. Flushing, NY: Queens College Publications in Anthropology # 2, pp. 42-51.
- Harvey, David
 1989 The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change. Cambridge, Ma.: Basil Blackwell.
- Heiberg, Marianne
 1980 "Basques, Anti-Basques, and the Moral Community." In R.D. Grillo, ed., "Nation" and "State" in Europe: Ethnic Minorities in Western Europe. New York: Praeger, pp. 45-61.
- 1989 The Making of the Basque Nation. Cambridge: Cambridge University Press.
- Hobsbawm, Eric J.
 1962 The Age of Revolution, 1789-1848. New York: Mentor Books.
- 1984 "The Making of the Working Class 1870-1914." In Workers: Worlds of Labour. New York: Pantheon Books.
- 1990 Nations and Nationalism Since 1780: Programme, Myth and Reality. Cambridge: Canto Press.
- Hoerr, John
 1991 "What Should Unions Do?", Harvard Business Review. May-June, pp. 30-45.

- Howard, M.C. and John Edward King
 1990 "The 'Second Slump': Marxian Theories of Crisis after 1973." Review of Political Economy, 2 (3): 267- 291.
- IG Metall (Industriegewerkschaft Metall für die Bundesrepublik Deutschland)
 n.d. Action Program: Work and Technology. "People Must Stay!"
- ICA (Industrial Cooperative Association, Inc.)
 1985 "The Massachusetts Law for Worker Cooperatives: M.G.L. Chapter 157A." Somerville, Ma.: ICA.
- Kamata, Satoshi
 1982 Japan in the Passing Lane. New York: Pantheon Books.
- Kasmir, Sharryn
 1991 "'Stickin' to the Union': Worker Ownership from a Working Class Perspective." Anthropology of Work Review, xii (1): 8-13.
- Keeney, Martin and Richard Florida
 1988 "Beyond Mass Production: Production and the Labor Process in Japan." Politics and Society, 16 (1): 121-158.
- Kirchoff, Paul
 1959 "The Principles of Clanship in Human Society." In Morton Fried, ed., Readings in Anthropology, Vol. 2. New York: Thomas Y. Crowell, pp. 260-270.
- LAB (Langile Abertzaleen Batzordeak)
 1985 "S.A.L. eta Kooperatibismoari Burusko Batasun Nazionalaren Erabakiak (Resoluciones de la Unión Nacional Sobre Cooperativismo y S.A.L.)"
- Lamphere, Louise
 1992 "The Gendered Nature of Workplace Culture: Comparing Male and Female Experience." Anthropology of Work Review, xii (4) and xiii (1): 21-22.
- Lannon, Frances
 1979 "A Basque Challenge to the Pre-Civil War Spanish Church." European Studies Review, 9: 29-48.
- Larrañaga, Jesús
 1981 Don José María Arizmedi-Arrietta y la Experiencia Cooperativa de Mondragón. Caja Laboral Popular.

- Larranaga, Juan
 1986 El Consejo Social: Pasado, Presente y Futuro.
 Caja Laboral Popular.
- Leach, Edmund R.
 1954 Political Systems of Highland Burma: A Study of
 Kachin Social Structure. Boston: Beacon Press.
- Lembcke, Jerry
 1991-1992 "Why 50 Years? Working Class Formations and
 Long Cycles." Science and Society, 55 (4):
 417-446.
- Leonard, D. Christopher
 1991 "After Class and After Work: Politics in a
 Northern Italian Region." Socialism and Democracy,
 13: 119-135.
- Letona, José
 1975 Mondragón Sus Calles. Ediciones de la Caja de
 Ahorros Provincial de Guipúzcoa.
 1987 "Algunos apuntes históricos e itinerario turístico
 monumental." Mondragón: Ayuntamiento de Mondragón.
- Lindenfeld, Frank
 1982 "Workers' Cooperatives: Remedy for Plant
 Closings?" In Frank Lindenfeld and Joyce
 Rothschild-Whitt, eds., Workplace Democracy and
 Social Change. Boston: Porter Sargent Publishers,
 Inc.
- Lloyd, E.A.
 1926 The Cooperative Movement in Italy. New York:
 International Publishers.
- Lynch, Helena
 n.d. Co-op Options: A Study of Worker Co-ops in
 Ireland. Dublin: Workers Unity Trust.
- Mancomunidad del Alto Deba
 1982 Datos y Series Estadísticas de la Comarca del Alto
 Deba.
- Mandel, Ernest
 1975 Late Capitalism. New York: Verso.
 1978 The Second Slump: A Marxist Analysis of Recession
 in the Seventies. London: New Left Books.

- Marsh and Swanney
1980 Agriculture and the European Community. London: Routledge and Kegan Paul.
- Martinez-Alier, Juan
1971 Labourers and Landowners in Southern Spain. Totowas, N.J.: Rowman and Littlefield.
- Maynard, David
1991 "French Socialism and Breton Ethnic Politics, 1980- 1988." Socialism and Democracy, 13: 87- 101.
- Mendizabal, José Antonio
1989 "Las Sociedades Anonimas Laborales en el Contexto de la Economía Social" Tesis Doctoral, Universidad del País Vasco.
- Menzies, Charles
1992 "On Permanent Strike: Class and Ideology in a Producers' Cooperative." Studies in Political Economy, 38: 85-108.
- Midwest Center for Labor Research
1989 Participation in Managment: Union Organizing on a New Terrain. Chicago: Midwest Center for Labor Research. VII(2):
- Milbrath, Robert Stephen
1986 "Institutional Development and Capital Accumulation in a Complex of Basque Worker Cooperatives." Doctoral Dissertation, University of Michigan.
- Monreal, Gregorio
1980 "Anotaciones sobre el pensamiento politico tradicional vasco en el siglo XVI." Madrid: Instituto Nacional de Estudios Jurídicos, Anuario de Historia del Derecho Español.
- Morrison, Roy
1991 We Build the Road as We Travel. Philadelphia: New Society Publishers.
- Moulinier, Jacques
1949 "The Rh Factor in Southwestern France. An Examination of the Basque and Bearnais Populations," American Journal of Physical Anthropology, 7: 545- 549.

- Nadal, Jordi
 1976 "The Failure of the Industrial Revolution in Spain 1830-1914." In Carlo M. Cipolla, ed., The Fontana Economic History of Europe. New York: Harvester Press. 4 (2): 532-627.
- Nash, June
 1989 From Tank Town to High Tech: The Clash of Community and Industrial Cycles. Albany: State University of New York Press.
- Nash, June, Jorge Dandler, Nicholas S. Hopkins, eds.
 1976 Popular Participation in Social Change: Cooperatives, Collectives and Nationalized Industry. The Hague: Mouton Publishers.
- Newman, Katherine S.
 1989 Falling from Grace: The Experience of Downward Mobility in the American Middle Class. New York: Vintage Books.
- Nuñez, Luis C.
 1977 Clases Sociales en Euskadi. San Sebastián: Txertoa.
- Oakeshott, Robert
 1975 [1973] "Mondragón, Spain's Oasis of Democracy." In Jaroslav Vanek, ed., Self-Management: Economic Liberation of Man. Baltimore: Penguin Books, pp. 290-296.
- 1978 The Case for Workers' Co-ops. London: Routledge Kegan & Paul.
- 1978b "Industrial Co-operatives: The Middle Way." Lloyds Bank Review, January (187): 44-58.
- Oktubre Taldea
 1987 Arrasate 1936: una Generación Cortada.
- Ormachea, José Maria
 1991 La Experiencia Cooperativa de Mondragón. Mondragón: Grupo Cooperativo Mondragón.
- n.d El Grupo Cooperativo Mondragón (Capítulo VII): CLP
- Ornelas, Carlos
 1980 "Producer Cooperatives and Schooling: The Case of Mondragón, Spain." Doctoral Dissertation, Stanford University School of Education.

- Ortzi
1978 Los Vascos: Sintesis de Su Historia. Donostia: Hordago.
- Otazu y Llana, Alfonso de
1986 El "Iqualitarismo" Vasco: Mito Y Realidad. San Sebastián: Editorial Txertoa.
- Pappas, Gregory
1989 The Magic City: Unemployment in a Working-Class Community. Ithaca: Cornell University Press.
- Payne, Stanley G.
1961 Falange. A History of Spanish Fascism. Stanford: Stanford University Press.
- Parker, Mike
1985 Inside the Circle: A Union Guide to QWL. Detroit: Labor Notes.
- Parker, Mike and Jane Slaughter
1988 Choosing Sides: Unions and the Team Concept. Detroit: Labor Notes.
- Piess, Kathy Lee
1986 Cheap Amusements: Working Women and Leisure in New York City, 1880-1920. Philadelphia: Temple University Press.
- Pimentel, Felipe Zerbi
1987 "Democratization, Modernization, and De-Radicalization: Spanish Socialism During the Consolidation of a New Political Regime 1976-1982." Political Culture, pp. 67-97.
- Piore, Michael J. and Charles F. Sabel
1984 The Second Industrial Divide. New York: Basic Books.
- Poggi, Gianofranco
1978 The Development of the Modern State: a Sociological Introduction. Stanford: Stanford Univ. Press.
- Rodríguez de Coro, Francisco
1980 Guipúzcoa en la Democracia Revolucionaria (1868-1876): Génesis de Nacionalismo Vasco. San Sebastián: Caja de Ahorros Provincial de Guipúzcoa.

- Rosen, Corey
 1981 Employee Ownership: Issues Resources and Legislation. Arlington, Va.: National Center for Employee Ownership.
- Rothstein, Frances A. and Michael Blim, eds.
 1991 Anthropology and the Global Factory: Studies of the New Industrialism in the Late Twentieth Century. New York: Praeger.
- Royal Arsenal Co-operative Society, Ltd.
 n.d. "Mondragón. The Basque Co-operatives." A Report by the Royal Arsenal Co-operative Society, Ltd..
- Russell, Raymond
 1984 "Using Ownership to Control: Making Workers Owners in the Contemporary United States." Politics and Society, 13 (3): 253-294.
 1985 Sharing Ownership in the Workplace. Albany: State University of New York Press.
- Sarte, Jean Paul
 1975 "The Burgos Trial." In Life/Situations: Essays Written and Spoken by Jean Paul Sarte translated by Paul Austen and Lydia Davis. New York: Random House, pp. 135-161.
- Sarti, Roland
 1971 Fascism and the Industrial Leadership in Italy, 1919-1940; a Study in the Expansion of Private Power Under Fascism. Berkely: University of California Press.
- Schneider, P., Schneider, J. and Hansen, E.
 1972 "Modernization and Development: the Role of Regional Elites and Noncorporate Groups in the European Mediterranean", Comparative Studies in Society and History, vol. 14.
- Schiller, Nina Glick
 1987 "Management by Participation: The Division of Labor, Ideology and Contradiction in a U.S. Firm," In David Hakken and Hannah Lessinger, eds. Perspectives in U.S. Marxist Anthropology. Boulder, Colorado: Westview, pp. 211-231.
- Schweickart, David
 1984 "Plant Relocations: A Philosophical Reflection." Review of Radical Political Economics, 16 (4): 32-51.

- Searjeant, Graham
1978 Sunday Times, 19 November
- Shapiro, Jack H. and Cosenza, Teresa
1987 Reviving Industry in America: Japanese Influences on Manufacturing and the Service Sector.
Cambridge, Ma.: Ballinger Publishing Co.
- SIADeco
1970 Datos del Estudio Socio-Económico Sobre Mondragón.
1972 Mondragón y Su Futuro. San Sebastián.
- Skoggard, Ian
1993 "Dependency and Rural Industrialism in Taiwan."
Doctoral Dissertation, City University of New York.
- Taylor, Peter
1988 "The Gas Tap Work Groups of Copreci, S.Coop."
Unpublished paper.
- Thomas, Henk and Chris Logan
1982 Mondragón: An Economic Analysis. London: George Allen and Unwin.
- Thompson, E.P.
1966 The Making of the English Working Class. New York: Vintage Books.
- Touraine, Alain
1985 "An Introduction to the Study of Social Movements." Social Research, 54 (4).
- Turner, Victor
1967 The Forest of Symbols: Aspects of Ndembu Ritual.
Ithaca, NY: Cornell University Press.
- Unión Cerrajera
n.d. Unión Cerrajera 75 Años de Historia. Unpublished Manuscript.
- Unzueta, Patxo
1988 Los Nietos de la IRA: Nacionalismo y Violencia en el País Vasco. Madrid: El País, Aguilar.
- Uribe-Echebarria, Agustín
1981 Burocracia o Participación? Un Ensayo Sobre Organización y las Cooperativas de Mondragón.
Bilbao.

- Urla, Jacqueline
 1987 "Being Basque, Speaking Basque: The Politics of Language and Identity in the Basque Country." Doctoral Dissertation, University of California, Berkeley
- 1989 "Reinventing Basque Society." In William A. Douglass, ed., Essays in Basque Social Anthropology and History. Reno: Basque Studies Program.
- Urtiaga
 1962 "El Problema de la Propiedad en la Futura Euzkadi", Reprinted in Documentos Y, Vol. 2: 364-366, 372-374, and 382-384.
- Valle, Teresa del
 1988 Korrika: Rituales de la Lengua en el Espacio. Barcelona: Anthropos.
- Valle et al., Teresa del
 1985 La Mujer Vasca: Imagen y Realidad. Barcelona: Anthropos Editorial del Hombre.
- Vanyek, Jan
 1977 The Labor-Managed Economy. Ithaca, N.Y.: Cornell University Press.
- Weiner, Hans and Robert Oakeshott
 1987 Worker-Owners: Mondragón Revisited. A New Report on the Group of Co-operatives in the Basque Provinces of Spain. Anglo-German Society for the Study of Industrial Society.
- Wells, Miriam J.
 1984 "What is a Worker? The Role of Sharecroppers in Contemporary Class Strucutre", Politics and Society, 13(3): 295-320.
- Williams, Brackette F.
 1989 "A Class Act: Anthropology and the Race to Nation Across Ethnic Terrain", Annual Reviews in Anthropology, 18: 401-444.
- Withers, Charles W.J.
 1988 Gaelic Scotland. The Transformation of a Cultural Region. Routledge: London.
- Whyte, William F.
 1982 "Social Inventions for Solving Human Problems". American Sociological Review, 47: 1-13.

- Whyte, William F. and Kathleen King W.
1988 Making Mondragón: The Growth and Dynamics of the
Worker Cooperative Complex. Ithaca, N.Y.: ILR
Press.
- Wright, Erik Olin
1976 "Class Boundaries in Advanced Capitalist
Societies", New Left Review, 98: 3-41.
- Wolf, Eric
1982 Europe and a People without History. Berkely:
University of California Press.
- Zulaika, Joseba
1988 Basque Violence: Sacrament and Metaphor. Reno:
University of Nevada Press.