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## 10 Union Co-op/Mondragon Principles

Mondragon adopted a version of the ten founding principles paraphrased below in 1987. These are also the principles of the United Steelworkers-Mondragon union-cooperative collaboration agreement signed in October 2009.

Sixty years of the Mondragon cooperative experience showcase pathways to overcoming Labor commodification through wider, deeper and more inclusive worker ownership practices.

### 1. OPEN ADMISSION

The co-op will not discriminate in the admission of new worker-owners. Anyone who can do the work and supports these 10 principles can become a worker-owner. There will be no discrimination.

### 2. DEMOCRATIC ORGANIZATION

The principle of “one worker, one vote” shall prevail throughout the co-op, including the annual General Assembly and the election of the Board of Directors. Every worker-owner owns an equal share and has an equal vote through “one class” ownership.

### 3. SOVEREIGNTY OF LABOR

The co-op is centered around labor, around the people doing the work. Created wealth is distributed in terms of the labor provided and there is a firm commitment to new family and community sustaining jobs. Worker-owners receive competitive and just salaries and dividends based on the profitability of the cooperative.

### 4. INSTRUMENTAL AND SUBORDINATE NATURE OF CAPITAL

Only profitable enterprises provide the workplace freedom for Mondragon cooperatives to align principles with practice. Generally, a corporation sells shares of ownership and management to raise capital, and then hires labor. The Mondragon Cooperatives do not sell shares to raise capital. Instead, the workers own their cooperative enterprises, choose their management and rent sustaining capital. Within the Mondragon ecosystem, capital is labor's *instrument*, not its master.

## 5. PARTICIPATION IN MANAGEMENT

The practice goal is for "Ownership" to become more than just the value of a share. Workers undertake the responsibilities of ownership in their co-op by participating in management positions and as members of the co-op's board of directors, by striving for inter-cooperation and competitive excellence, and by ensuring that the co-op remains accountable to its worker-owners.

## 6. WAGE SOLIDARITY

Wage solidarity means there is less disparity among workers and the communities in which they live, reinforcing the equality and quality of ownership. In most cases, the highest paid worker in the Mondragon co-operatives makes no more than 8 times the lowest paid worker. The Mondragon Cooperative Experience declares sufficient payment based on solidarity to be a basic principle of its management. Solidarity is manifest both internally and externally, as well as at the corporate level.

## 7. INTER-COOPERATION

Just as workers benefit from working cooperatively in a business, so too can co-ops benefit from working cooperatively with other co-ops. Such an interdependent system of co-ops allows each co-op to create and share common resources such as financing, research and development, and training, to support each other through cross-training, job placement, and capital infusions during down-turns and up-turns in local and global markets.

## 8. SOCIAL TRANSFORMATION

A key part of the co-op's mission is to support and invest in the economic, social and cultural development of its hosting, local-living community. Creating jobs, funding development projects, pursuing education, and providing opportunities cooperatively brings about a freer, fairer and more caring society.

Mondragon coops reinvest a high proportion of their profits, including regular investments, in community funds for job creation:

- 10% of the net profit of the Cooperatives is donated to non-profit organizations;
- Mondragon's Lagun Aro Mutual cooperative (owned by other cooperatives) provides social security, unemployment, and health insurance benefits (as a cooperative owned by the other cooperatives), and
- Mondragon cooperative members serve as committed community activists.

## 9. UNIVERSALITY

The co-op supports all efforts to promote workplace democracy, the co-operative model and cooperative culture to achieve social and economic justice, individual freedom and self-fulfillment through ownership, and higher, broader and deeper levels of civic equity.

## 10. EDUCATION

Continuous and relevant education and training have played a decisive role in the creation sixty years ago and sustained unfolding of the Mondragon Cooperative Experience. Mondragon's founder and pioneering driving force, the Catholic priest José María Arizmendiarieta, was clear that education, understanding complex ideas and concepts adopted by humanity, is the key to the development and progress of a people and that **'knowledge has to be socialized to democratize power.'** Education and lifelong learning provide the tools for worker-owners to adapt and improve the cooperative so that it endures and inspires.

"Labor is prior to and independent of capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is the superior of capital, and deserves much the higher consideration."

Abraham Lincoln



"There is always another step to take."

Father José María Arizmendiarieta

