

Workers protest closure of Spanish cooperative Fagor

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Last week, 1,300 workers and their families marched from the factory of Spanish electrical appliances manufacturer Fagor Electrodomésticos in Basauri in the Basque region of Spain to the town centre, protesting against its closure. At Edesa the workers have occupied the factory.

Fagor produces brands including Brandt and De Dietrich. It has filed for bankruptcy, threatening the jobs of 5,600 workers.

The end of Fagor, a subsidiary of the Mondragón corporation, regarded as the jewel in the cooperative movement crown, shows that such organisations are not an alternative to capitalism, as their promoters proclaim. Fagor's CEO Sergio Treviño warns that its fall "will have an uncontrollable domino effect on the rest of the group with major social implications."

Mondragón is the world's largest federation of worker cooperatives, composed of 289 companies, 110 cooperatives and 147 subsidiaries. Based in the Basque Country, it is the leading business group in the region--contributing 7 percent of the GDP--has the seventh-highest turnover of Spanish companies and employs 60,000 workers in Spain, 35,000 in the Basque region itself. With the development of globalisation it has established itself overseas and compromised many of its cooperative principles.

Fagor, Mondragón's flagship enterprise, employs 5,642 workers in 13 manufacturing plants in five countries (France, Poland, Morocco, Italy and China), but only 2,000 of its members belong to the cooperative.

The company was hard hit in recent years by the eruption of the global economic crisis in 2008, with revenues falling by €600 million (US\$810 million), or 37 percent, in the last five years. This decline was a combination of a sharp drop in demand for domestic

appliances due to the impoverishment of workers and the appearance of new low-cost competitors based on cheap labour in China, Turkey and South Korea.

The company was unable to get the full €170 million it required to stave off bankruptcy from other Mondragón cooperatives or the corporation's own banking arm, Caja Laboral. Approaches to US hedge funds and private equity companies appear to have fallen through, as did appeals to the Spanish government and the Basque regional government.

As a result, Mondragón's general council decided unanimously that Fagor had to be shut down, adding that even if more support were forthcoming it would not guarantee the company's future viability and that it did not represent the needs of the market. "Solidarity has reached its limit," the corporation acknowledged.

The cooperative is left with its formal obligation to find work for its redundant members. "The problem is the dimensions," it admitted. "When other cooperatives have gone out of business this was not the case. It's not the same to relocate 15 or 30 members as it is to do so with 1,800, although we still don't know how many this will affect."

Mondragón representatives said they will seek early retirement or job relocation for 1,000 to 1,200 workers who are members of the cooperative, but non-member workers are not included and the total job losses in the Basque region are expected to amount to around 4,000.

Fagor's demise is proof of the warning made nearly 150 years ago by Karl Marx. In his 1864 Inaugural Address to the Working Men's International Association, Marx insisted, "The experience of the period from 1848 to 1864 has proved beyond doubt that, however excellent in principle and however useful in practice, cooperative labour, if kept within the narrow circle of the casual efforts of private workmen,

will never be able to arrest the growth in geometrical progression of monopoly, to free the masses, nor even to perceptibly lighten the burden of their miseries... To save the industrious masses, cooperative labour ought to be developed to national dimensions, and, consequently, to be fostered by national means... To conquer political power has, therefore, become the great duty of the working classes.”

Fagor was created precisely to prevent the conquest of political power by the working class. It was founded in 1956 during the Franco dictatorship by a young Catholic priest, José María Arizmendiarieta, a delegate of the fascist Falange Youth Front. He was acutely aware of the social polarisation in Spain and saw in the cooperative movement an opportunity to put into practice the principles of Franco’s corporate state and deflect revolutionary sentiment in the working class.

Arizmendiarieta declared, “We live within a community and a nation of men and not of proletarians” and that “Building the cooperative does not go against capitalism, but when the capitalist system is not useful, the cooperative must overcome and for this purpose must assimilate its methods and dynamism.”

Many cooperatives were established in the years to follow in Franco’s autarkic Spain.

The collapse of Fagor has also exposed the pseudo-left’s rejection of Marx’s warnings. Carl Davidson, a member of the Committees of Correspondence for Democracy and Socialism, a group which split from the Communist Party USA more than 20 years ago, is a typical example. Following a visit in 2010 he enthused in his “Mondragón Diaries”, in an entry entitled “Why Humanity Comes First at Work: Learning About Bridges to 21st Century Socialism,” how “All the employees in the Basque areas are worker-owners; those elsewhere are in varying stages of becoming so.”

He glorified Fagor, claiming, “They compete by selling very high quality goods at reasonable prices and good service.”

Even then he was forced to admit, “Before the crisis hit two years ago, 15 percent of Fagor’s workers were temporary ‘trial period’ new hires, meaning they couldn’t become worker-owners for six months to a year. All these were laid off due to the fall in demand, but all the regular worker-owners remained on the job or were shifted to other related coops.”

Mondragón president Txema Gisasola had the measure of Davidson and the pseudo-left when he stated, “We receive visitors from many companies and many countries, and some come here with a magical idea of what Mondragón is.”

“This is not magic. We are in this market, competing in the capitalist world, and the only difference is how we do things and why we do things. We have to be competitive, we have to be efficient, we have to have quality in our products and give satisfaction to our clients, and we have to be profitable. In that sense we are no different from anyone else.”



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