



1956-2012

The Mondragón Co-operative Experience

“The present, however splendid it may be, bears the seeds of its own ruin if it becomes separated from the future”.

HISTORY OF THE COOPERATIVES

1956

On 14th April 1956 many inhabitants of Mondragón were discreetly and very carefully celebrating the 25th anniversary of the Second Republic when Father Arizmendiarieta was blessing the first stone of **Ulgor**. The name **Ulgor**, was made up from the initial letters of the surnames of its five founders: Luis Usatorre, Jesús Larrañaga, Alfonso Gorroñogoitia, José María Ormaechea and Javier Ortubay. It was not until almost three years later in May 1959, as Jesús Larrañaga reminds us in the introduction, that the first statutes of **Talleres Ulgor**, were approved.

Father Arizmendiarieta and Ormaechea set off on foot from the old building of the **Escuela Profesional**, today **Mondragón Eskola Politeknikoa**, towards the area of land known as Laxarte, where they had purchased a plot at 45 pesetas/m². Ormaechea was responsible for pacing out the plot. Two weeks later work started on the construction of the first production plant of the Mondragón Experience: a two storey concrete building measuring 750 m².

1957

The **Escuela Profesional**, today **Mondragón Eskola Politeknikoa** came out when responsibility for Vocational Training passed from the Ministry of Labour to that of Education and Science, with Vocational Training becoming part of the state education system.

In its early days, the income to maintain the school, known locally as the “**Profe**”, came from the Ministry of Education, the Provincial Council, the Chamber of Commerce, the Provincial Savings Bank, the Town Halls of Mondragón, Arechavaleta, Escoriaza and Oñate, local companies, parents and associates.

Arrasate, S.Coop., today **Fagor Arrasate**, was set up. It began in a simple way, like any company which starts up, almost exclusively, on the basis of the enthusiasm and dedication of its workforce. Its first activity was the manufacture of dies for cutting and drawing.

Ulgor set up an Electronics Division. Nine years later this Division was to become a company in its own right: **Fagor Electrónica**.

1958

At the end of the year, by order of the Ministry of Labour, members of cooperatives were excluded from the State Social Security System. This decision taken by the Ministry of Labour was decisive and led to the start of a series of actions aimed at creating and developing what is today **Lagun-Aro**, a Voluntary Social Welfare Institution. **Lagun-Aro** was then the response of the co-operatives to a lack of cover.

The first female graduates began their studies in the **Escuela Profesional**. At the same time, chemistry was offered for the first time, aimed mainly at female students.

As far as female education and training were concerned, at the time Father Arizmendiarieta wrote: “It is a grave error that women are not entering vocational training, in a general way, nor participating in re-training and in-service training programmes leading to professions which they reject as unsuitable”.

1959

Something that was to be fundamental to the future of the incipient Mondragón Co-operative Movement occurred in 1959 Father Arizmendiarieta “invented” **Caja Laboral Popular**. The lack of sufficient financial resources led **Ulgor**, **Arrasate**, and the **Cooperativa de Consumo San José**, today Eroski to set up **Caja Laboral Popular**.

What makes **Caja Laboral Popular** different from the grass roots cooperatives Is the mixed nature of its social bodies, which are made up of both worker-members and representatives from the associate co-operatives. In accordance with its “superstructure” character, which **Caja Laboral Popular** has had since its creation, the representatives of the co-operatives are in the majority in these social bodies.

For more than twenty years the co-operatives guaranteed all the operations of the new credit institutions, with a 25% interest in its share capital. Likewise, during the early years all the financial reserves of **Lagun-Aro** were deposited in **Caja Laboral Popular**.

1960

The **Escuela Profesional**, which started in academic year 1943-1944 with just 21 students had more than 300 students by 1960 a figure which began to be important in the world of vocational training. Like many other of our institutions it was created above all by Father Arizmendiarieta. His motto that by socialising knowledge, power is really democratised is a true reflection of the ideas behind “**Eskola**” one of his pet projects.

The “Cooperación” magazine was set up Later it became known as “T.U. (Trabajo y Union”) and finally “T.U. Lankide”.

The first branch of **Caja Laboral** was opened to the public in a modest premises in Calle Ferrerías in Mondragón. Shortly afterwards it moved to its current location at number 27 Calle Don José María Resusta, today Iturriotz Kalea, also in Mondragón. At the time the slogan “open a savings account or pack your bags” became popular, in an attempt to show how important saving was for the development of the cooperatives and by extension for the development of our region.

1961

Without abandoning its original activity, the construction of dies for cutting and drawing. **Arrasate**, based on the technical ability of its work force, began to manufacture transfer lines for metal bodies (refrigerators, washing machines, etc) and then pipe manufacturing machines, roll-forming machines, eccentric presses and shears. In principle with the application of imported technology, which was gradually assimilated and then, as the company was released from the foreign licences it began manufacturing new products of its own.

Arrasate marketed its products under the Taci (Talleres Arrasate Cooperativa Industrial) trademark, to later adopt the current **Fagor Arrasate** name.

A extraordinary decade of development and consolidation had begun, with **Ulgor** and **Arrasate** as the driving forces given that the protectionist economic policies of the dictatorship made the domestic market extremely accessible.

1962

The inauguration of a branch in Aretxabaleta was the first step in **Caja Laboral**'s expansion outside of Mondragón. This process spread like wildfire to other neighbouring towns. The Business Division of was also created and the industrial co-operatives **Copreci**, **Ederlan** and **Lana** were set up.

Ulgor also continued to expand. On 8th February with the help of the local and provincial authorities, new installations for manufacturing selenium semiconductors were inaugurated.

At the same time we discovered that **Ulgor** was spending twice as much as budgeted on training, a piece of information which was “very alarming” according to a reporter at the time. Existing documents also show how sensitive the co-operatives were to absenteeism due to illness or accidents at work.

1963

In 1963, the following theory was advanced concerning Democracy: “Democracy is one of the rules al the game of the co-operative movement. Democracy should be conceived as a method and procedure for combining the interests of each and everyone with those of the company as a whole Knowledge has to be socialised for power to be democratised effectively”.

In March, **Caja Laboral** held its General Assembly. It was attended by representatives from about twenty associate co-operatives, which clearly shows that it was a co-operatives’ co operative.

The return to the idea of saving turned out to be a very effective factor for increasing the awareness of savers, especially in the early years of **Caja Laboral**. On 1 st May, May Day, the first branch was opened in Oñate.

The Group continued to grow and two co-operatives in the province of Guipúzcoa came aboard: **Soraluce** in Bergara and **Vicon** in San Sebastian.

1964

A mutual support movement was initiated among the co-operatives in which some of the future structures of the **Experience** timidly began to take shape. This movement was the embryo of what would later be called the **Mondragón Cooperative Group** and then **Mondragón Corporación Cooperativa**. **Ularco** was the name of the pioneer group which drew together the co-operatives in the Leniz Valley.

Back in 1964, there was a lot of thinking about adapting to the times and there was insistence that: “We have to think about developing a series of institutions which will serve to provide backing for our co-operative aims and plans: institutions in harmony with our social and economic vision. The co-operative movement will be a fleeting phenomenon if it is not planned and developed by our society as a whole with its roots in education and in social and economic relations”.

One thousand students were now studying at the **Escuela Profesional Politécnica** and the co-operatives **Irizar** and **Miba** joined the Experience.

1965

Continuing with the plans for creating spin-offs from **Ulgor**, the Electronics Division was turned into a new co-operative, **Fagor Electrónica, S.C.I.** This was the fifth co-operative to form part of the **Ularco** Co-operative group and looked to be a very promising prospect on the threshold of 1966.

An accident in **Copreci**. Let us take a look at a curious report from the time with its corresponding conclusion: “When trying to clean the slide of a milling machine with the machine still switched on, the cloth got trapped in the cutter dragging his hand with it and causing the injury”.

Conclusion: An accident for which the machine operator was to blame for not having stopped the machine before proceeding to clean it”.

In the area of land known as Iturripe, the new buildings of the **Escuela Profesional Politécnica** and its sports complex were inaugurated occupying a surface area of 40.000 m².

1966

In May, **Caja Laboral** inaugurated branches in Gernika, Eibar and Legazpia. This took the total number of branches open to the public to 24 and the number of associate co-operatives to 36.

The total sales of the co-operatives in 1966 came to almost Pts., 18 million, with Euros. 312,526 in exports. The Mondragon co-operatives were beginning to start to tackle the international market and since then the performance of this variable was to be noticeably much faster than that of total sales.

Danok Bat, today **Danobat** a company of recognised prestige in the machine-tool sector, was formally set up as a co-operative enterprise **Fagor Electrónica** and **Tajo** also joined the Group.

1967

In 1967 work was carried out on bringing the whole health care and welfare system up to date, with the preparation of the Social Welfare Service within the new frame work of a friendly society to be known as **Lagun–Aro**. This was done in line with the changes, pointed to by experience and by general developments in social legislation within the Social Security sphere.

During the year what is still practically **Lagun–Aro's** system today was developed although it still formed part of **Caja Laboral** as the Social Welfare Service.

Impreci, which has since then merged with **Fagor Ederlan**, joined the Group.

Over the year the total work-force of the co-operatives increased by 17.6% with turnover rising by 22.4%.

1968

An extraordinary General Assembly of **Caja Laboral** approved the new statutes of **Lagun-Aro**. This fact shows the maturity of co-operative members when it comes to finding solutions to social and economic problems which affect both the co-operatives and their members in the short and long term.

The Official State Bulletin dated 15th July published the Decree by virtue of which the “**Escuela Profesional Politécnica**”, today **Mondragón Eskola Politeknikoa** was recognised as a “State Centre of Technical Education” that is to say, a centre offering three year courses in Technical Engineering.

There were now more than 6,00 worker-members in the Group’s co-operatives. Total turnover exceeded Pts. 4,000 million. **Amat**, today merged with **Fagor Ederlan**, **Coinma**, **Danona**, **Tolsan**, **Orona** and **Goiti** all joined the Group.

1969

Spain signed a preferential agreement with the ECM as a prelude to full membership. This fact did not go unnoticed by our co-operatives forced to consolidate their position either by developing on their own or by developing together with other manufacturing or financial companies.

Alkargo, T. Ochandiano, today **Rochman, Batz, Eredu, Biurrarena, Matz-Erreka, Egurko** and **Elkar** all became part of the Experience.

Orona, which now had more than one hundred members started work on the building of its new manufacturing facilities for lifts. **Alecop** began work on the construction of its new buildings to house offices and workshops on a plot next to “**Eskola**”.

Comerco was set up, which the following year was to change its name to **Eroski**. This was a co-operative made up of worker-members and consumer members. It was based on the merger of five local consumer co-operatives.

1970

The **Fagor-Mercier** cycling team was presented to the media and youth sports organisations in the Hall of **Mondragón Eskola Politeknikoa**. Some of the best international cyclists like Ocaña, Roche, Perurena and Otaño would become members of the **Fagor** team, which disappeared from the scene in the mid eighties.

There were now more than 9,000 worker-members in the Group. Zubiola, a co-operative located in Azpeitia, Guipúzcoa, formally joined the Group.

In 1970, a contributor to the T.U. Lankide magazine alerted us to the irruption of the computer in the business world, saying that this irruption would mean the increasing preponderance of technical control over more human aspects, something which we could well call “technical colonisation”.

1971

Caja Laboral now had more than 100,000 savers, a symbolic figure which is a true reflection of the rapid consolidation of our credit co-operative.

The report of the Managing Director to the General Assembly highlighted that the savings deposited in **Caja Laboral** represented an increase of 50% over the figures for the end of 1970. And this in a year in which Banks underwent general growth of 22% and Savings Banks of 19%.

The associate co-operatives, for their part, grew at a more modest rate 14%, in a year in which gross domestic product did not grow at all. Therefore the year has to be considered highly satisfactory for the co-operatives, in light of the general slowdown in industry.

1972

Arrasate was awarded a contract in Tripoli (Libya), after international tendering, for the installation of a turnkey production plant for manufacture of welded pipe. The plant, which occupied 17,000 m², cost € 4.81 million.

Eroski, with 32 sales outlets in operation, now had more than 17,000 consumer members. Turnover had increased noticeably, with increases in the non-food sectors.

It is interesting to note that turnover per capita for the co-operatives as a whole in 1972 was around Pts. 10,000 000 which is quite considerable if we bear in mind that nearly all the co-operatives reduced their working week to 45 hours. These seem a lot of hours if judged according to current criteria, but in the early seventies, 45 hours a week was a considerable advance in social terms.

1973

The sales of **Caja Laboral's** associate co-operatives had risen to Pts. 12,000 million, with a workforce of 11.600 members. This was a considerable advance in all senses, clearly showing the viability of new forms of management and democratic participation.

Mondragón Eskola Politeknikoa had become an education centre of the first order, if we bear in mind the following information:

- ⇒ Students of Oficialía Industrial: 560
- ⇒ Students of Maestría: 239
- ⇒ Students of Technical Engineering: 174

To these figures, the number of students in the Language Centre and the special In Service Training Courses must be added.

Lagun-Aro, Voluntary Social Welfare Institution, was set up as a second degree co-operative. **Doiki** joined the Group, and the process which would subsequently lead to the creation of the Technological Research Centre **Ikerlan** was started.

1974

“We are experiencing the end of an era which has lasted fifty years: the era of neocapitalism. We are now entering a time of radical readjustment which will inevitably mean new suffering and set-backs. The world which emerges from this crisis will be as different from that of the sixties as the period we have just left behind was different from the period between the wars... there is no solution within the framework of the existing system”. These were the words of the historian Geoffrey Barraclough. Developed nations prepared to enter one of their worst crises, the Mondragón co-operatives too...

For its part **Caja Laboral** inaugurated its brand new headquarters on the Olandixo hillside, today Paseo Don Jose Maria Arizmendiarieta, in Mondragón. The hillside, where according to legend lived the mythical dragon, now housed one the most emblematic buildings of the co-operative Experience.

The co-operatives **Eika** in Markina and **Lealde** in Lequeitio, both in the province of Vizcaya, joined the Group.

1975

The crisis which began in 1974 was to cause serious difficulties in a number of co-operatives but, in spite of this, there was an increase in net employment in all the associate cooperatives as a whole.

The mutual support of the co-operatives, the generous attitude of **Caja Laboral**, in short: Solidarity, were the key to our strength. This solidarity has been the Group's main tool when it comes to tackling difficult and uncertain situations. Solidarity in effort, but Solidarity based on responsibility, as Father Arizmendiarieta said: "Nobody in need should be left without protection, but neither should those who act with diligence and precaution and those who show no concern for things which should not be neglected be protected without distinction".

Caja Laboral and a number of other co-operatives signed formal collaboration agreements with the **Ikerlan** Technological Research Centres. **Ulgor** was awarded the "Export Leader" prize by way of official recognition of its technological capacity and the quality of its products.

1976

On 29th November, exactly twenty years ago today, Father Arizmendiarieta died, leaving us with this last message: "To look back is an insult to God, you must always look forward". Father Arizmendiarieta was born in Marquina and came to Mondragón in 1941, shortly after he was ordained as a priest. Mondragón was to be his first and only posting. Let us remember some of the most important milestones in his life:

- ⇒ **1956.** Father Arizmendiarieta blessed the first stone of Ulgor.
- ⇒ **1959. Caja Laboral Popular** was created, inspired by Arzimendiarieta, as support body for the development of the co-operatives.
- ⇒ **1966.** The Minister of Labour, Mr. Romero García, awarded him the labour medal.
- ⇒ **1968.** He suffered an attack of angina and his closest collaborators replaced his popular bike with a brand new Velosolex moped.
- ⇒ **1974.** He received open heart surgery and was to die two years later. His burial was an impressive demonstration of sorrow and grief.

1977

“Faced with a short-term future which will probably be tough and tense, our greatest strength lies in our will to work together, to form a Group, with all that this implies as for as adapting individual interests to those of a more general nature is concerned”. So said the introduction to **Caja Laboral's** Annual Report. The institution opened new branches in San Sebastian, Vitoria, Pasajes Ancho, Erandio and Santuchu in 1977.

In spite of the difficult economic situation and the uncertain prospects, the impetus of the Group was quite notable in 1977, with a 37% increase in sales compared with the previous year and a total turnover of Euros.198 million. Likewise, **Latz**, **Kendu** and **Dikar** from Guipuzcoa joined the Group and **Aurrenak** from Vitoria.

It is interesting to note that from 1963 to 1977 the cost of living increased at an annual rate of 9.56% and our wages at an average rate of 15.49%. That is to say, wages increased at a rate 5.93 points higher, which led to our purchasing power being duplicated in fourteen years .

1978

In 1978 the specific work which the co-operatives asked the Technological Research Centre **Ikerlan** to do accounted for 25% of the total activity of the centre. The work carried out involved 12 co-operatives from the Group.

The co-operatives **Irizar** and **Alecop** took an important step in the foreign market. 40 trucks were prepared for the republic of Venezuela for use as mobile classrooms and workshops. **Irizar** build the bodywork and **Alecop**, a co-operative which mainly consists of students, provided the educational equipment.

Three industrial co-operatives joined the Group: **Herriola** in Murelaga, **Kide** in Ondarroa and **Ona-Press** in San Salvador del Valle. Mention should also be made of the creation of the Goilan Group, made up of the co-operatives **Ederfil**, **Eredu**, **Irizar**, **Kendu** and **Orkli** and the Orbide Group, consisting of **Berriola**, **Latz**, **Orona** and **Vicon**. These were still regional groups, subsequent needs would reorientate the structuring of co-operatives in sectorial groups.

1979

In 1979, Lagun-Aro studied a new benefit to provide cover for unemployment and the possibility of pensioners having representation at the General Assembly. It is worth highlighting the work of **Lagun-Aro** and **Caja Laboral** outside the financial sphere, where it is more evident. In the economic sphere they provide considerable savings which are a strong support for the results of the co-operative.

In a complicated year marked by a general crisis, the exports of the Group's co-operatives rose spectacularly, totalling close to 53.49 million. This was an increase of 54%, although the figure for the year before was Euros. 35.36, which now seems quite modest.

Hertell from Ikastegieta in Guipuzkoa joined the Group. This company manufactured pumps and depressors for agricultural purposes. With this new member, 90% of the industrial co-operatives of the Group were located in two provinces of the Basque region: Guipuzcoa and Vizcaya.

1980

With the disappearance of the General Council of the Basque Country, as well as its various departments and bodies, the Basque Government came into operation. This was yet another step in the normalisation of democracy.

Productivity, an essential aspect for achieving competitiveness in ever more globalised markets, had increased in our co-operatives by 6% in real terms, which meant that the effect of labour on the results was reduced. However, this did not prevent 400 new jobs from being created in the co-operatives as a whole.

Eroski started the eighties with 100,000 consumer members which accounted for about 15% of all Basque families. A quite significant figure.

The **Urkide** Group was created, consisting of **Danona**, **Egurko**, **Leioa** and **Zubiola**, co-operatives from the area around the towns of Azpeitia and Zumaia in Guipúzcoa.

1981

The 25th anniversary of the Mondragón co-operatives. A symbolic date requiring a brief review of what had been achieved to date.

Caja Laboral had 114 branches in the four Basque territories in the peninsula. Deposits totalled Euros. 383.52 million, an increase of Euros.74.45 over the previous year, which was 24% in relative terms.

The industrial co-operatives, with an increase in sales of 21%, exceeded Pts. 498 million in total turnover. **Eroski**, with 38% growth with respect to the previous year, achieved an overall turnover of Euros. 90.15 million. Mention should also be made of the hypermarket the co-operative opened in Vitoria, an important event, with which Eroski started to set its sights on a "new dimension".

By the end of 1981 there were ten Regional Groups: **Debako** in the **Bajo Deba**, **Goilan** in Goierri, **Indarko** in Munguía, **Learko** in Lea-Artibai, **Naeko** in Navarra, **Nerbión** in Bilbao, **Orbide** in San Sebastián, **Urcoa** in Alava, **Urkide** in the Urola Valley and **Ularco** in the Alto Deba, with more than 6,000 co-operators.

1982

In these first few years during which the Basque Country began its political life, it was said that the co-operative movement could not be catalogued under any specific political tendency, as this would be against its own constitution. However it would make sense to situate it in a socialist environment in the widest and noblest sense of the term socialist: the socialisation of resources and the democratisation of management, ownership and knowledge.

Sacrifices on the part of the worker-members made it possible to reduce the effect of the cost of personnel over sales by one point in 1982. These enabled jobs to be consolidated in the co-operatives and even 327 new jobs to be created.

Lenniz, today part of **Fagor Electrodomesticos**, **Leunkor**, today part of **Fagor Arrasate**, **Orkli** and **Ondoan** joined the Group. The technological capacity of the co-operatives was strengthened with the intensive collaboration of the technological research centre **Ikerlan**.

1983

At the end of this year, these were the most significant highlights of **Lagun-Aro**:

Quota-paying: 18,199
Beneficiaries: 47,185
Reserves: 91,3 millions

It was clear that the industrial co-operatives had come of age as far as their export capacity was concerned, with a volume of foreign trade of close to Euros. 144,24 million, which accounted for 28% of total exportable turnover.

Eroski increased its turnover by 18%, taking the total figure to Euros. 135.83 million.

The agricultural-food co-operative **Behi-Alde**, located in Olaeta and Aramaiona in the province of Alava, joined the Group.

1984

Caja Laboral celebrated its 25th anniversary at the end of the year. If in the early years it was Caja Laboral which received the support of the co-operatives, it was now a case of the co-operatives receiving support from a credit co-operative which responded efficiently to the need to consolidate the Group.

The total turnover of the industrial co-operatives exceeded Euros. 727.22 million. The best export figures were recorded by those companies operating in the Capital Goods and Intermediate Goods sectors.

Job creation was a constant aim of Eroski, with the creation of 168 new jobs. By the end of the year this co-operatives had a workforce of 1,246. The co-operative was awarded the consumer research prize by the National Consumer Institute.

The following co-operatives joined the Group: **Artxa**, **Etorki**, **Fagor Clima**, today part of **Fagor Electrodomésticos**, **Leroa**, today part of **Danona**, and **Matriplast**.

1985

On 1st March, the Council of the Co-operative Groups was set up. This was to be the embryo, in historic terms, of Mondragón Corporación Cooperativa.

The benefits financed by the pro-rata system underwent significant growth compared to previous years. Health care was the first benefit to exceed an annual consumption of Euros. 6 million.

Over the five previous years the machines equipped with numerical control manufactured by the **Debako Group** rose from 5% to 40%. It was noted that the reduction of mechanical components in favour of electronic components was one of the causes of the crisis in the traditional machine tool sector.

Barrenetxe already had 80,000 m² of greenhouses in the Markina area. **Urssa** for its part, began the construction of the support structure for two 170 tonne gantry cranes for Hidroeléctrica Española.

With an increase of 14% over the previous year, **Eroski** exceeded Euros. 180.3 million turnover.

1986

On 1st January Spain became a full member of the European Community. Negotiations had been started by the government in Madrid back in 1962.

The progressive consolidation in operational terms, of the Council of Groups enabled basic matters like payment for labour and return on capital to be updated, new forms of interco-operative solidarity to be created and new solutions to reduce unemployment to be tackled.

Although the total wage scale now ranged from 1 to 4.5, the payment range of the co-operatives corresponding to the structural scale had been main tamed with a minimum figure of 1 and a maximum of 3 for 30 years.

Peter Cook explained the success of the **Mondragón Experience** in the following way:

- ⇒ A deeply rooted industrial tradition in the local area.
- ⇒ A group of young idealists.
- ⇒ Authentic social concern in the Alto Deba.
- ⇒ Two decades of continuous development.
- ⇒ Father Arizmendiarieta as the catalyst of the process.

1987

In the 1st Congress of the Mondragón Co-operative Group the basic Principles of the Co-operative Experience and the bases for the creation of the Interco-operative Solidarity Fund were approved. The latter was a new co-operative experience aimed at promoting job creation through the funding of co-operative start-ups.

748 new jobs were created during the year, taking the total workforce in the Group to 18,262. It should be pointed out that this increase occurred without any deterioration in productivity which increased by almost 4%. Total sales exceeded Euros. 1,082 million in absolute terms and exports grew by 8.8% to total Euros. 214 million.

Eroski opened five new sales outlets in Bilbao, Vitoria, Lejona and Orduña. By this date the company also had 176 Erosle franchise outlets. The co-operative also continued its work in the field of consumer information with the publication of the Eroski and Eroskide magazines. Two special editions were published dealing with the Environment and Physical Activity.

1988

For the first time, the total turnover of the Corporation exceeded Euros. 1,202 million, with exports breaking the Euros. 240 barrier.

Ikerlan's participation in a number of international projects involving state-of-the-art technology stood out the European Community programmes Comet, Sprint and Esprit. The **Ideko** Research and Development Centre was created with the most advanced computer systems and a total investment of Euros 1.62 million.

Fagor's General Assembly approved the take-over of Fabrelec, today **Edesa** in the Group. **Danobat** and **Soraluce** together won the biggest order to date in the Spanish machine tool sector. It was for an 80 m long flexible manufacturing line to the value of Euros. 960,000 for the Czechoslovakian company Agroset. **Ona-Pres** also supplied two hydraulic presses to the value of Pts. 160 to a company in East Germany **Orkli** started to produce electrovalves for the small domestic appliance sector and manufacturers of semi-industrial distribution machines.

1989

The creation of the Single Market, with the gradual disappearance of tariff barriers, was going to be a great challenge for our co-operatives which would have to adapt in terms of the size and technology demanded by the new rules of the game.

The General Assembly of **Lagun-Aro** phased out the Marriage Allowance for women one of the most traditional benefits in our co-operatives. The new social role played by women meant that this historic benefit had become an anachronism which was difficult to justify.

Fabrelec, today **Edesa** became a part of **Fagor**, thereby strengthening its production and commercial capacity with overall sales in domestic appliances of Euros. 313.85 million of which Euros. 96.71 corresponded to **Fabrelec**.

Eroski opened a new hypermarket in Berango (Vizcaya), a supermarket in Mondragon, a supermarket in Basauri, two shops specialising in domestic appliances in Bilbao and Legazpia and a travel agency in Algorta.

1990

The total assets of the Corporation were now close to Euros. 3,966 million and Equity exceeded Euros. 1,202 million. As at 31st December, **Lagun-Aro** was providing health care and welfare benefits for 19,967 members and 46,616 family beneficiaries.

Fagor Arrasate won the biggest order in the history of the machine tool sector: Euros. 20.13 million for the manufacture of four automated stamping systems for Volkswagen Seat.

The proposal to purchase Victorio Luzuriaga approved originally by the Governing Councils of **Fagor Ederlan** and the **Fagor Group** was submitted to their respective General Assemblies for final approval.

Soraluce signed a contract with ITP for the manufacture of a flexible machining system for engine parts for jet aircraft. ITP provided its aeronautics industry technology and **Soraluce** its knowledge in machining with flexible systems.

1991

The 3rd Co-operative Congress took place, in which the Organisation of **MCC** and the Basic Regulations concerning Payment Policy were approved.

Mondragón Corporación Cooperativa was named Corporation of the Year in Europe in terms of “Quality-Service-Price” by General Motors. **LKS** was also set up as a continuation of the Business Division of **Caja Laboral**.

Irizar launched a new coach models: the “Century” in the design of which equal attention was paid to comfort, safety and economy with a reduction in fuel consumption.

The co-operatives in the construction sector, **Orona** and **Urssa**, played a leading role in the construction of some of the most important buildings in the Universal Exhibition in Seville and the installations for the Olympics in Barcelona. **Fagor**’s excellent image on the market was a determining factor in its being named official supplier for the Universal Exhibition in Seville, to equip the 1,289 homes in the “Expo 92 City” as well to provide catering equipment for the Spanish pavilion and a numbers of pavilion representing different regions of Spain.

1992

In a difficult year, in which the fall in demand for Consumer Goods and Services worsened the already bad situation of companies operating in the Investments Goods sector, the Corporation's co-operatives increased the numbers of jobs, in overall terms. By the end of 1992, of every 15 euros of wealth generated in the Basque Country, one euro came from the activities of MCC co-operatives.

The European Space Agency, ESA, selected **Copreci** to manufacture sensors for the Ariane 5 rocket. **Fagor Automation** received the Gold Metal for technological Innovation awarded by the Organising Committee of the International Engineering and Machine Tool Fair in BRNO, in the old Czechoslovakia.

In spite of the slowdown in demand, the sales of the Distribution Group rose by 26%. The Valencian consumer co-operative **Consum** also joined **MCC**. "Benvinguts" as they say in Valencia.

In an interview given to the T.U. Lankide magazine, Iñaki Lopez de Arriortua confessed that he was fascinated by the **Mondragón Co-operative Experience**.

1993

In a very negative year for the economy, especially for industry, the Corporation performed satisfactorily, as the sales of the Industrial and Distribution Groups rose to Euros. 2,550 million, with exports accounting for Euros. 372 million.

The industrial employment generated by the Corporation's co-operatives in the Basque Country was close to 7% and more than 15% in the province of Guipuzcoa. This meant that one in every seven workers in the industrial sector In this province was working for **MCC**.

IKERLAN participated in a new Eureka project. **Orbea** was to supply the Basque cycling team with bikes for competition and spare parts for the coming season.

As a result of a collaboration agreement signed between **Lagun-Aro** and the Basque Health Service Osakidetza, the beneficiaries of **Lagun-Aro** could now be attended to in the Hospitals and Health Centres of the public health service.

With the opening of the **Max Center** shopping complex in Baracaldo, this property development project was set in motion.

1994

The Basic Regulations concerning the Structure of Gras-roots Co-operatives were approved during the 5th Congress held in July.

Caja Laboral's new Strategic Plan included support for the **MCC** corporate model, the policy of diversification of sources of finance for the co-operatives and the optimisation of the quality of its services.

Irizar's "Century" coach was now being sold in Great Britain. A lot of investment was required to adapt the coaches to driving on the left-hand side of the road.

Having to supply a line for automatically manufacturing refrigerator doors, weighing 50 tonnes, for General Electric in the United States, tested **Fagor Arrasate's** logistics capability.

Eroski celebrated its 25 anniversary. A number of commemorative activities were organised, including various cultural events. Many Happy Returns!

The Valle Real shopping centre in Camargo, province of Santander, was opened. It occupied a total sales area of more than 40,000 m².

1995

The creation of 1,960 new jobs in the Corporation's co-operatives a whole was one of the most rewarding achievements of a year in which sales in the Capital Goods sector were spectacular. **Danobat** sold Euros. 18,03 million of equipment to Meizhov and Norinco in the People's Republic of China. **Fagor Arrasate** supplied the biggest mechanical press built in Spain to another Chinese company, Jianghui.

MTC was set up in Guernica to carry out research and development work in products manufactured with thermoplastics, with an investment of Euros. 3,61 million. This was yet another step forward in the consolidation of the policy of reinforcing technology in the co-operatives.

Irizar was awarded the Prince Philip of Asturias Prize for excellence in the field of design and the Coach of the Year Award in Spain. **Urssa** won a contract for the construction of the metallic structure for the Guggenheim Museum in Bilbao and for work on the Metro in the same city. **Fagor Electrodomésticos** opened a new refrigerator plant in Mohamedia, Morocco.

1996

1996 marked the twentieth anniversary of the death of Father Arizmendiarrieta and the fortieth anniversary of the birth of the Co-operative Experience. “The best tribute we can pay to Don José María is to remain united”, said an article published in T.U. Lankide in 1986. Ten years later, this conviction had lost neither relevance nor meaning.

The development of a continuous and quantitatively significant investment policy led to a period of furious expansion whose results were reflected in the fact that by the end of the year, the total number of jobs created by the co-operatives exceeded the 30,000 mark.

The Financial Group’s insurance and leasing activities reached maturity during this period, surpassing the one thousand million peseta milestone for the first time and far exceeding all business predictions.

Another of the year’s most important developments was the participation of Urssa in a number of different national and international projects, including the metallic structure for the new Bilbao Guggenheim Museum, two viaducts in Bajo Llobregat and a 7,81 million euros contract to supply the metallic structure for a power station at Luo Huang, in China.

1997

On the anniversary of the foundation of the first co-operative, Ulgor, on 14 April, MCC launched its new Internet server, offering visitors a wide range of business information regarding the Corporation itself and the unique characteristics of the Mondragón Co-operative Experience. The corporate website can be accessed at the following Internet address: www.mccc.es.

In collaboration with the Basque Government, the Mondragón Co-operative Corporation created MCC Desarrollo (“MCC Development”), whose corporate purpose is to promote industrial organisations linked to MCC through temporary participation in their capital.

The Household Division, led by **Fagor Electrical Appliances** recorded an annual turnover that exceeded the mythical figure of 601 million euros. The Division also expanded to incorporate the Cantabrian telecommunications company **Enyca**.

Fagor Ederlan significantly improved its production capacity with the installation of two new 1,800 and 2,500 ton aluminium injection cells, and **Fagor Automation** further consolidated its presence on the international market by opening a number of new foreign subsidiaries in countries such as the USA, the UK, Portugal, Switzerland and Korea.

1998

At the end of this year, MCC accounted for 3.1% of employment in the Basque Country 4.5% of the Basque GDP and 9.3% of exports. This meant that of every 13 euros generated in the Basque Country, 1 euro was generated by the activities of the Corporation's co-operatives.

The Corporation welcomed three new members: the Vizcayan company **Consonni** (which joined the Components Division), the Guipuzcoan individual household boiler manufacturing company **Domusa** and the wind powered generators manufacturer **Ecotécnia**, which became MCC's first Catalan company.

1998 was a magnificent year for **Irizar**, which inaugurated its new plant in Ormaiztegui and increased sales by 52%. The Danobat Group also enjoyed a similar degree of success recording its highest ever turnover and selling its first machine to the Japanese aeronautical industry.

This year also witnessed the first courses run by the newly created **Mondragón University**, a co-operative centre that offers a wide range of degree courses to over 2,400 students. Along the same lines, the Co-operative University Institute (KUI) was created in the heart of Mondragón University.

1999

With a total a 522,88 million euros being earmarked for investments, 1999 was a clear example of the MCC co-operatives' commitment to supporting and promoting business development.

Caja Laboral's resources under administration topped the mythical one billion peseta mark (6.010 Meuros), with a year-on-year increase of 12%. MCC's total turnover also exceeded this mark, with a sales volume of 6,273.92 million euros. Foreign sales also picked up later in the year despite the international market's somewhat sluggish start.

One of the most important events of 1999 was the acquisition of the Polish electrical appliance manufacturing company **Wrozamet** by **Fagor Electrodomésticos** and MCC Inversiones ("MCC Investments"). A number of companies also opened plants outside Spain: **Batz** in Brazil, **Cikautxo** in the Czech Republic, **Maier** in Great Britain and **Irizar** in Mexico. Euskalit, the Basque Quality Foundation, awarded **Irizar** the Gold Q, and **Copreci** and **Fagor Electrónica** Silver Qs.

The Eroski Group since the signing of a collaboration agreement with the Food Bank Foundation three years earlier, the Group has donated approximately 300,000 kilos of products to this organisation.

2000



The most significant achievement in this field was Irizar's winning of the EFQM "European Prize for Business Excellence", the crowning glory in the Guipuzcoan co-operative's seemingly endless string of successes.

Bamesa awarded **Fagor Arrasate** the supply contract for an important sheet metal cutting and processing line for its new plant in Turkey, called Bamesa Celik.

Elkar of this year it moved to more modern and attractive facilities in Larrondo. **Fagor Ederlan** inaugurated a new front suspension column manufacturing plant in the town of Borja, in Aragon. Similarly, MCC, ONCE and Gureak inaugurated a Special Employment Centre in Guadalajara.

The Eroski Group launched a major fund-raising campaign in response to the demand for humanitarian aid after the Mozambique disaster. The response by consumers was overwhelming and served to highlight their firm commitment to international aid.

On the threshold of the new millennium then, MCC has 54.000 workers, the resources administrated by **Caja Laboral** total 7,038 million euros, turnover has risen to 7,044 million euros and international sales, initiated so tentatively back in 1966, now account for 49% of the Corporation's total industrial sales.

2001

Caja Laboral continues its expansion plan, opening 26 new offices mainly in the Autonomous Regions of Castilla-León and Aragón, bringing the total number of branches up to three hundred and reinforcing the use of alternative channels such as telephone banking and Internet banking. The organisation was also awarded the Gold Q by the Basque Foundation for Quality, Euskalit, after scoring more than 500 points on the Management Quality System assessment.

The industrial co-operative **Copreci** and the **Fagor Electrodomésticos** Cooking Plant also obtained the same award after both scoring more than 500 points. **Orkli**, on the other hand, was awarded the Silver Q after scoring 400 points in the EFQM assessment carried out by external auditors.

In the social field, work continued on the promotion of co-operative employment, with 740 workers being made co-operative members.

This year also saw the setting up of **Multifood**, the result of a joint initiative by **Eroski** and **Auzo Lagun** focusing on pre-cooked food items.

2002

At the end of December, **Lagun-Aro** had a total of 27,202 members, distributed between 116 co-operative companies. This indicates a net annual increase of 1,252 people. During this year, 48.4 million euros were paid out in retirement pensions, widow/widower's pensions and permanent disability pensions, with the number of pensioners at the end of the year totalling 6,167. All these payments are guaranteed by the Equity Fund, which at year end totalled 2,549 million euros.

In addition to the awards and acknowledgements gained during the previous year, this year the **Fagor Electrodomésticos** Small Household Appliance line and **Ulma Packaging** were both awarded the Silver Q, as was the **Eroski** Group's General Merchandise Platform, which is located at the group's central offices in Elorrio.

2003



Caja Laboral made progress in the implementation of the client-company Management Model and, in order to improve service in this segment, three new mixed branches were established in Burgos, León and Valladolid. It is worth highlighting that 14 new bank branches were opened, 12 in Castilla-León and Zaragoza, taking the total number of branches to 336 with a client base of 1,039,000 people. As far as **Lagun Aro** is concerned, the number of members stood at 28,204, with 52,835 beneficiaries and 6,523 pensioners.

International sales, consisting of exports and foreign subsidiaries' production plants, accounted for 2,155 million euros with a slight drop in the percentage over total sales, given the problems of the foreign market and the strong appreciation of the euro against the dollar. With the inauguration of the Edertek research and development centre, specialising in metals applied to the automotive sector, there are now eleven R&D centres in operation with a total workforce of 517 people.

The **Eroski Group** continued to grow through the opening of new stores and starting up new initiatives like the increase in its holding in Mercat. The takeover of Mercat was funded by means of a second issue of "Eroski Financial Contributions", to the value of 70 million euros and subscribed by its shareholders in compensation for the aforementioned sale. On the negative side, the Consum co-operative from Valencia decided to leave the Group. We wish them success in their new venture.

As far as awards and certification are concerned, the MCC's co-operatives won a high number of important prizes, including: the Prince Philip of Asturias Prize for Business Excellence in Internationalisation achieved by **Fagor Electrodomésticos**. This co-operative's cooking appliance business

was a finalist in the EFQM European Prize for Business Excellence, and **Eroski** obtained the SA 8000 Certificate for Social Responsibility, becoming the first Spanish company from the retail sector to do so.

On the other hand, seven of our organisations were awarded the Silver Q by Euskalit after scoring more than 400 points in an assessment based on the EFQM criteria. Two in the industrial area, **Soraluce** and **Fagor Electrodomésticos Washing Appliances**; one in services, **Seguros Lagun Aro** (an insurance firm); and four in the educational field, **Mondragón Goi Eskola Polik teknikoa**, **Txori erri Politeknika Ikastegia**, **Lea Artibai** and **Ahizke-CIM**.

2004

On 9 December their royal highnesses **King Juan Carlos and Queen Sofía** visited the Mondragon Co-operatives. They were really impressed with the economic and social achievements of our “co-operative experience” over the five decades since it was started. The King and Queen started their visit at the **Garaia Innovation Park** where they were received by Juan José Ibarretxe, the Prime Minister of the Basque Government, Jesús Catania, the President of the General Council of the MCC, and other authorities and public figures. They then went through the ceremony of placing the first foundation stone. After that they moved on to Garagarza, a suburb of Mondragón, where they inaugurated the new **Fagor Electrodomésticos**’ facilities. “The MCC is good for the Basque Country, for Spain and for the workers. It would be marvellous if there were a lot more MCCs in Spain” said King Juan Carlos during his visit to the co-operatives.

Fagor Arrasate, a press and systems manufacturing and production engineering company, won a significant order, worth 13 million euros, for the Argentinean company MB Ciganotto. **Fagor Industrial** and **Fagor Minidomésticos** were awarded the Gold Q. The companies **Becker** from Gipuzkoa and **Loramendi** from Vitoria were turned into co-operatives and, likewise, seven new co-operatives also joined the group.

But it was not all good news last year, as the co-founder and ex-managing director of Fagor, **Jesús Larrañaga** (the L of Ulgor) passed away. He was a very important, well-loved figure in our co-operative movement. On the other hand, the Basque Government decided to do away the Lagun Aro healthcare system –the jewel in the MCC’s crown- which the co-operatives operated with the Social Security; a model system that for twenty years satisfied both parties: the co-operatives and Central Government.

On 26 March the General Assembly of **Fagor Electrodomésticos** approved the takeover of the French company **Brandt**, which is of a similar size to Fagor and owned by the Israeli company Elco (90%) and Fagor itself, as the company already had a 10% holding. 83% of members, 2,045 in total, were in favour of the takeover, 355 were against and 88 returned blank voting papers. This has been a decision of enormous importance which places the Mondragón co-operative in a situation somewhere between concern and hope.

2005

Mondragón Corporación Cooperativa performed well in 2005 in terms of its core variables, with an increase in its workforce of more than 7,500 personas, a rise in sales of over 13% and an improvement in earnings, on a year-on-year basis, of 8.5%. Investments, the veritable driving-force behind corporate development, amounted to €866m, with the greater part in the industrial sector.

Further progress has been made throughout the year in enhancing the quality of both product and process management, whereby there are now one hundred and eight ISO-9000 certificates and forty-two ISO-14000 certificates for environmental quality. So, too, have inroads been made in improving EFQM assessments, with the Confort business of **Fagor Electrodomésticos** receiving the Silver Q from Euskalit, after scoring more than 400 points in the appraisal made by external auditors.

Furthermore, **the Science and Technology Plan 2005-2008** has completed its first year, with a budget of €9.5m, in five priority areas: Energy, Health, Information and Communications Technologies, Materials and Processes, and Business Management within the corporate sphere.

At 31 December, the friendly society **Lagun Aro** had 29,538 members, distributed amongst 120 cooperatives, with a net annual increase of 299 people. This group consists largely of the members of the cooperatives that make up Mondragón Corporación Cooperativa. In addition, there are 7,303 pensioners, 419 more than at the previous year-end. The capitalisation benefits are underwritten by an Endowment Fund, which at the year-end amounted to €3,303m, a year-on-year increase of €308m.

Insofar as the Distribution Group is concerned, the progress made in management has meant an improvement in productivity, which has enabled a response to be made to a price-focused demand and to an increasingly varied consumer base in both social and cultural terms. The effort in investment has continued this year with 140 new openings, with such highlights as five new hypermarkets, seven petrol stations, 49 **Eroski/travel** agents, eight sports-leisure shops and 49 perfume retail outlets. These openings have involved an investment of €298m and strongly reinforce the market presence of the **Eroski Group**.

2006

It was a year of special historic significance for the domestic appliance activity, as it was the 50th anniversary of the setting up of Ulgor –today **Fagor Electrodomésticos**- the industrial embryo of the Corporation and the starting point for a Co-operative Experience, based on principles of participation and solidarity, that has become a point of reference and an object of study for experts from all over the world. It all began in Mondragón, a town in the province of Gipuzkoa in November 1956.

In 2006, the MCC's Consumer Goods sector posted a turnover of 1,906 million euros, which was an increase of 19.5%. This figure included for the first time a whole year of operation of **Fagor Brandt** in France. International sales totalled 1,204 million euros and accounted for 63% of the total in this activity.

The MCC's Capital Goods sector recorded sales totalling 1,626 million euros, with an increase of close to 12% and a strong international element, as sales abroad rose by 20% and accounted for more than 60% of the total turnover.

Fagor Arrasate broke a historic sales record with 142 million euros, 20% more than in 2005, of which 90% came from exports, with a spectacular rise of 61%. A significant number of orders were also won, with a 22% increase for **Fagor Arrasate** and 44% for Ona Pres.

The MCC's Industrial Components sector posted a turnover of 1,990 million euros, with an increase in excess of 17% and international sales accounting for 66%.

Fagor Ederlan reinforced its business project as a Group, with a turnover of 627 million euros and maintaining a balance between local growth and international development. Locally, work started on the new foundry in Mondragón, at a cost of 36 million euros and a capacity of 32,000 tonnes.

The MCC's Construction sector achieved sales totalling 1,030 million euros in 2006, with an increase of close to 19%, a percentage similar to that of the growth in international sales, which accounted for 29% of the total.

The Elevation sector had a turnover of 450 million euros, an increase of 16.5% compared to the previous year. This was mainly based on the national market, in which more than 100,000 units were sold.

By the end of 2006, the MCC had, amongst others, the following certificates and recognition:

1 European Prize for Business Excellence achieved by **Irizar**.

1 Finalist position for the EFQM European prize obtained by **Fagor Cocción** (Cooking Appliances).

1 European Environmental Prize, won by **Orkli**

7 Gold Qs: **Caja Laboral, Mondragón Lingua, Copreci, Fagor Minidomésticos, Fagor Industrial, Politeknika Txorierri Ikastegia and Seguros Lagun Aro**.

14 Silver Qs for different co-operatives and business activities.

2007

For the Mondragón cooperatives, as for all the other businesses in the country, 2007 has had two clearly differentiated phases: a first half defined by a thriving growth economy and a second half that began to show the first signs of a sharp fall in general demand.

Within this economic scenario, our turnover grew 12%, ending the year with a total of 103,731 jobs in the Corporation as a whole, with this increase corresponding largely to the purchase of Caprabo by the cooperative Eroski, headquartered in Elorrio.

The item of investments recorded a figure exceeding €2,800m, driven largely by the aforementioned purchase of Caprabo. This investment figure doubles that recorded in 2006.

In the Financial Area, Caja Laboral's business volume has continued to grow in 2007, with the customer assets administered by this institution rising 8.8% and customer lending up 15.5%. In turn, the capitalisation of the profits obtained has helped to reinforce the robustness of its net worth, with equity being strengthened by 8.7% over the past year.

Regarding Lagun Aro EPSV, it should be noted that new record figures have been posted in the number of both pension fund holders (30,476) and pensioners (8,176).

Turnover in the Industrial Area has recorded a figure of €7,439m, up 8.2% on 2006, despite the exit of the Catalan company Ecotècnia. The highest growth has been recorded in Construction (22.4), boosted by its scaffolding and formwork businesses and vertical transport systems, and in Industrial Components (12%), where a highlight has been the significant progress made by those destined for the automotive sector.

So, too, has the workforce recorded an upward trend due to the new companies that have joined and the growth in business turnover. In 2007, this Area has created 996 new jobs, whereby the overall workforce at the year-end stood at 43,440 people.

The year's major milestone for the Distribution Area has been the purchase of Caprabo, as its integration within Eroski has meant a 30% increase in its retail surface and 2.5 million new customers in shops in Catalunya, Madrid, the Balearic Isles and Navarre.

In addition to the aforementioned acquisition, mention should also be made of Eroski's own organic growth, embodied in the opening of new outlets at a rate that is 53% up on the corresponding figure for 2006.

Over the course of the past year, there has likewise been a 51% increase in the workforce, rising from 37,538 in 2006 to 56,533 in 2007. The Area's sales, in turn, amounted to €7,618m, up 17% on the prior year, with investments increasing to €2,234m.

2008

The MONDRAGON co-operatives tackled a tough, complicated year of international economic crisis, maintaining and focusing more on the characteristics of their co-operative nature, based on the solidarity and commitment of everyone in their capacity as members and workers; banking on innovation and internationalisation.

2008 will be recorded in Eroski's history as the year in which the process to convert the whole Group into co-operatives was approved at an Extraordinary General Meeting. The public limited companies and those in which Eroski has a holding will be turned into co-operatives and the workers will become worker-members.

Caja Laboral's financial activity was also complicated by the worsening of the global crisis, but it still had a satisfactory year. MONDRAGON continued to focus on its worldwide presence, setting up factories of its own. This was also a basic tool for maintaining local employment: 8 new production plants were set up abroad, taking the total number to 73. The Industrial Area posted sales figures of €6.3m, of which 58.2% (€3.66bn) were from international sales, with not such a big drop (2.2% down on 2007).

Faced with this situation, many co-operatives were forced to take measures to tackle the crisis, adjusting their capacity, through labour force adjustment plans, moving schedules and managing relocations.

It was also the year in which the Science and Technology Plan came to an end, with the participation of 36 co-operatives and 9 technology centres as well as Mondragon Unibertsitatea in a number of different projects.

2009



The year was characterised by significant adjustment, structural and strategic measures, taken to improve the co-operatives' competitiveness, tackle the complicated economic situation and, in turn, emerge stronger from the global crisis. The priority was to regain MONDRAGON's ability to generate employment, more so taking into account that the workforce had fallen for the first time (8.4%). The average number of jobs was 85,066.

There was a very special element to this crisis in terms of the people affected in that a very high proportion of the members of the MONDRAGON co-operatives had joined over the last 10-12 years, and had never before lived through a crisis and, therefore, were now experiencing something that was new to most of them. At the end of December, the number of people affiliated to **Lagun Aro EPSV** totalled 30,757, 636 people less than the previous year.

Caja Laboral, a body set up in 1959 and therefore celebrating its 50th anniversary, performed modestly, with the assets on its balance sheet accounting for €21.2bn, with an annual increase of €405m.

In the Industrial Area, the slowdown in demand had a big effect on construction, capital goods and consumer durables. However, enterprise services and intermediate goods performed well.

In the Retail Area, **Eroski** opened 74 new stores, basically supermarkets of its own and self-service stores operated on a franchise basis.

2010

The **MONDRAGON Corporation** ended 2010 with profits of €178m, tripling those posted the previous year and back on the road to winning back industrial employment, with 1,378 more jobs. Total sales accounted for €13.9bn (+1.2%). These results were mainly due to the effectiveness of the steps taken to allow companies to substantially improve their competitiveness; to the diversity of supply and an increasing presence in international markets; and to the firm commitment shown to innovation, which meant that 21.4% of the sales in the Industrial Area in 2010 were new products and services, that had not existed five years earlier.

The Industrial Area posted sales totalling €5.7bn (+5.6%), with international sales accounting for 63%. There were now a total of 77 plants abroad, consolidating the Group's presence in Europe and emerging countries like China, Brazil, India and Russia.

MONDRAGON had registered 716 innovation patents, was participating in 76 R&D projects, 42 of them of an international nature and investment in R&D&i accounted for €144m.

In March, the Annual General Meeting of Lagun Aro EPSV approved an important change in the co-operators' pension system. Before, 67% of benefits came from the Lagun Aro EPSV fund and the remaining 33% from the Social Security system. After the change, the proportion was reversed, with 60% coming from the public purse and 40% from Lagun Aro EPSV.

2011

MONDRAGON continued its process of internationalisation, in a year in which sales in foreign markets were, once again, the driving force behind the industrial sector.

In June, Orona started building work on its new facilities in Galarreta (Hernani) in which the company, university and research centre will work together in a common space to be known as Orona Ideo Innovation City.

On 28th September, the 650 delegates of the **MONDRAGON** Co-operative Congress unanimously approved the “Socio-business Policy 2013-2016”, which proposes “to transform its business fabric” to generate value-added employment that is preferably co-operative in nature. This is a challenge that will require significant changes: adjusting the size of businesses to the global market, orientation towards emerging markets, possible development of new strategic partnerships, reorganisation of activities with less potential for growth, and firm commitment to carrying out integrated corporate projects, among others.

On 26th September, the inauguration of the Basque Culinary Center, in San Sebastian, took gastronomy to the level of science and made it a university discipline, through the University of Mondragon’s Faculty of Gastronomic Science and Culinary Arts and the Centre for Research and Innovation in Food and Gastronomy, which is unique in the world.

In December, **Caja Laboral** fully acquired **Lagun Aro EPSV**’s holdings in Seguros Lagun Aro and Lagun Aro Vida, the companies which manage the insurance business, in the general and life insurance fields.

2012

The **MONDRAGON** Co-operative Experience continues its daily work to develop its project in a difficult but especially important year: the International Year of Co-operatives, which is a great opportunity for MONDRAGON to make its singular model known and show itself to the world as a co-operative, competitive, innovative, socio-business reality operating at the global level.

MONDRAGON is part of the UN advisory group for the International Year of Co-operatives. Dame Pauline Green, President of the International Co-operative Alliance set out in *TU Lankide* the goals for the year, “*the proclamation of 2012 as International Year of Co-operatives is something very special and we mustn’t waste the opportunity. The co-operative network is made up of thousands of people and all those co-operatives will be more visible in 2012; it will be an important year for co-operatives taking decisions at the local, national and world levels. We have planned a strategy to make the co-operative movement and its essence more visible in the world. We must create a real movement, fill it with content and promote it. This is how we’ll try to diversify the world economy, and in short, try to promote our model. Co-operatives are the key to the world economy, and must expand all over the world*”.

José María Arizmendiarieta said: **the co-operative movement is the affirmation of faith in people, in work, in honesty, in living together.** *With that reflection we turn the page of this Overview, as the story goes on...*

