

Social Business, Cooperatives and Trade Unions in South Europe

Study Trip by Scholars of the Hans Böckler Foundation, Basque Country and Portugal, April 25 - May 5, 2015

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Trade unions, cooperatives, and social business in South Europe – these were the topics of the most recent study trip of scholars from the Hans Böckler Foundation. Over the course of a year, a group of four students organized an excursion that started in the Basque country and ended in Portugal. 12 scholars – including Master’s students, PhD candidates, and two speakers – participated in this 10-day study trip.

Bilbao - Brief Comments on the History of the Basque Workers’ Movement

On the 24th of April the group met in Bilbao – the capital of the Basque Country. The impetus for the visit was primarily to approach the world’s largest industrial cooperative, Mondragón, and, of course, to have a closer look at the socio-political situation in the Basque Country.

During a lecture and a city-wide tour through the former workers' quarters of Bilbao two representatives of the Basque-German cultural association, Baskale Elkartea, ANDREA HEUSCHMID and KLAUS ARMBUSTER, provided insights into the history of the Basque workers' movement. The Basque Country is one of the earliest industrialized parts of Spain and Bilbao and also the centre of the Basque workers' movement. Members of the Basque Nationalist group created the most important trade union, the Basque Workers' Solidarity (ELA), in 1911; several others have followed. There is still competition on the one side between trade unions that have historically appealed to a working class ethos and internationalism (Socialist UGT and Anarchist CNT); and, on the other side, those who advocate a Basque nationalist point of view. While ELA, UGT, and CNT suffered political persecution during the military dictatorship in the 1920s, the Socialist Party tried to collaborate and fortify their status. Though this changed during the relatively short period of the 2nd Spanish Republic from 1931-1939, it has continued in the era of Franco. After Franco's death the Basque and the Spanish workers' movement separated and subsequently they became antagonistic. Based on nationalist unions the Basque created a political front against the Spanish unions. The differences are still visible today: The Basque unions prefer general strikes instead of social partnership and claim a distinct labor law for the Basque region.



The Mondragon Experience



After the first days in Bilbao the group moved on to Onati to start with the first substantive part – a critical examination of the Mondragón Corporation. This corporation is a network covering 289 companies and cooperatives worldwide. It has its roots in the 1950's in the Basque Country in the town of Mondragón, where it was founded by students and clerics, and is promoting the cooperatives system from the perspective of the Christian social doctrine to this day. Mondragón is present everywhere; daily life in the Basque Country without coming into contact with this huge network is inconceivable. It not only provides jobs, it also maintains the Basque social security system, the education sector, and the research environments.

During our visit we heard speeches from representatives of the cooperative and researchers at the Mondragon University UNAI ELORZA, SAIOA ARANDO, and NAROA ELORTZA that addressed specific topics. A representative of the Basque government, MARIA UBARRETXENA, spoke about the Social and Solidarity Economy in the Basque Country.

After two extensive days of activity we made the following conclusions regarding this corporation: Even though Mondragón has often been considered as a symbol for democratic progress or even common-based methods of production, one still has to be skeptical. On that

point, UNAI ELORZA, a research fellow of the University of Mondragón, explained to us that the participation of workers in the decision-making process is quite low. It is especially cooperative members who do manual work that are less involved, which leads to a less critical reflection about their working conditions in the workspaces. Furthermore, the workers, who are mainly cooperative members and therefore owners of their factory, aren't permitted to enter a trade union or to go on strike.

During the last 30 years of ongoing globalization and with the lasting economic crisis, Mondragón has been forced to adjust to the global, neoliberal condition: the companies have expanded abroad and have benefited from the low-wage differences in developing and emerging countries. But workers in the new companies do not have the same capabilities and positions as in the Basque Country. In some cases, due to legal and socio-cultural obstacles they are not privileged to found factories abroad as a cooperative. All companies abroad are therefore investor-owned businesses and the workers cannot be members of the Mondragón network or owners of their factory. This lack in decision-making rights leads to loss of power for these people. While the Mondragón Corporation employs 80,000 people worldwide, only 34,000 of them are members of cooperatives and these people are mainly situated in the Basque Country. But the discrimination against being a non-member and just a "simple worker" in the cooperative network exists even in the Basque region itself. As foreseen in Mondragón's constitution, at most 10% of workers can be non-members. With earning just 80% of the salaries of a member, most of them are just temporarily employed and the possibility of getting fired is much higher.

However, despite the critiques that the Mondragon group may face in many regards, they represent economic democracy as a concrete example from real life and as such they are well regarded by the Basque government. The department for employment and social politics gave the excursion group insights into their attempt to diffuse the cooperative idea due to legislative reforms and incentive settings. In regard to freedom of economic activity as compared to Spain, the Basque government has enacted several laws for cooperatives. These have recently and especially included laws encouraging entrepreneurs and emerging start-ups to form their businesses within the legal frame of a cooperative. On the other hand the government provides subsidies, guidance, and advice without charge for cooperatives. This is remarkable in the sense that those businesses represent a 'merit' good for the public and in general are quite a unique measure for policy making in Europe.

Trade Unions in Portugal and May Day in Lisbon

The two-day main event of the study trip was the meeting with the CGTP-IN (Confederação Geral dos Trabalhadores Portugueses – Intersindical Nacional) in Lisbon.

Precedent to the coup in 1974, which overthrew the fascist Estado Novo regime and initiated democracy, there were



trade unions organizing clandestinely to pave the road for a change in politics and society – the CGTP-IN at the forefront. The Carnation Revolution and the working class's struggle, with close ties to actors in armed forces and the communist party of Portugal (PCP), have been perceived anxiously by western countries, particularly since the strategic geographic position of Portugal could be an important asset for the Soviet bloc. To prevent a socialist turnaround, Germany's social-liberal parties such as the SPD and the trade unions federation, DGB, have supported the strengthening of the social-democratic party PS and the UGT (União Geral de Trabalhadores), a trade union federation that competes with the CGTP-IN.

Both confederations exist to this day. While the smaller UGT rallies mainly middle-class workers (in both the public and financial sectors) and has less than 200,000 members, the CGTP-IN's strength is more widespread amongst the sectors, with a big base in industrial worker syndicates and over 700,000 unionists.



The crisis and its implications were the main topics of our meeting with the high-ranking representatives of the CGTP-IN, including the general secretary ANTONIO CARLOS, FERNANDO MAUÍCIO from the international department, and representatives of youth, pensioner, and thirteen professional unions and federations from Portugal. The solidarity across generations and different countries was made pivotal in many statements. In their struggles against Troika-based regulations and cuts in public sectors – such as education, public health, and social security – anger and powerlessness were the reactions conveyed, all the more so since public retrenchment occurred in a time of low wages, high unemployment rates, and worsening working conditions.

Today's main tasks for the trade unions is to promote national resistance to austerity measures imposed upon Portugal by transnational financial institutions and to articulate the needs of the working class in an atmosphere dominated by a narrative of economic crisis.

At the May Day demonstration the study group marched together with the representatives they had met the day before, in the front block of the demonstration. The exceptionally vivid demonstration tackled aforementioned topics as well as other complex topics, such as immigrant rights, here addressed by Solidariedade Imigrante. The CGTP-IN even offered some member of the study group the opportunity to give a speech on behalf a German trade union, which Bahar Ucar and Manuel Tabiou gratefully accepted. The speech at the final rally pointed out that the Troika policies, which are supported and co-imposed by the German government, do not represent the values and interests of the German working class. The revolutionary values of the 25th of April 1974 are shared and defended across Europe, according to Ucar and Tabiou. Their final words – “let's send some solidarity greetings to Greece and the Tsipras government – viva a solidariedade internacional!” – were answered by thousands of people lifting their right fists and chanting “VIVA!”.

Social Business in Portugal

The last section of the trip – “Social Business in Portugal” – started with a visit of the Social Business School (IES). Social Entrepreneurship is commonly described as the process of finding and implementing innovative and sustainable solutions to important and neglected problems of society. Ideally this translates into social innovation, wherein more effective solutions, compared to spatial alternatives, are found (Filipe Santos, INSEAD 2012 Journal of Business Ethics).



The IES – first player in Portugal for Social Entrepreneurship – offers a portfolio of training, research, and consultancy based on excellence and supported by a strong network of partnerships. The school aims at inspiring, training, supporting, and connecting people and projects from all sectors of a convergent economy. During this group’s visit theoretical approaches, concrete projects, and activities conducted and/or supported by the IES staff were presented. The afternoon started with an introduction to the ES+Methodology, which identifies social needs, characterizes the ecosystem of social entrepreneurs and organizations, and identifies initiatives with a high potential for social entrepreneurship. Regarding the fast development of social businesses in the past years, in Portugal and all over the world, IES tried to introduce indicators that are able to measure the grade of what we call “social”. All in all the study group was able to gain an interesting insight into the work of IES and the world of social entrepreneurship while grasping the complexity that this new kind of business involves.

As the trip’s concluding event, two social businesses in Porto were visited: Color Add, a social entrepreneurship founded to help color blind people identify colors; and Vintage for a Cause, a social business offering courses and jobs for unemployed women over 50 with a strong interest in creating vintage fashion. From a general perspective both businesses left mixed feelings: For some of us it was questionable whether the need for empowering color blind people was an actual project of social care, or rather an enterprise for commodifying the demand for social inclusion. Considering financial independency, Vintage for a Cause failed to convince: while claiming to be an enterprise, Vintage for a Cause totally relies on funding without making any profit. They seem to operate more like a NPO than a business.

After ten very informative and affecting days the excursion ended at the beach of Porto. Within the next 12 months there will follow a full publication from this study trip in which every participant will contribute one article on a specific topic.