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**A Comparison of Rural Social Enterprises in Britain  
and the Czech Republic**

**PhD. Thesis  
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**I hereby declare that I fully worked out this thesis by myself with the use of the references cited.**

Ostrolovsky Ujezd, 14<sup>th</sup> April 2007

Nadia Johanisova (Naděžda Johanisová)

*Czech scientific thinking remains heavily influenced by the German school and its emphasis on precise scientific terminology. However, I am an adherent of the Anglo-Saxon approach, and I try to use a language which enables even the ordinary person to understand what I am talking about. Thus, while my colleagues will speak of Rip as a concave elevation, I don't have a problem with using the word "hill". Science must have a heart, or it will lead us to no good.*

– Vaclav Cilek, Czech geologist and essayist

*The great struggle of the twenty-first century will be between those who believe in cheap goods and those who believe in place. This is a struggle that defies easy ideological definition. Advocates of cheap goods now dominate the major political parties, and run nearly every City Hall...But across the political spectrum are dissidents who worry about the costs to nature, to families, and to communities. They are asking whether the future of civilization and humanity must be defined by an unlimited need to consume.*

– Michael Shuman, American community economist

## ANNOTATIONS

This dissertation is focused on the phenomenon of rural social enterprise in Britain and the Czech Republic, its possible environmental dimension and its wider historical, social, and economic context and implications. It is based on a field study in both countries in 2002-2003 involving 71 social enterprises (46 in Britain and 25 in the Czech Republic). The motivations of the respondents, the structure and governance of the organisations, their survival strategies and problems identified by respondents are presented. The theoretical background includes sections on the “rural”, on social enterprise as a possible factor in economic power diffusion, on historical and current thinking about alternative economic approaches and on social enterprise definitions with an excursion into Czechoslovakian rural co-operative history. In the discussion, I look at the differences and similarities encountered in both countries and try to put the survival strategies encountered into a broader perspective. Annotations and contact details of all the projects interviewed are in the Appendix.

Tato disertační práce (*Venkovské etické podnikání v Británii a České republice*) se zabývá fenoménem venkovského etického podnikání (*social enterprise*) v Británii a České republice, jeho možnou environmentální dimenzí a jeho širším kontextem historickým, sociálním a ekonomickým. Základ tvoří výsledky terénního výzkumu v obou zemích v letech 2002-2003, který zahrnul 71 organizací (46 v Británii a 25 v České republice). Výsledková část shrnuje motivace respondentů, organizační strukturu jejich organizací, jejich strategie přežití a bariéry dalšího rozvoje. Teoretický úvod se zabývá významem a souvislostmi pojmu “venkov”, vztahem etického podnikání a ekonomické moci, alternativními ekonomickými přístupy v současnosti a minulosti, a definicemi etického podnikání, včetně exkurse do historie československého zemědělského družstevnictví. V diskusi se zabývám zjištěnými rozdíly a podobnostmi v obou zemích a snažím se vysledované strategie přežití zahrnout do širších souvislostí, naznačených v teoretické části. V příloze jsou anotace a kontakty všech zkoumaných organizací.

## HISTORY AND ACKNOWLEDGEMENTS

A substantial part of this thesis first saw life as an unpublished report of the new economics foundation, London, in August 2004 (*Capitalism with a human face? A comparison of rural social enterprises in Britain and the Czech Republic*). In March 2005 the report was jointly published by Feasta, Dublin and the new economics foundation, London, as a book (*Living in the cracks: A look at rural social enterprises in Britain and the Czech Republic*). Many people and several institutions helped at its inception and maturation.

I was based at the Centre for Human Ecology (CHE), then in Edinburgh, for the duration of my *research* in Britain, and was fortunate to be able to use its material resources and, crucially, to be a part of the supportive network of teachers and students of this unusual, independent and inspiring institution of higher learning. Thanks to CHE I was also able to visit the remote Isle of Eigg (project no. 17 in Appendix 1).

The new economics foundation (nef) provided technical support and helped with advice, contacts and *introductions* during my work in Britain. I am particularly grateful to nef senior associate Pat Conaty, my supervisor for the duration of the nef project, for his ongoing support, practical and theoretical advice, clear and original thinking and in-depth discussions which helped me formulate my ideas and plans and gave me a perspective on the wider aspects of social enterprise. Pat was also instrumental in setting up my nef project steering group comprising himself and Johnston Birchall (University of Stirling), Richard Douthwaite (Feasta) and Steve Bendle (then Envolve, Bath) and these colleagues also generously gave of their time and expertise. In addition, Pat read through an early draft of the nef report and his comments and encouragement were very much appreciated. I remain deeply influenced by his thinking.

My understanding of British farming and rural issues was enhanced by interviews with Amanda Daniels (Soil Association), Kari Ward (Countryside Agency), Sue Fowler (University of Aberystwyth), Jules Pretty (University of Essex) and with farmers Tina and Phil Heathcote (Buxton, Derbyshire), John and Hilary Hoskin (Dorchester, Dorset), Peter and Mary Thorne (Byworth, Sussex), Theresa Toomey (Brecon, South Wales) and Ruth Watkins (Hereford). Although their farms and projects were for various reasons not included in the research, I drew on the answers of Hilary Hoskin and Theresa Toomey in section 2.1.2. Of my interviewees, I have remained in touch with several. I am especially grateful to Tim Crabtree for interesting and inspiring discussions and for his unpublished materials I have been able to draw on. My thanks must also go to Belgian economist Christophe Guene for interesting discussions on the issue of ethical finance in a European context.

In the Czech Republic my student Tomas Fort did three of the interviews (see Appendix 1), Ludmila Nemcova discussed Czech co-ops and provided valuable literature, Pavel Seliga explained about the Romney marketing co-op, Eva Medkova and Zdenek Kucera discussed rural issues, Lukas Hampl provided valuable information about Czech credit union issues.

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# 1.INTRODUCTION

## 1.1 Pre-analytic vision and research questions

Herman Daly in his book *Beyond Growth* (1996:6) makes use of the term „preanalytic vision“, first coined by the economist Joseph Schumpeter. Essentially, these are the basic assumptions, concerns and values which colour the choice of topic, questions and methods of the researcher.<sup>1</sup> Paradoxically, it is crucial to formulate and acknowledge one’s own pre-analytic vision if one is to be truly objective. Nelson, discussing the limitations of economics, puts it thus:

**Strong objectivity is based not on an illusion of detachment, but rather on a recognition of one’s own various attachments and on the partiality this location lends to one’s views.** (Nelson 1995:48)

In this section I would therefore like to give a brief overview of where I am coming from, what my overarching concerns are and what led me to the choice of topic and methods in this study.

I have been influenced by my personal experiences: in academia, the environmental movement and the small rural village where I have lived since 1994.

I have a degree in biology and this, combined with several years’ work in an aquatic ecology research institute, has given me a respect for the Western scientific tradition, tempered with scepticism as I perceived the hidden assumptions behind the science we practiced. I was disenchanted among others with the emphasis in aquatic biology on production, productivity, and competition, combined with a penchant for mathematical models whose assumptions were at times incorrect or remained hidden. Later, while working in the Czech environmental movement, I came to see how the judgements of experts were coloured by their unvoiced assumptions<sup>2</sup>, and how expert jargon was used to obscure meanings and keep citizens on the sidelines in decision-making processes. These experiences have led me not only to question the viability of the normative vs. positive divide, as discussed above, but also to see the limitations of strict discipline boundaries, as well as alerting me to the dangers of technical jargon in academic writing. I will therefore, as suggested by C. Wright Mills, try to overcome both the academic *pose* and *prose* and try to write in a clear and simple language (1967: 217-219). Regarding strict discipline boundaries, one of the important qualities of the field of *human ecology* or *environmental humanities* is its multidisciplinary. Its deepest aim is to look for the roots of the environmental crisis

and solutions to it, wherever that may lead (Loening in Johanisová, 2003). In this study it has led me to areas in which several disciplines overlap, while others are seemingly not covered by any. Where appropriate, I have thus tried to draw on different strands of thinking, hitherto confined to different “boxes”, such as literature on the co-operative movement, environmental, sociological, historical and political philosophy texts as well as some non-academic resources.

Another outcome of my work as a professional environmentalist in the nineties was the insight that environmental problems are not something accidental or easily solved. They emanate from the very core of our value system and, even more crucially, of our economic system. When we tried to prevent developments such as unnecessary incinerators and theme parks in untouched natural areas, terrific economic pressures combined to make our work almost irrelevant. And when we did manage to cut off one dragon’s head, five others appeared in its place. New questions began forcing themselves on my attention. What is the relationship between economics and the destruction of nature? Can it be that to turn back the tide of environmental erosion, we need to rethink the hidden assumptions behind economic theory? I became aware of a body of literature mapping this field. Thanks to books by Korten (1995), Daly and Cobb (1989), Hoogendijk (1991), Robertson (1991), Douthwaite (2000), Lutz (1999) and others I began to question economic growth, free trade, mechanisms of money creation, and the pressure to commodify more and more relationships between humans and between humans and nature. These authors persuasively point out that such policies, tendencies and mechanisms, grounded in neo-classical economic theory, are at the root of many if not most environmental as well as social problems in today’s world. My perspective was further informed by the thinking of Fritjof Capra (1983), who explains the lack of a time dimension in economic theory and its excessive quantification as stemming from an infatuation with physics, and of Richard Bronk (1998). The latter author links the emphasis on economic growth, prevalent in our culture, to a strong Enlightenment belief in progress. Originally, it was believed that moral progress would ensue as humans embraced reason, but with two world wars this position became untenable and today belief in technological progress (ever shakier, see eg. Gray 2002, 2004) and economic growth are all that remains of the core Enlightenment dream. This makes it difficult to give up the belief that economic growth can continue exponentially and indefinitely on a finite planet.



Conventional ideas of progress and development have been under attack by authors writing about third world countries such as Helena Norberg-Hodge (1991) and Vandana Shiva (1992). They map in detail the detrimental impact which so-called development has had on nature, communities, livelihoods and values in Asia. Another third world author, Peruvian diplomat de Rivero (2001), asks the crucial question : *How is the enormous gap between rich and poor countries to be closed without gravely affecting the planet's ecological balance?* and challenges the third world to

**...discard the myth of development, abandon the search for El Dorado and replace the elusive agenda of the wealth of nations with an agenda for the survival of nations. It is now crucial to stabilise the urban population growth, and to increase the supply of water, energy and food. (p. 186)<sup>3</sup>**

A deep scepticism of conventional ideas of economic progress and development permeates *Whose Common Future?*, a special issue of *The Ecologist* (1992), which equates development with enclosure of the commons. As opposed to the famous article by Garret Hardin<sup>4</sup>, the authors, drawing on the intellectual heritage of Ivan Illich and others, see “the commons” as communal ownership systems of natural (and other) resources, with carefully regulated rights of access, which provide sustenance, security and independence, though typically not commodities. They see the expansion of the Euro-American civilisation in the last few centuries as a process of centralisation, stripping power from commons regimes and transforming the commons, both its land and its people, into expendable resources for exploitation<sup>4</sup>.

Irish author Richard Douthwaite, whose book *Short Circuit* (1996) calls for a radical re-structuring of the economy towards local production and consumption, takes a more empirical approach. He acknowledges that traditional, completely self-reliant systems had their drawbacks (like famine, ignorance, or excessive social control), but calls for a balance between *complete self-sufficiency on the one hand and near-total reliance on supplies and welfare payments from the outside world on the other* (p.8). Like de Rivero, his concern is not only with democratic control and environmental sustainability, but with actual survival: he notes both the growing instability and ruderlessness of the global financial system and growing structural unemployment. *Thanks to technology, the rich can now manage without the poor*, Douthwaite says, quoting Pierre Calame (p.29). *But can the poor manage without the rich?*<sup>6</sup> Douthwaite believes they can, provided they change their economic

perceptions and re-localise their consumption and production. He has a vision of re-creating local, peasant-type economies and collective cultures, and defines a peasant economy as:

**a society in which most families own their means of making their livelihoods, be this a workshop, a fishing-boat, a retail business, a professional practice, or a farm. In such an economy families would...be free to join with other families to own the source of their livelihood collectively. (p. 31)**

Douthwaite contrasts this with what he calls an industrial economy (but other authors such as Gibson-Graham, 1996, might simply call capitalism), where activities primarily provide profits for shareholders rather than providing ways of life (p.32).

I was deeply influenced by these ideas. I started to question the trickle-down model of affluence for all and the idea of everlasting material progress fuelled by an ever-expanding economy. I began to ponder issues of economic power and its role in creating development agendas, the role of the media and conventional education in legitimating a status quo of eroding environmental and social capital with an increasingly unlikely story of a „capitalist heaven“ which we will all enter if we worked hard enough.<sup>7</sup>

One casualty of the race to these happy hunting grounds has been agriculture. In nearly every country, farming is in a crisis. Peasant and family farms are giving way to industrialised agriculture, with knock-on negative effects on local economies and rural communities, as described e.g. by Buckland (2004). I have been able to follow this development in the small Czech village (130 inhabitants) where I live. After the 1989 democratic revolution, a law was passed which enabled the fifty or so local small land owners to withdraw their land and stock from the old Communist agricultural co-operative and start their own farming co-op. With nearly 200 hectares of land, the co-operative grew wheat, barley and rape seed and other crops as well as its own fodder for a hundred dairy cows and few dozen pigs. In effect a family farm, it provided employment and winter snow-clearing in the village, sold fresh unpasteurised milk and pick-your own potatoes to the locals and offered in-kind dividends to the members, such as grain and straw for poultry rearing. Manure was used as fertiliser for the fields and bartered twice yearly with another local enterprise for carp, a traditional fish grown in local ponds, at Easter, Christmas and the traditional autumn fish harvest festival (*rybí hody*).

Thirteen years later, the farm has lost its pigs and cows – its pork and milk could not compete with world prices. Five jobs are gone and the local nutrient cycle (...fodder - cows - manure - land - fodder...) has ended with the end of the mixed farming system. The outbuildings stand empty, we buy milk in cartons and there has been no autumn fish festival. Unexpectedly, the number of swallows has also plummeted.

Watching the local economy gradually unravel at my doorstep, I became aware of the subtle links between local food, the environment, health and culture. At the same time, “local food” was becoming a popular concept in Britain in the wake of several food scares, books such as *Bringing the food economy home: The social, ecological and economic benefits of local food* (Norberg-Hodge et al., 2000) were being published, and practical projects of re-linking food producers and consumers, called local food links, were mushrooming in Britain.

My aim when embarking upon the practical research described in this study, which began in spring 2001 in the United Kingdom, was to search for successful bottom – up rural economic initiatives such as food links projects, credit unions, community-owned shops, local transport schemes, affordable housing projects and others which help support local rural economies. I was interested in their aims and activities, their legal and governance structure, their economic underpinnings, in how they were born, how they survived and what problems they faced. I was also interested in the people who worked in them and their values. My goals were coloured by a wish to find projects which would be replicable in the Czech situation. In a wider perspective, I was looking for a modern version of Douthwaite’s peasant economy, for functioning projects espousing economic localisation, and for viable and democratic alternatives to the “capitalist” model (in my definition, an economy dominated by share companies whose main goal is profit maximisation). Many of the projects I interviewed had a co-operative structure, and as my work progressed, I became more interested in the co-operative tradition in Britain and especially in my own country. A list of the official co-operative principles is given in Appendix 3.

Although I made a special search for “green” projects in a more narrow sense, in my perception all projects were “green” which had a “localisation” dimension or which attempted to support a traditional rural way of life. Scale was an important consideration and most of the projects chosen were small, as small projects seemed more easily replicable. However, I agree with Yair Levi (2002), who has pointed

to a crucial problem: while small non-capitalist enterprises emphasise the “social” and are tolerated by the capitalists, to whom they do not pose a threat, larger ones, which might indeed lead to a more pluralised economy, seem to start emphasising the “economic” and eventually convert to capitalist firms. I have therefore included interviews with several large co-operatives which in varying degrees seemed to keep their co-operative “soul” or ethos despite their large size (section 2.1.4).

Gradually I realised that such projects can probably be found in the Czech Republic as well. Accordingly I adapted my research plans and incorporated rural Czech projects which fulfilled some of the criteria discussed in section 3.1, which gives a more detailed overview of the methodology and categorisation of the initiatives interviewed in both countries.

The term used in the title and throughout this text for the projects studied is *social enterprise*. This is a concept which has emerged in Britain in the 1990s and is now gaining ground in a European context (Borgaza and Defourny 2001) to describe organisations which are often at the interface of non-profit/charity, business, and/or municipal/ public bodies. They tend to have mixed funding sources, other than strictly commercial goals and a democratic governance structure (ideally one-member-one vote). The concept is still little known in the Czech Republic. I analyse it in more detail in section 1.2.4. Table 2 in section 2.1.1 attempts to apply a sliding-scale definition of social enterprise to the projects studied. My definition, as opposed to most others, includes a “localisation” criterion (defined as *emphasis on local resources and local production for local consumption, local money flows and employment, local environmental sustainability*). I return to this criterion, its justification and implications in section 1.2.3.

As mentioned above, this study tends to emphasise the environmental aspects and to highlight “green” social enterprises. Although a large literature exists on sustainable development, often defining it by its interwoven social, economic and environmental strands<sup>8</sup>, nature and the environment remain conceptually absent from influential books such as the EMES publication *The Emergence of Social Enterprise* (Borgaza and Defourny, 2001)<sup>9</sup> I return to the subject of “green” social enterprise or eco-social enterprise in section 1.2.4.

Summing up, the aim of this study was to do a field study of British rural social enterprises, to find and describe social enterprises in the Czech Republic and to compare the situation in both countries. The methodological approach taken is

described in section 1.3., the results of the interviews are described in section 2.1. The projects interviewed are summarised in Appendix 1, which also includes contact details of the projects interviewed.

In section 1.2, I try to place my research in a wider theoretical framework. Section 1.2.1 looks at definitions and perceptions of the “rural” and at current rural issues in Britain and the Czech Republic. In section 1.2.2, I try to define the terms *economic democracy* and *economic freedom* and look at their links with the *commodification* of our society. Section 1.2.3 summarises the most salient points of some of the historical visions of a human-scale, socially just and environmentally friendly economy rooted in place, and leads on to a discussion of the theory and practice of *localisation* of the economy which is emerging in recent decades as a tentative alternative to economic globalization.

An often-used concept in discussions about social enterprise, including EU policy discourse<sup>10</sup>, is “social inclusion”, implying that their main task is to help integrate disadvantaged groups (which may include the disabled, drug-addicts, former prisoners, but also more widely-defined groups such as ethnic minorities, women, young people, or even whole rural populations) into a commodified economy which, despite its propensity to exclude large swathes of the population, is seen essentially in a positive light<sup>11</sup>. Most authors writing about social enterprise thus appear to adhere to the modernist pre-analytic vision of “progress via economic growth” (see also OECD 2005). In their perception, social enterprises are new economic offshoots, evolved to patch up cracks in an essentially viable system by fostering social cohesion. If we embrace the opposing view of an increasingly unstable economic system in deep trouble socially and environmentally, then social enterprises have a bigger role to play. They could be building blocks in an economy with stronger democratic, ethical and localised features, which would devolve economic power and eventually be able to survive without economic growth, thus achieving true sustainability.

In this perspective, free market capitalism can be seen as a dangerous utopia which can never prevail entirely without destroying society and nature (Polanyi, 2001)<sup>12</sup>. Social enterprises, together with other non-capitalist forms of provisioning such as households, self-employment, or surviving commons regimes, can then be viewed as pockets of resistance which can expand, evolve and surge into void spaces in the current economic system (Gibson-Graham 1996). In section 1.2.4 I try to

discuss these two faces of social enterprise and connect both with my own pre-analytical vision and with visions and models of a whole, localised and green economy discussed in previous sections. Finally, I briefly focus upon the non-market and co-operative context of modern social enterprise, with special emphasis on the Czech rural co-operative movement, which blossomed between the wars, only to be submerged by the tripple tidal wave of Nazism, Communism and laissez-faire Capitalism. I return to the pre-war Czechoslovakian co-operatives in parts of the subsequent text where they are relevant to the issues discussed.

In the Discussion (Section 2.2) I try to extract the insights and main themes emerging from the empirical research, and to compare the situation in both the countries studied. I also try to compare my own field findings with other sources and discuss the needs and possibilities of support for social enterprises, including the role of enabling or second-tier social enterprises which emerged in my research. An important theme in the last section inspired by the work of Tim Crabtree is an attempt to broaden the economic concept of “capitals” to include the non-market and non-commodified sphere and to re-frame enabling organisations as trustees of non-market capitals in the sense of Polanyi (2001).

One problem with this thesis has been its over-long gestation. The projects interviewed have meanwhile lived their own lives and while some have flourished, others have changed their organisational structure or even wound up their activities. I was able to update the details of several in the Appendix when my book *Living in the cracks* (Johanisova 2005), (partly identical with sections 1.2.4, 1.3, 2.1 and 2.2.1) went into press, but most of the information in this thesis needs to be understood as relating to the dates of the interviews. Where information is of more recent date, I try to make it clear in the text.

## **1.2. Theoretical background**

### **1.2.1. The “rural”: definitions, projections and realities**

The definition of “countryside” or “rural” is elusive. On an administrative level, definitions tend to center on the size of a settlement or on the average population density and built environment in a defined area<sup>1</sup>. In the field of rural studies, researchers appear to be wary of a definite definition of “the rural”. Some anglophone researchers suggest that the word be abandoned altogether in scholarly use (Hoggart 1990), others concede its usefulness but assert that *the rural is no longer “mappable” as a set of physical and social distinctions ... there is no essential rural condition, no point of reference against which rurality can be measured.* (Murdoch and Pratt 1997).

This may be less true in the Czech Republic, where arguably a consensus on what constitutes “the rural” might be more easily reached. “The rural” as opposed to “suburban” or “urban” might in this sense include settlements including dwellings with out-buildings and yards, enabling production based near or in the (typically owner-occupied) home, relatively low mobility<sup>2</sup> and relatives living close by, a higher incidence of extended families living together, and a shared history with at least a vestige of old customs (such as maypole building in the Czech context), remaining. An important part of such a definition, resting on empirical observation of a widespread though receding reality (see e.g. Rysava-Bednarikova 1999), would be a less commodified lifestyle, including a direct connection with the land. This might entail growing one’s own vegetables and fruits, keeping poultry and/or other farm animals, using local wood for heating or even building, and other links to the local ecosystem such as ownership and/or cultivation of adjacent land and foraging in adjacent woodland (for berries and mushrooms – in this peripheral sense a large part of the Czech population would qualify as “rural”).

The “rural”, then, seems to be a more clear-cut entity in the Czech Republic than in Britain, where rural lifestyles are more often barely distinguishable from those of city-dwellers (Sibley, 1997: 228). Even here though, it remains elusive. In the Czech Republic, as in Britain, we can perceive different ruralities (Murdoch and Pratt 1997), depending e.g. on whether the village in question has had an uninterrupted settlement pattern or whether most of its original inhabitants were Germans expelled

after World War II, as happened in many borderland areas. Such areas suffer from what can best be termed as depleted social capital, leading to aggravation of problems with absentee ownership and land speculation<sup>3</sup>. Similarly, the “rural” as described above is particularly under threat in villages in the orbits of big cities (Blazek 1995).

Blazek (1995), visiting such villages on the Prague outskirts, comments on this clash between the rural and the urban, and interprets it as a struggle between two different approaches to life: The denizens of the “rural” world know about nurturing soil, about growing and storing vegetables, about caring for animals. The food they produce is not a commodity, but the complicated result of their toil, and thus they know its true value, which entails the death of other beings. Urbanites flee from the bad smells of food remnants and human and animal waste, not liking to be reminded of their own mortality. But the “rural” person uses them to feed animals and to fertilise the soil. She thus becomes a part of the circle of life, accepting its cycles, which include illness, old age and death as well as new life. She experiences true community: she knows not only the faces of her neighbours, but their life stories and current problems, and often is related to them. The urbanite may have read more books, been to more places, met more people. But the urban lifestyle and its dependency on bright lights and thousands of faces is in reality an addiction, which keeps the city person from experiencing the core of life and thus understanding its esyial sacredness.

Although such a vision of the “rural” can justly be accused of showing only the bright side of rural life<sup>4</sup>, Blazek nevertheless expresses an essence of the “rural” which I have also felt during my long-term residence in a small South Bohemian village.<sup>5</sup> His insights echo authors like Merchant (1980) and Sheldrake (1991), who associate the destruction of nature with the demise of an organic world view, which emphasised the unity and inter-linkages between humans and nature. In Europe in the 16<sup>th</sup> and 17<sup>th</sup> centuries, this was gradually superseded by a mechanistic world view, which saw nature as a machine to be manipulated. Merchant (1980: 77) suggests that a communal or peasant variant of the organic world view survived in much of eastern and central Europe into the 18<sup>th</sup> and 19<sup>th</sup> centuries. However, I would agree with Blazek that its vestiges can be traced in the Czech countryside to this day.<sup>6</sup>

Some early sociologists, concerned with the social if not environmental impact of industrialisation, commodification and urbanisation, came up with a bipolar



model of human organisation. Tönnies' model of *Gemeinschaft* (traditional community) and *Gesellschaft* (modern society), the first characterised by co-operation, a degree of communal ownership, and strong tradition, the second by competition, private ownership, and contractual relationships, is influential to this day. Durkheim postulated a distinction between traditional societies, whose social glue was a "mechanical" solidarity based on a mechanical adherence to social norms, and modern societies, held together by "organic" solidarity, based on mutual dependence through division of labour. Tönnies idealised the *Gemeinschaft*, while Durkheim's was more in favour of "organic" solidarity, but both saw the traditional societies as doomed to eventual disappearance due to the laws of progress (Keller 2004).

"The rural" is thus often linked with "premodern". It can also be linked with the non-commodified and non-capitalist (or "less commodified" and "less capitalist".) From the perspective of the Enlightenment model of social and economic evolution, rural people were often seen as backward, poor and uncultured (Loewenstein 1995: 278-279) and their work as an economically inefficient anachronism (Adam Smith, book 1, chapter 1 of *Wealth of nations*, in Heilbroner, 1986: 165).

In Czech, the word for countryside, *venkov*, has common etymological roots with *venku*, *venkovní*, outside, the outer. The "rural", with no strong voice of its own, has often been a target of projection, an "Other", either eulogised or denigrated.<sup>7</sup>

Dreams of an idyllic "rural" have been strong in urbanised and urbanising cultures, most notably in the Roman empire (Stibral 2005: 19) and in Europe in the 18<sup>th</sup> century, when the Romantic movement began as a strong reaction against Enlightenment principles (Librova 1996: 286-287). In the 19<sup>th</sup> and early 20<sup>th</sup> centuries, "the rural" became an ideal for both the left and the extreme right. In his utopia *News from Nowhere*, the socialist writer William Morris (1886) depicted a future where cities had ceased to exist and people lived happily in small settlements as craftsmen and farmers. More ominous was the "blood and soil" ideology, part of the official doctrine of Nazi Germany. Popularised by R.W. Darre in 1930, the phrase was meant to convey the mystical link between "blood", which in Nazi parlance meant the pure Germanic race, and "soil", that is nature and the land. A mass return to working the land was seen as the means of purifying the German soul and served as justification for the German invasion of Europe (Biehl and Staudenmaier 1995).<sup>8</sup>

Despite these and other idealisations of the rural, the Enlightenment view of “the rural” as inferior has prevailed in the Czech Republic on a popular level until very recently. There are many terms in Czech as well as in English (in my dictionary e.g. bumpkin, hick, yokel, hayseed and clodhopper), depicting the country person as uncultured, stupid and clumsy. Norberg-Hodge (1991:83) describes a similar attitude of open ridicule among city dwellers in Kashmir towards a visitor from the rural region of Ladakh. In a more recent publication (2001: 250), she asserts more generally that *In the South today, the message being transmitted by the media, advertising and tourism is that rural life is, in effect, a lower evolutionary stage.*

Such a modernist attitude of despect towards the rural, shown by urban and internalised by rural dwellers, may be one of the psychological factors fueling the continued urbanisation of third world countries. Other, economic and environmental factors include bankruptcy of small farmers by food aid (Friedmann 1990) and trade liberalisation (Anonymus 1996, Pollan 2004), industrialisation of agriculture (Hecht and Cockburn 1990:106 -107, Branford and Freris 2000) and the impoverishment of third world rural regions through appropriation of common land (George 1976, Shiva 1992, Guha and Martinez-Alier 2000: 3-16).

The last mentioned text makes explicit the often neglected issue of asymmetrical power relations between city and country, obvious especially in the third world. Citing numerous examples in India when the benefits of development/modernisation/progress have flown to the urban-industrial complex and impoverished rural people, Guha and Martinez-Alier distinguish between “ecosystem” people (communities which depend heavily on the natural resources of their own locality) and “omnivores” (those able to capture, transform and use natural resources from a much wider catchment area)<sup>9</sup> and come to the conclusion that:

**The history of development in independent India can ... be interpreted as being, in essence, a process of resource capture by the omnivores at the expense of ecosystem people. This has in turn created a third major ecological class, that of “ecological refugees”, peasants-turned-slum-dwellers, who eke out a living in the cities on the leavings of omnivore prosperity. (p. 12)**

In their book, Guha and Martinez-Alier perceptively show that urbanisation processes in the third world are due in large measure to an exploitation of the “rural”, and point to a deep disbalance between the “rural” and the “urban”, caused by a flawed model of development.<sup>10</sup>

In the Czech Republic, rural depopulation and urbanisation processes began with the Industrial revolution, accelerated in the sixties and early seventies after the period of forced farm collectivisation, and appear to be slowing down or stopping at the turn of the 21<sup>st</sup> century (Kubes 2000a). We may thus be nearing a period, already embarked upon in Britain, of counterurbanisation, or net migration to rural areas combined with corresponding population decline in cities and large towns (Halfacree 1997: 72). While the statistics in both countries probably partly hide a trend of suburbanisation rather than ruralisation, research in both Britain and the Czech Republic indicates that denigrating Enlightenment perceptions of the “rural” have changed. In Britain, 50% of respondents in a recent survey said they would like to live in the country if they could.<sup>11</sup> Similarly, data indicating a rising appreciation of country life by those already living there are available from the Czech Republic (Librova 1996: 294)<sup>12</sup>.

Counterurbanisation is a complex process as regards motivation (Halfacree 1997: 74–76) and involves different social groups. In the Czech Republic, a small strand of rural migrants consists of committed young families who move to the country in search of a more meaningful existence, centered on family, community, an environmentally friendly and economically modest lifestyle (Librova 1994, 2003). Otherwise, there are few detailed data on the social and economic aspects of rural migration.

Recent data from England indicate that most migrants to rural areas today are young, economically active people (Countryside Agency 2002: 12). However, on average, rural populations remain older than urban and, in some areas, there is not enough affordable and social housing to allow people who are born and bred in rural communities to remain there as adults. Another factor fueling such “economic emigration” from some rural areas are falling farm revenues and a lack of stable jobs (Countryside Agency 2002: 2, 11, Rugg and Jones 1999, Conaty et al. 2002: 17-20). While in Britain social equity as a goal in rural areas is beginning to be recognised, including the acknowledgement of a need for affordable housing (e.g. Countryside Agency undated: 3, 2002: 35), such holistic perspectives are lacking in the Czech Republic, due perhaps to a residue of mistrust of planning and the exaggerated emphasis on equity in the Communist era.

Despite some encouraging signals (e.g. twice as many jobs being created in rural areas compared to cities since 1991, according to Hetherington (1991), cited in

Conaty et al. (2002: 21), the English countryside as a whole is perceived to be in trouble:

**Wherever they live, people are concerned about the loss of rural tranquility and the scale of new development. Almost half the people surveyed in the 1996 British Social Attitudes Survey thought the countryside had changed for the worse in the last 20 years. Development, pollution and the loss of hedges were the main concerns. Recent food safety scares show the need for greater trust between consumers and farmers. ... Rural deprivation exists in many parts of the countryside, despite statistics showing increased population and wealth ... Increased centralisation often results from the drive for increased efficiency in business and public service. The result is ever increasing reliance on the motor car, making life more difficult for those on low incomes and the less mobile...**  
(Countryside Agency undated:4)

One of the biggest concerns in the British countryside is the demise of local services. The new economics foundation (nef 2002a, 2003) has documented the rapid closure of small shops and other independent outlets in Britain, and while this is a national problem, rural areas have been the hardest hit<sup>13</sup>. Although 60% to 80% of people interviewed in a 1999 British Social Attitudes survey said that it was “fairly important” or “very important” that basic services be “within a 15 minute walk away” (Countryside Agency 2000:30), statistics show that 33 % of rural English parishes have no shop, pub or village hall, 43% have no post office, 73% have no bus service, 83% have no medical service, and 91% have no bank or building society (Conaty et al. 2002).

In the Czech Republic, rural services have also been declining, though data are not as readily available. However, pilot studies from South-Central Bohemia (the former districts - *okresy* – of Pribram, Benesov, Strakonice, Pisek, Tabor and Pelhrimov ) found that 53% of rural settlements (under 2 500 inhabitants) had no food retail outlet (Kubes 2000b: 113). As this is an area with a large percentage of settlements of under 100 inhabitants, the statistics might be more favourable in other areas, like Moravia, where villages are less de-populated. Anecdotal evidence suggests that causes for rural shop closures include the onslaught of large supermarkets and tighter food safety regulations:

**After the big supermarkets appeared on the scene, my turnover dropped by 50%. Prices of equipment have gone up, a freezer now costs over 2000 GBP. And new regulations say you have to have vegetables, meat, ice-cream all separate. So I would have had to purchase more freezers. But I only make 0.02 pence with every ten rolls I sell. I had no choice but to close up the shop.**  
(from my interview with the former proprietor of a small food shop in Strmilov, South Bohemia, 15.7.2003)

As with retail outlets, public transport services have strongly declined in Czech rural areas after the 1989 democratic revolution, as documented by another study from South Bohemia (Kubes and Slezakova 2000). Kubes and Horakova (2000) have compiled statistics showing a drastic decrease of primary schools in the *Pisek* and *Tabor* districts: of a total of 112 rural primary schools in 1965/66, only 14, i.e. 12.5%, remained in 1998/99. This is probably fairly representative of other Czech rural areas. Even today rural primary schools are threatened with closure if the number of children in a class drops below 13.<sup>14</sup>

It is relatively easy to take a snapshot of the situation of the countryside, in both “developing” and developed”<sup>15</sup> country contexts, and describe the situation. It is harder to actually assert that these issues spell a crisis of the rural. For one thing, as mentioned above it is not at all clear what “the rural” actually means. Besides, depending on the pre-analytic vision of the speaker, the rural all over the world may only be in transition, a necessary one albeit painful. Such an evaluation may be espoused by a modernist/evolutionist view, tacitly accepting trade liberalisation and commodification as part of an inevitable globalisation process, which itself is a price we pay for progress, and seeing the rural as inefficient, backward, or simply doomed<sup>16</sup>. It can equally be seen as a neutral transition process through post-modern spectacles, which reject a vision of progress but tacitly accept the value-free paradigm of modernist science (which however by accepting and thus legitimising a situation paradoxically cannot help being normative).

While there may not be a consensus on a crisis of the rural, there is probably a consensus on the crisis of farming, especially in the United States<sup>17</sup> and Britain, paradoxically the two most “developed” countries where farming has approximated the industrialised ideal. The farming crisis is a complex issue and remains outside the scope of this study. I have commented on some of its causes and ramifications elsewhere (Johanisova 2000). However, despite recent sociological discourse on a post-productivist countryside (Halfacree 1997), the “rural” cannot easily be disassociated from food growing. I therefore conclude this section with a brief overview of the main issues involved and a quick look at the dramatic changes in British and Czech farming over the last hundred years.

The following passage, inspired by the Surrey and Essex countryside, was written by Czech writer Karel Capek during his visit to Britain in 1924:

**Meadows with herds of cows, herds of horses with beautiful grave eyes...velvet pools with water-lillies and irises, parks, manors, meadows and more meadows, no arable fields, nothing which would shout out loud about human toil...I wonder what you would think about this, uncle, you who are a Czech farmer. I am sure you would shake your head, looking at all those red and black herds of cows grazing on the most beautiful meadows in the world, and say: what a shame to lose so much good manure! And you would say: Here they could plant sugarbeet, and here, well, here you could grow wheat, and potatoes over there, fruit trees instead of these shrubs, and lucerne, and oats here, and rye or oilseed rape on that field in the back; why, the soil here is so good you could spread it on bread, and they leave it for pasture! - You see, uncle, they tell me that it is not worth the work here, they get their wheat from Australia and sugar from India and potatoes from somewhere else, Africa maybe, you see, uncle, there are no more farmers out here, and all this is just a big garden. - Well, my boy, you would say, I like it the way we have it better, maybe it is just sugarbeet, but at least one can see the work that went into it. No people here, not even to watch over the cows and sheep... just somebody over there on a bicycle, and - ugh - another in one of those smelly cars; doesn't anybody do any work around here? (p. 96 –97, my translation)**

Capek's long-ago fictional dialogue with his uncle opens themes which have not only remained with us to this day, but which have become central issues in the farming debate: mixed vs. specialised farming, local vs. globalised agriculture, labour-intensive vs. energy-intensive production. Modern farming, having become ever-more specialised, economically globalised and energy intensive, has had negative impacts on local and global environments. Soil and water pollution, soil erosion, loss of wildlife, habitat and genetic diversity, including genetic diversity in agriculture, have been amply documented in recent decades (Pretty 2001: 47–80, Douthwaite 1996: 252 –274, Harvey 1998: 19-34, Pollan, 2004). Human health is damaged by pesticides in the environment (Pretty, 2001: 51-59, Leake, 2006). Other environmental problems linked to industrial agriculture include water depletion, salinization and global warming (Goering et al., 1993: 29 –30, Worldwatch Institute, 2000: 39-58, 2001: 21 -42).

Although farmers who have adapted intensive agriculture methods are cast as the villains in the piece, they are also the victims. They find themselves on a treadmill, having to “run” ever faster to remain in one place (or above water) financially. Harvey (1998: 39) sees this treadmill in Britain as being caused by EU subsidies, which lead to inflated land values and higher prices of farming inputs such as fertiliser, animal feeds and machinery. However, the Sustainability Institute (2003) a Vermont think-tank, has diagnosed a similar treadmill wherever farmers start

producing crops as commodities for international markets. In their interpretation, born out of a long-term intensive dialogue with American farmers, the treadmill is caused by a reinforcing feedback loop in which producers are destroyed by their own productivity. As farmers (or fishermen, etc.) produce more and more, prices of commodities on world markets go down and this increases pressure on the producers to cut prices through increased size (economies of scale) and technology use. This in turn leads to even higher production, depressing prices, concentrating enterprises and depleting resources in a vicious downward spiral (see also Douthwaite 2000: 31-32).

Tracey Clunies-Ross and Nicholas Hildyard (1992) describe further crucial aspects of this treadmill in chapter 3 of their book *Politics of sustainable agriculture*:

**Squeezed by prices, encouraged by advice and training, controlled by regulation, limited by research, and trapped by peer pressure, farmers have had little choice but to adopt more and more intensive systems. The result has been a transformation not only in agricultural practices but, perhaps more significant still, in the political and economic landscape in which farmers operate, creating dependency where there was independence, driving farmers into a spiral of increasing debt, concentrating landholdings, undermining choice and increasing the vulnerability of farmers, entrenching old equalities and creating new ones, disempowering small producers and consumers and shifting power to large farmers and corporations.**

One end result of this process is the decline of the number of farms in Britain. Almost a quarter of a million farms have gone out of business since the early 1950s, that is in effect every second farm (O'Hagan 2001: 56). Britain has become the country with the largest, most concentrated and most intensively operated farms in Europe (Harvey 1998: 15). Despite this or perhaps because of this, farmers there are in deep trouble, partly due to the recent BSE and foot-and-mouth crises which, however, were themselves a result of the ultra-rational approach of industrialised farming and its dependence on world markets<sup>18</sup>.

Farmer bankruptcies and the concentration of farm holdings continue as the treadmill pressures intensify in Britain. In the Czech Republic, too, a similar treadmill exists, although there are differences. While the percentage of people working on the land at the beginning of the 20<sup>th</sup> century was only 8% in Britain, it was still 37% in the Czech Republic (Kubacak 1995). In the day of Karel Capek and his uncle, most landholdings were still very small, with 73% not exceeding 5 hectares (Feierabend 1952: 10). While there was never a land reform in Britain<sup>19</sup>, in the Czech

Republic a government-led land reform process in 1920-1928 obliged large landowners to sell a large part of their land to small farmers, who could access government-guaranteed loans (Kubacak 1995: 28-44), and this combined with an active rural co-operative movement (Feierabend 1952, see also Box 2 in section 1.2.4) led to a substantial part of farmers still on the land at the time of the Communist takeover in 1948 in what was essentially an industrialised country.

There had been over one and a half million family farms in Czechoslovakia<sup>20</sup> in 1930 (Kubacak 1995: 45). Between 1949 and 1960, a large majority of these farms disappeared through a ruthless government collectivization policy, giving way to less than 11 000 *unified agricultural co-operatives* (the JZD) with an average area of 1037 acres (420 hectares), and about 200 state farms (mostly in areas populated formerly by Germans) with an average of 17290 acres (7000 hectares)<sup>21</sup> (Kubacak 1995). Needless to say, the agricultural co-operatives were co-operatives in name only (see Box 2 in section 1.2.4) While most farmers were allowed to retain nominal title to their land, even when it was subsumed under a co-operative, some bigger farmers' holdings were confiscated by the state and they and their families were forcibly expelled. (To give a flavour of the times, the story of one such family is in Appendix 2). The farmers who remained on their land despite great hardship all through the Communist period were exceptional people with distinctive values. Two thousand were left in 1989 (Lapka and Gottlieb 2000).

In the period between 1960 and 1989, Czech agriculture became firmly enmeshed within a centralised state structure emphasising intensification, maximisation and concentration of production: between 1960 and 1980 the number of unified agricultural co-operatives decreased from 10 816 to 1 722, reflecting the mandatory amalgamation of the original small co-operatives (encompassing one or a few villages) into much larger entities (Kubacak 1995: 179). Thus Czech and British farming developed along a parallel course, despite different economic and political systems.

The sudden demise of the Czech Communist regime in 1989 and a law enabling co-operative members or their descendants to reclaim their land in 1992 was the start of the newest phase in Czech agricultural history. Some larger co-operatives desintegrated into smaller entities, some did not survive economically, many were transformed into share companies and those which have retained a co-operative structure are mostly deeply in debt to their former members. With some slight support



from the government, some former co-operative members went back into family farming. In 2001 there were 31 721 new family farms averaging 82 acres (33 hectares), and a total of 2853 co-operatives and share companies, averaging 2673 acres (1082 hectares) (Zemedelsky svaz CR 2002). Organic farming has also taken off after 1989, but so far its impact is negligible. While the number of farms has gone up after the 1989 revolution, the number of people working in agriculture, forestry and fisheries decreased from 560 thousand (5.4% of the total population) in 1990 to 179 thousand (1.7% of the total population) in 1999 (calculated from Zemedelsky svaz CR, 2002).

Agricultural consultant Zdenek Kucera describes the Czech modification of the economic treadmill:

**The average size of farming enterprises in the Czech republic today is around 1000 hectares, and they will continue growing. In 1992-93 the bigger co-operatives and state farms disintegrated into smaller units. And now the ones which have weathered the economic transformation stage are buying up the rest. Some big agricultural co-ops or share companies today have 12 thousand and even 20 thousand hectares.**

(personal communication, 12.3.2003)

The agricultural treadmill (or reinforcing feedback loop) can be seen as a special case of a more general economic process where producers, dependent on a global market, are forced into ever-greater efficiency, characterised by lower labour input, increasing economies of scale, and rising externalities in terms of environmental and social costs, including costs to “ecosystem people” in the sense of Guha and Martinez-Alier, who are robbed of resources and/or unable to compete in such an environment (George 1975, Anonymus 1996). This more general process is described by Korten (1995: 229 - 237) as a “race to the bottom” (see also Shuman 1998: 6-15). It has been pointed out that the “efficiency” at its heart may be seen as gross inefficiency in terms of energy (e.g. Günther 2000, Elm Farm Research Centre 2002, Crane 2003), in terms of ecosystem use (Rosset 1999: 2-10, Norberg-Hodge 1991: 112)<sup>22</sup>, in terms of waste of resources (Douthwaite 1995:38-42, Guha and Martinez-Alier 2000: 55) and even in terms of the neoclassical economic paradigm itself: according to Korten (1995:76-77) this “efficiency” is linked to an ability to externalise costs onto less powerful players, thus paradoxically leading to market inefficiency as producers and consumers pay less than the true costs of resources and products, giving the market distorted signals.

One recent casualty of the race to the bottom has been the demise of services in the British and Czech countryside. On a more general level, whole rural communities and ecosystems can become casualties of the race to the bottom, as witnessed by this Iowa countryside:

**Soon we were in Iowa, headed South on Interstate 35 past the large sign welcoming us to the Heartland. For over a hundred miles we saw nothing but corn, soybeans and an occasional metal building in which unseen hogs or turkeys lived out their short lives. We saw not a single person working in any of the fields we passed, nor a single farm animal grazing on what had once been a great prairie of grass. Despondent farmers would soon mount \$ 200,000 combines to begin gathering a near-record crop destined for sale at prices that, adjusted for inflation, ranked among the very lowest of the century. (Levins, 2000: 79)**

The following sections summarise strands of thinking which, among others, are concerned with preventing or reversing trends leading to such bleak Iowa countrysides. Most of the authors they introduce would probably agree with the German-British economist, E.F. Schumacher, who called for a vibrant and populated countryside almost half a century ago:

**...instead of seaching for means to accelerate the drift out of agriculture, we should be searching for policies to reconstruct rural culture, to open the land for the gainful occupation to larger numbers of people, whether it be on a full-time or a part-time basis, and to reorient all our actions on the land towards the threefold ideal of health, beauty, and permanency (1993: 92)**

### **1.2.2. Economic democracy, economic freedom and resistance against commodification**

My intention in this and the next section is to draw together different strands of thinking, often growing from different intellectual roots, sharing a pre-analytical vision which sees human communities and/or nature as threatened by late modernity and its unacknowledged ideology, the neoliberal economic paradigm, and looking for constructive social and economic alternatives. I hope thus to help shape a conceptual framework for discussing social enterprises in a context wider than the usual social exclusion/inclusion discourse, where social inclusion is identified with insertion into paid employment. I especially wish to concentrate on the work of contemporary authors, not all of whom are formally linked to academia, who have offered important arguments, analyses and models which might help us to feel our way towards new social and economic approaches, prioritising human freedom as well as equity, environmental sustainability as well as material welfare.

One subject often left out in discussions about social enterprise is their role in diffusing economic power. While conventional wisdom associates modernity with a de-centralisation of power, emphasising the advent of national democracies in the wake of the American and French revolutions, deeper analyses discern instead a less visible but manifold process of power concentration under the surface. Social and economic historians Tawney (1961) and Polanyi (2001), the sociologist Max Weber (Gane 2002) as well as a new generation represented e.g. by Korten (1995), Klein (2000), Guha and Martinez-Alier (2000), Shiva (1992), Madron and Jopling (2003: ch.3), Monbiot (2001) Lietaer (2001) and Douthwaite (1999) describe this process and its impacts in more detail. The loci of power, initially centered in the state bureaucracy, have shifted from state to corporations and, more impersonally, to world markets, their power unleashed by free-trade ideology, information technology and economic de-regulation.<sup>1</sup>

In practice, the power of world markets is manifested in the race to the bottom mentioned in the previous section. Besides a pressure on producers and mega-retailers to become ever more competitive and “efficient”, disregarding costs to ecosystems and communities, the race to the bottom also puts pressure on governments and regions to dismantle social and environmental legislation and to provide tax breaks and subsidies in order to attract foreign investment (see also Douthwaite 1996: 19-29, 33-34, Sherman 1994: 97-130, Prchal 2004).<sup>2</sup> Within the monetary and banking

system, Lietaer (2001), Douthwaite (1999: 16 –32), Huber and Robertson (undated) and others discern another power shift as commercial banks create an ever larger percentage of money in circulation<sup>3</sup>. This gives them a massive hidden subsidy of the order of £ 21bn a year in Britain (Huber and Robertson undated: 89), leading among other things to their growing economic power. Finally, the process of enclosure of the commons (Tawney 1961, Neeson 1993, Guha and Martinez-Alier 2000: 72-73, Shiva 1992, The Ecologist 1992) can in a radical perspective be seen as an economic power shift from ecosystem people to omnivores, from women to men, from communities to corporations, from South to North and from rural to urban.<sup>4</sup>

Pressures to make governments accountable and limit their political power have resulted in the checks and balances embodied in democratic political systems, and in the right of citizens to actively participate in politics regardless of economic status, gender, etc.<sup>5</sup> However, the issue of economic power concentration and especially of its antidote, the concept of *economic democracy* as a corollary of political democracy and a sine-qua non of true democracy, has been given scant attention. It is often mentioned in passing, but seldom defined.<sup>6</sup> In 1952, the Czech co-operative official Ladislav Feierabend, in his treatise on the then quickly vanishing world of authentic Czechoslovakian rural co-operation, described the electrification co-operatives, which numbered over 2000 in 1936:

**Many villages were electrified through the efforts of cooperatives formed by the consumers of electric current. The cooperatives constructed a transformer on the main grid and a secondary electric net in the village. They contracted with the power stations for a certain amount of electric current at wholesale prices, with premiums for larger consumption. The current was sold to the members at the contracted price, and the premium money was either returned to members in the form of dividends or spent by the cooperatives for community improvements. (p. 45)**

Feierabend then notes that *these... cooperatives... provided good examples of economic democracy*. Similarly, the Czech thinker Milan Valach (1999: 64), describing a cross between a commune and a co-operative, a group who made it their business to plant trees in areas ravaged by logging companies, speaks of it as embodying economic democracy, and sees this type of economic organisation as conducive to a needed moral transformation of society. Czech economist Magdalena Huncova speaks of the need for a *democratic economy* as well as for *economic democracy* in *The economic dimension of civic society* (2004:19, 26, 164).

These authors see economic democracy as embodied in economic entities with a functioning democratic governance structure (each member has one vote, regardless of the proportion of her/his share equity), and whose primary goal is not profit but rather the benefit of community and/or nature. The focus of this study is on such enterprises, called here social enterprises, and we will get back to them in section 1.2.4, as well as in the findings and conclusions.

If we attempt to go further and tentatively define economic democracy as “ a system of checks and balances on economic power, and the right of citizens to actively participate in the economy regardless of economic status, gender, etc., ” we need to look at provisioning systems which, although until very recently absent from economic theory<sup>7</sup>, have been present in some form in most cultures for most of human history: the commons. The commons are most often understood to be local resources (usually land, but also fisheries or other water resources) held in communal ownership, or rather in stewardship, as the relevant group often regards itself as owned by the land rather than owning it (The Ecologist 1992:125). Rights to the land are allocated by custom, they may be invested in families, clans, whole villages, etc., and the system usually has some way of excluding outsiders or punishing them if they abuse the commons (Berkes et al. 1989). All group members have both rights and responsibilities within the system, and all have some share in the benefits provided by the common. They do actively participate in the economy regardless of their economic status and gender. In fact, as the commons regimes are typically non-commodified and even non-market, the term “economic status” may lose its modernist meaning. The land use rules, rights, beliefs etc. may be complex, orally transmitted and not easily intelligible to outsiders. The culture of shared responsibilities means that no one group or individual can usurp economic power – a natural system of checks and balances exists (The Ecologist 1992: 129). The historian G.M.Trevelyan, describing the commons system of land cultivation in mediaeval England, describes its advantages thus:

**It combined the advantages of individual labour and public control...it gave each farmer a fair share in the better and worse land; it bound the villagers together as a community, and gave to the humblest his own land and his voice in the agricultural policy to be followed for the year by the whole village. (1944:6)**

As with the „rural“, a modernist, growth/progress-oriented vision will not find the traditional commons appealing for their localised, non-privatised, often non-

commodified or non-market character. Besides, the commons are not geared towards growth, prioritising rather stability and permanence.

As mentioned in section 1.1, development can be seen as enclosure of the commons (The Ecologist 1992: 131, Shiva: 8 - 9)<sup>8</sup>. Economic democracy, at least from this perspective, may thus entail a right to reclaim or re-create the commons. Such a perspective may seem unrealistic in many “developed” countries, where the commons have been for the most part privatised (a process particularly traumatic in Britain, see Neeson, 1993, Merchant, 1980: 42 –68).<sup>9</sup> However, commons or semi-commons regimes are a reality in much of the third world . In their analysis of land tenure and social organisation in Mexico, Sarukhán and Larson (2001: 54) reveal that 80% of agricultural land and 70-80% of forests in Mexico are communally owned. Drawing on extensive literature, they go on to link environmental sustainability with small scale and communal ownership:

**From the perspective of sustainability, it is quite clear that communal and small property systems of production using moderate or low external agricultural inputs (e.g. fertilizers, pesticides, improved seeds, machinery, irrigation) are more efficient than large holdings relying on subsidies and high-energy inputs. These examples of efficiency and ecological rationality do not tend to produce changes in policy and regulations because as modes of production they are marginal to financial considerations and politically opposed to centralised powers. (p. 64)**

In current discourse centering on the concept of the commons, the term is broadened to include other entities in addition to the traditional ones of land, fisheries and local water resources. The Internet, the atmosphere, and medical care are all seen as commons, or potential commons (Burger et al., 2001, Part III). Streets, city centres, genetic diversity and radio wavelengths also qualify (The Ecologist 1992:125, 147), as well as biodiversity and indigenous knowledge (Shiva et al. 1997). The commons has thus served as inspiration in sustainable development discussions as well as a concept to rally around in order to reclaim economic rights, and, arguably, economic democracy.

A third aspect of economic democracy concerns money creation. Huber and Roberston make a convincing case for phasing out money creation by banks. New (“debt-free”) money according to them should be spent into circulation by central banks on behalf of the government. Lietaer (2001) and Douthwaite (1999) are more radical, suggesting a plurality of currencies, including currencies created by

communities. Many such community currency systems, known variously as LETS, scrip, time dollars/time banks, etc., are already in existence in many countries, though they may be circumscribed, as in Britain, by institutional barriers such as tax liabilities or impact on benefits payments (Douthwaite 1996: 61 –120, Williams 2005: 247 -253).

Thinking of economic democracy, the issue of economic equity or the distribution of wealth among the population comes to mind. A belief in economic growth, expected to translate into wealth for all, took the bite out of the capitalist-socialist ideological struggle in the post-World War II decades. As Douthwaite puts it: *the argument over how the national cake was to be divided was essentially sterile; what really mattered was the best and quickest way of enlarging it.* (2000: 61). As late as 1982, conservative thinker Michael Novak has written:

**A democratic system depends for its legitimacy.... not upon equal results but upon a sense of equal opportunity. Such legitimacy flows from the belief of all individuals that they can better their position. This belief can be realised only under conditions of economic growth.** (p. 15)

However, both the trickle-down theory of wealth and the notion of sustained economic growth are losing their appeal and credibility face-to-face with the stark realities of ever-higher concentration of wealth in ever fewer hands (e.g. Korten 1995:103 –117, Douthwaite 2000: 79, Bello 2003: 133 –134, Hines 2001: 6, Gray 2002: 30, 48-50) and the realisation that economic growth has grave social, economic and environmental consequences (Daly 1996, Douthwaite 2000, Douthwaite and Jopling 2004, Kennedy 1995, World Resources Institute 2005 : 64 - 65 ).

In this situation, despite its banishment to a premodern and static world by Michael Novak, redistribution of the economic pie once more emerges as a crucial issue. In the Christian world, it had been an issue for almost a thousand years (Novak 1982: 24 –25). An important influence on European social thinking in the 19<sup>th</sup> and early 20<sup>th</sup> centuries (Pimper 1946, Piechowski 2002), were Christian social teachings, expressed in the Papal encyclical letters *Rerum Novarum* (1891) and *Quadragesimo Anno* (1931). Their authors, the popes Leo XIII and Pius XI respectively, were critical of both laissez-faire capitalism and its social impacts on one hand and revolutionary Marxism and its goal, state socialism, on the other. They upheld private property as a natural human right and the guarantee of liberty, but asserted that wealth *is not*

*distributed correctly* when a small minority holds excessive wealth, pauperizing the remainder (*Quadragesimo Anno*, in Pimper 1946: 91). Importantly, the encyclicals, and in a wider sense the whole Christian socialist movement from which they sprang (Pimper 1946, Mathews 1999: 5, 49) favoured communal ownership and bottom-up association, which they implied was a non-violent way of transcending the class divide<sup>10</sup>

The ideals of such a bottom-up, democratic socialism have a longer tradition than the ideals of state socialism. Its basic concepts had been articulated succinctly by William King as early as the 1820s (Birchall 1994: 23 –29). Across the centuries, we seem to hear his answer to Richard Douthwaite’s query: *Can the poor manage without the rich?* Yes they can, King suggested in his influential weekly, *The Co-operator*, addressing the paupers of his day. What is needed is for the worker to store up enough capital. Then, owning both his own labour and his own capital, he will be able to do without the capitalist altogether.

This invocation of a non-violent re-distribution of capital (meaning land, physical capital and finance) from the haves to the have-nots, achieved via self-help and mutual help in co-operative enterprises, was echoed a hundred years later by the *distributists*, personified most prominently by British writers G.K. Chesterton and Hillaire Belloc. Inspired by the Papal encyclicals, they rejected the belief in state socialism, on the grounds that owning people’s assets for them in trust would make the state much too powerful:

**Capitalism and Communism are twin systems, resting as they do on the same idea - the centralisation of wealth and, its corollary, the abolition of private property. It is immaterial that they differ on where they wish to centralise their wealth - Communism in the state, and Capitalism in the hands of the most powerful plutocrats; both succeed in crushing the small individual by taking his property from him** (G.K. Chesterton quoted in Gilley 1995: 39-40)<sup>11</sup>

The ideal of distributism was, on the contrary, to retain private property and have ownership distributed among the many, that is, to work towards the opposite of wealth concentration, be it in the hands of corporations or the state (Mathews 1999: 99 –110). The path towards this goal would involve:

**strengthening the position of family businesses such as those of small farmers, shopkeepers and craftsmen, and distributing property rights in larger enterprises among the greatest possible number of shareholders, including in particular their employees. There would be guilds...through which the various categories of small businesses could protect their hard-won *economic freedom*.**



**Credit co-operatives and co-operative banks would provide an alternative source of credit to that of conventional banks.** (Belloc 1936: 83) (emphasis mine)<sup>12</sup>

Belloc used another intriguing term, which might be useful when trying to find alternatives to economic power: *economic freedom*. In a similar vein, the Indian thinker, Vandana Shiva, commenting on Gandhi's dictum that *there is no political freedom without economic freedom*, defines *economic freedom* as

**having the option to decide for myself as to how I will produce and what I will consume. If I decide that I do not want to work in an alienating factory, but instead wish to work as a craftsperson, then – if I am really economically free – I should have this possibility open to me. If I do not want to drive a tractor on the plantation of a big company, but instead want to have my own plot of land and work it organically, then, provided I have economic freedom, I can realise this vision. Economic freedom gets lost when a farmer loses the chance to work on his own land, a craftsman can no longer weave a sari, a local community loses its economic self-sufficiency.** (in Johannisova 1994)

Shiva distinguishes this kind of economic freedom, a freedom for the citizen, from the economic freedom envisaged by the neo-liberal paradigm, which is limited to freedom for large corporations (See also Berry 2001: 3, Keller 2005: 47). Instead, she demands an economy which would maintain and actively support a diversity of scales and a plurality of production modes, including subsistence and self-employment.

Returning to my original definition of economic democracy as a system of checks and balances on economic power, and the right of citizens to actively participate in the economy, we might add to it the importance of a redistribution not only of economic income, to avoid exclusion as consumer, but also of economic capital, to avoid exclusion as producer and investor. The traditional commons may loosely be equated with capital in the sense that those not expropriated from their commons have alternative, non-commodified ways of provisioning and thus have a better bargaining power vis-a-vis the market economy. Active participation in an economy requires other kinds of capital, too, such as social capital or knowledge. Shiva's vision of *economic freedom*, meanwhile, shifts the economic discourse from the human being as either labour or consumer to the human being as citizen even in the economic process, who has a right not only to work, but to a meaningful work. (For similar views of the human being in the economic system, see e.g. Diesendorf and Hamilton 1997: 58, Schumacher 1993: chapter 4, Daly and Cobb 1990: chapter 8, Lang and Caraher: 5).

These tentative definitions open another, seldom asked question: what exactly is this economy or economic process?

Economics has been criticised by green economists, feminists, radical social democrats, third world and post-development theorists (see Williams 2005: 38 for an overview) for failing to recognise ways of production, distribution and consumption (or *provisioning*, or *satisfaction of needs*) which do not pass through the channel prescribed in economics text books: they are not exchanged on monetised markets. Thus neo-classical economics relegates households to the role of consumers and leaves the commercial entities, the firms, as the only legitimate producers of goods and services. It does take into account the public sector, but has seldom explicitly acknowledged the activities of third sector/social economy organisations involved in not-for profit monetised exchange, and has largely ignored non-monetised exchange (the reciprocity of friendly mutual services and gifts between households, voluntary work) as well as subsistence (non-exchanged) work both within the family and in subsistence agriculture (Williams 2005: 14-15)<sup>13</sup>. As green economists have pointed out, neo-classical economics has also ignored the goods and services provided by the Earth ecosystems, which include decomposition of waste, climate regulation, the water we drink and the air we breathe. (Henderson 1999: 11, World Resources Institute 2005).

The economy as such has thus often been narrowed down to the *commodified* economy, defined by Williams (2005) as exchange in the market for profit. Although recent authors (e.g. Jentsch and Shucksmith 2004) have distinguished the *community* and *the state* as other sources supplying goods and services, there remains a prevalent metanarrative in Western society equating development with commodification, ie. inclusion into the market economy. (Gibson-Graham 1996, Williamson 2005: 1-5). This *metanarrative of commodification* can roughly be equated with my own concept of the modernist pre-analytic vision of “progress via economic growth”(section 1.1). Economic growth and commodification are intimately linked<sup>14</sup>.

While some welcome a global commodification trend and some decry it, all take for granted that it exists and that non-commodified ways of production are waning. According to Williams (2005), this is not borne out by the facts:

**...to name the “advanced” economies as “capitalist” or “commodified” economies is a misnomer, for it obliterates from view vast swathes of work in**

**these nations that are not profit-oriented monetized exchange. Commodified work is just one of a plurality of economic practices in the advanced economies.** (p. 80-81).

In other words, even in countries like Britain, it is the community which continues to provide a large part of the services and products which people use.<sup>15</sup> To use Polanyi's term, the economy remains embedded in society (2001). Based on a review of the available data, Williams (p. 81) estimates that, looking at the "whole" rather than just the monetised economy in contemporary Western societies, profit – motivated exchange (i.e. paid work in for-profit organisations) results in 39% - 57% of total products and services, while paid work done primarily for non-profit purposes (such as work in non-profit or social enterprises and cash-in-hand work when it is done primarily for non-profit purposes) contributes 4-10%, and non-monetised work (within and outside the family, including volunteer work) another 32% –58% to the products and services which households use. In the Third (or majority) world meanwhile, available data on the growth of formal vs. informal employment suggest that commodification is by no means progressing in all these countries, in fact in some a process of de-commodification appears to be taking place (p. 154 –179)<sup>16</sup>.

However, an irrational belief in the inevitability and superiority of commodification has led policymakers to actively promote policies, including social inclusion policies, which support a commodified economy as the path to progress. In fact, non-commodified work is often repressed, as in British government policies which see the third sector and social economy projects as nothing more than pathways to formal employment in a commodified economy (p. 187-189). The author concludes:

**Little consideration is thus given in this capitalocentric approach to the idea that non-commodified work might be in itself a means of livelihood, and to the associated notion that this work could be cultivated rather than turned into commodified work.** (p. 189)

The latter can be applauded not only from the social, but also from the environmental perspective. It is the commodified economy, especially its extreme wing, the trans-national corporation, which has caused the most environmental damage. Its present scale is not the result of a natural process, but of massive interventions by Western governments over several centuries at home and abroad in

the name of progress, development and economic growth (The Ecologist 1992: 131 - 147, Polanyi 2001: 141-157, 210 -217, Williams 2005: 21-22, Gray: 2002). At the same time, the commodified economy is not static. On the one hand, due to its monetary and finance systems based on debt, it is impelled towards exponential economic growth (Kennedy 1995, Hoogendijk 1991), which leads among others to environmental destruction and instability. On the other hand, its mechanism of competition and economic survival of the fittest, unchecked, leads inevitably to centralisation of production in ever-less accountable hands of ever larger corporations. This process, an aspect of the economic treadmill described in section 1.2.1, is seen as inevitable by many, since it is the most efficient for-profit-companies which succeed, and this efficiency is expected to yield cheaper products and services, and thus raise the living standards of consumers. However, Korten (1995) and others have shown that this efficiency often boils down to an ability, abetted by economic power and government deregulation, to externalise costs upon society and nature. It is a paradox in an economy with very large players and massive externalities, such as ours has become, that even within the neo-liberal paradigm, the invisible hand can no longer be depended upon to allocate resources effectively (Korten 1995, Daly and Cobb 1990).

However, a note of caution needs to be sounded here. In the real world, not all forms of non-market or informal economic exchanges are conducive to economic freedom and economic democracy. While some slum areas may function on a renewed “commons” principle of diffused power, rights and responsibilities (The Ecologist 1992: 123-124), in others complex feudal relations may exist (Pryer 1990), or a mafia may reign supreme (Pilatova 2006). Armed power structures take the place of governments in failed states (Lindner 2006, de Rivero 2001: 32 -33) and slave and indentured labour economic relationships continue to flourish in many areas. Smith and Stenning (2006) in their review of research on economies in post-socialist countries reveal a maze of inter-connected formal and informal economic activities with a fine line between entrepreneurship and reciprocity on one hand and corruption and exploitation on the other.<sup>17</sup>

All these cases emphasise the fact that power can concentrate in other loci than the state or the trans-national corporations. We need to carefully distinguish between exploitative economic practices and true community or social economies, based on

principles of economic democracy and economic freedom in the sense of Hilaire Belloc and Vandana Shiva.

In the next section, I will try to draw together some of the visions of such economies, incorporating the concepts of environmental sustainability, localisation, and scale, and look at some bridges between vision and reality.

### 1.2.3. New visions for old: Swadeshi, localisation, short circuits and non-commodified capital

It is questionable to what extent mere visions have a place in scholarly discourse. Visions of the future which are not mere extrapolations of current trends are liable to be labelled utopias and, as Bauman (1976:10) has noted, utopias are often dismissed as fantastic and unscientific:

**One can only suppose that the disrepute into which utopian thinking has fallen is that shared by magic, religion and alchemy – all those slushy paths of the errant human mind which modern science set about eliminating once and for all from the map of human action. Having been defined from the outset as an idle, unrealistic blueprint without much basis in reality, utopia was irretrievably cast among the false ideas which in fact hinder human progress by diverting human effort from the ways of reason and rationality.**

Bauman (1976: 9-17) goes on to defend utopias on the grounds that some may actually materialise ( in which case they stop being utopias), but even those which are not verified by subsequent events influence reality, because *our statements about the future become, from the start, active factors in shaping this future.*<sup>1</sup> Utopias put in question what exists, unleash the imagination and formulate ideals. They ask: What may I hope? They provide what we most keenly miss.<sup>2</sup> But they also make visible the divisions of interest and values within a society: one group's utopia may be dystopia to another.<sup>3</sup>

In a more recent review, Poldervaart (2001) similarly highlights the crucial role of utopias: *the desire for another way of living together, expressed in theories, fiction or experiments*, in changing reality.

In the Western world, utopias have flourished in periods of upheaval and change (Poldervaart 2001: 12 -15). One such period, between 1825 and 1850, gave birth to both the principal branches of socialism which are with us to this day, though one tends to stand in the shadow of the other. Most contemporary definitions of socialism draw on its Marxist (and later Fabian/social democratic) dimensions and view it as a political movement whose principal aim is to promote equality by collectivising the means of production (or capital) in the hands of the state.

However, the word, which emerged in English usage in the 1820s (Beer 1953: 182 - 187)<sup>4</sup>, originally entailed a vision of gradual bottom-up economic change based on mutual co-operation, of both producers and consumers, with a goal of *displacing*

*private industry and competition by means of peaceful co-operative establishments and wherever possible by a union between the workers and the capitalists* (Beer 1953: 321). An important issue was the cutting out of the middleman in the chain between producer and consumer and the achievement of a *just price* (Beer 1953: 323, on Owenite labour exchanges), as well as the mutual satisfaction of basic needs on a local basis rather than production for external markets:

**The system of co-operative industry accomplishes this [finding an unfailing market for its produce], not by the vain search after foreign markets throughout the globe which are no sooner found than overstocked or glutted by the restless competition of the starving producers, but by the voluntary union of the industrious classes in such numbers as to afford a market to each other by working together for each other, for the direct and mutual supply by themselves of all the most indispensable wants in the way of food, clothing, dwelling and furniture.** (William Thompson in 1830, quoted in Beer 1953: 228 )

This philosophy was later overrun by the more polarised Marxian vision of class struggle, with its belief in violence as a necessary means to achieve a just society. Marx and Engels labelled the earlier, co-operative vision “utopian” for its non-violent approach and, paradoxically, for the attempts of its followers at living their ideals in the present ( Marx and Engels 1948: Chapter III, part 3, Poldervaart 2001: 15). Much later, Bauman in his treatise on socialism (1976: 55-56) similarly shrugs off what he calls the *persistent current in socialist thought wishing to generate justice and equity “from the bottom-up”, though the spontaneous, elemental activity of individuals freed from all shackles of dependency and submission.* He joins Marx and Engels in calling this school of thought *utopian*, and dismisses it as an unrealistic nostalgia for a *cozy, secure world of small farmers operating in a limited, manageable community of like-minded and like-acting people*<sup>5</sup>. Interestingly, Baumann sees Pierre-Joseph Proudhon as the originator of this line of thinking, abstracting from Robert Owen and other socialists. Proudhon, often seen as the father of anarchism (a term he coined), was an original thinker who rejected both communism (as propagated by Marx) and capitalism. He advocated non-violence, saw socio-economic rather than political reform as the path to true freedom and equality, and was aware of the problems posed by interest as a central factor of the economic machine, to the point of attempting to create a non-interest bank. His visions of a just system, which he termed “mutualism”, included a more equal distribution of property, and an economy where principal players would include worker-owned industrial enterprises, artisans,

peasants and co-operatives<sup>6</sup>. Bauman's criticism, however, hinges solely on the most controversial of Proudhon's ideas, that of dismantling the state. This idea is definitely not a central tenet of the ancient non-violent bottom-up branch of socialism, and to point to it as such is a misrepresentation of its main ideas. If, in the words of Robert Heilbroner (1995: 170 –178) Marx became a denizen of an economic underworld in the Victorian era<sup>7</sup>, shadowy and unacknowledged by the emerging economic science, the “utopian socialists” (for Marx's label had stuck) and the whole universe of co-operative socialism of the 19<sup>th</sup> century has remained in an intellectual underworld to this day, doubly submerged by both socialist and neo-liberal economic theory.

If visions of socialism as bottom-up economic democracy were formed in the tumultuous period of the early 19<sup>th</sup> century, they resurfaced in another “utopian” period in Western history (Poldervaart 2001: 12-13), between 1890 and 1920. I have already mentioned the British distributists, personified by G.K. Chesterton and Hillaire Belloc (section 1.2.2.)<sup>8</sup> The term distributism was coined to distinguish the movement from socialism, which was then already equated with state socialism: *administration of the property of the community by political officers* (Mathews 1999: 108). The distributist movement, which dated from the publishing of Belloc's *Servile State* in 1912, had its own journal and several successive organisations. At its apex in 1928, *The Distributist League* may have had as many as 24 branches and up to 2000 members (Mathews 1999: 115). Its most interesting projects included several assisted re-settlement schemes to establish unemployed families on the land as farmers, which however were not very successful.<sup>9</sup>

Besides Chesterton and Belloc, another well-known writer, George Orwell pronounced himself a believer in “democratic Socialism” (Crick 1980: 361). Having shifted from a quasi-Marxist viewpoint, expressed in his well-known essay *The Lion and the Unicorn* (Orwell 1997), he espoused a belief in the ideals of utopian socialism in a little-known newspaper review from 1946:

**If one studied the genealogy of the ideas for which writers like Koestler and Silone stand, one would find it leading back through Utopian dreamers like William Morris and the mystical democrats like Walt Whitman, through Rousseau, through the English diggers and levellers, through the peasant revolts of the Middle Ages, and back to the early Christians and the slave revolts of antiquity.**



The pamphlets of Gerrard Winstanley, the digger from Wigan, whose experiment in primitive Communism was crushed by Cromwell, are in some ways strangely close to modern Left Wing literature.

The “earthly paradise” has never been realised, but as an idea it never seems to perish, despite the ease with which it can be debunked by practical politicians of all colours.

Underneath it lies the belief that human nature is fairly decent to start with, and is capable of infinite development. This belief has been the main driving force of the Socialist movement, including the underground sects who prepared the way for the Russian revolution, and it could be claimed that the Utopians, at present a scattered minority, are the true upholders of the Socialist tradition.

While “utopian” socialism as political, social and economic theory or utopia has represented a scattered minority in Orwell’s day and beyond, its practical manifestations in many countries were alive and well. In fact, 1946 may have been near the apex of the achievements of the co-operative movement in Europe and North America in the 20<sup>th</sup> century. Seeds of these movements emerged in the mid-19<sup>th</sup> century and they flowered in the early decades of the 20<sup>th</sup>, only to be dismembered after the onslaught of Communism in Eastern and Central Europe and slowly absorbed by the welfare state and capitalist economy in the West (see Box 2 in section 1.2.4 and section 2.2.2).

Before this happened, long-term American co-operative businessman and functionary, E.R. Bowen (1953), published a passionate plea for a new economic system based on economic co-operation. Like Proudhon and the distributists, he rejects both communism and capitalism<sup>10</sup>, and although he does not seem to have read either Chesterton or Belloc<sup>11</sup>, he has a similar outlook regarding economic democracy and servile systems:

**Both capitalism and communism are undemocratic in their operations. In neither system do the people have control as consumers or producers. Under capitalism, control of industry is in the hands of an economic minority of stockholders. Under communism, control of industry is in the hands of a political minority of party members. Since both systems are undemocratic in their control, they fail to train the people to handle their own economic affairs. The masses of the people are completely dispossessed of ownership of productive property under communism and largely so under capitalism. Both capitalism and communism are, accordingly, systems of servility. (p. 66).**

Left-wing political thinker André Gorz (1994:48–51) attempts to describe the anatomy of what he sees as encroaching economic servility, or more precisely the emergence of a new servant class, in Europe in the 1990s. In his analysis (see also Douthwaite 1996: 38 –46), he shows that original wealth accumulation in Western

society sprang from *productive substitution*: tasks which could be done more effectively (ie. more quickly) via specialisation and automation, such as house-building or clothes manufacture, have been monetised (and mostly commodified in the sense of Williams, i.e. produced and traded for profit). This theoretically leads to all of us having more spare time and simultaneously being able to buy more commodities. However, the productivity has been reached at a cost to employment. This has led to unemployment and the emergence of a dual economy, similar to the erstwhile colonial model, in which those who have been able to maintain their ever-more precarious high paying jobs are now able to employ those who haven't in a pattern of *equivalent substitution*. The latter perform tasks (such as mowing lawns or household work) which do not take them less time than if their employers had performed them themselves. Such a system of job-creation, Gorz maintains, does not create wealth (as efficiency is not enhanced), but rather an enormous servant underclass. The "masters", meanwhile, are victims of the system as well, since their jobs, often meaningless, require more and more time and their loss of domestic skills impoverishes them in terms of existential autonomy and the fabric of human relationships (p. 51-52)<sup>12</sup>. *Are we not transforming ourselves into commodities?* Gorz asks. A solution is for the state to step in and, via policies of reducing work-hours and providing a guaranteed income, create space in which a non-commodified economy might take root, giving life new meaning.<sup>13</sup> Such an economy might entail, for example:

**equitable distribution of domestic tasks between partners, service-exchange networks in housing estates, neighborhoods or local areas, self-organisation of mutual-aid groups based not on money payments but on exchanges of time**  
(p. 51)

The creation of a *growing sphere of sharing within the community, of voluntary and self-organised co-operation, of increasingly extensive self-determined activities* (p. 13) is one facet of what Gorz understands under the term *socialism*. To him, socialism as an *emancipatory utopia* is not a system, but rather an on-going project of resistance whose aim is to limit, in a non-authoritarian way, the bureaucratic-industrial megamachine, in other words both the state and the market, and subordinate the sphere of economically rational activities *to forms of co-operation and exchange determined by social individuals themselves*, in other words to open up spaces for autonomous, self-regulated forms of sociability.<sup>14</sup>

Surprisingly, a similar call for a localised, human-scale economy of decentralised local governments, internet groups, sports-clubs, co-operatives based on mutual aid and small businesses can be heard not only from the left, but from the right as well. The sociobiologist Matt Ridley (2000: 270- 275) would like a return of the *reciprocal altruism* embodied in the vibrant society of a by-gone England based on locally rooted capital and bottom-up administration which, in his perspective, has been ruined by the onslaught of the all-powerful state in the last two centuries.<sup>15</sup>

Chesterton, Belloc and Bowen have addressed issues of economic (as well as political) power centralisation, but their thinking did not have an environmental dimension. Bowen and other activists of the early and mid-20<sup>th</sup> century co-operative movement were firm believers in progress. Books on agricultural co-operation invoked rationality and technical advance from “backwardness” to modernity, promotion of ever-higher productivity, chemical fertilizers and standardisation of produce were commonplace (Feierabend 1952, Digby 1963). As a rule, there was no premonition of the shadow of progress – environmental destruction.<sup>16</sup> On the other hand, André Gorz in 1994 is very much aware of the environmental crisis. He calls for an *ecological modernization* which would lead to the production of a smaller amount of goods with a high use – value and durability (p. 32), for voluntary restraint, and for *restricting the dynamic of capitalist accumulation* (p.34). But he gives no clues as to how the latter might be achieved. He does not address the problems of free trade and economic growth. Crucially, he does not seem to see that the automation and productivity which has banished scarcity in the West has been achieved not only at the cost of employment, but also at the cost of a global race to the bottom as well as massive fossil energy consumption, which is unsustainable in the long-term and will not be possible for the emerging Third World economies. His vision of a post-work and post-scarcity automated society therefore does not ring true.

A deeper look at the link between environmental problems and society can be found in the work of Murray Bookchin, American communitarian anarchist and one of the first authors to glimpse the emerging environmental crisis. Like E.F. Schumacher (1993:chapter 1,2), he connected environmental destruction with the economic system and predicted global warming already in the fifties and sixties (Biehl 1997: 5, 7-8). Melding Marxism, anarchism and ecology, he then, over several decades, proceeded to paint the picture of a non-hierarchical, co-operative, and

*ecological* society, where power of human over human and human over nature would gradually be relinquished through a process of grass-roots political and economic democracy (Biehl 1997, chapter 8).

In *Our Synthetic Environment*, published in 1962, he pointed out the importance of decentralisation of both human settlement and of production. For Bookchin, the decentralisation of settlement patterns was important for people, who needed to be in contact with nature, to live in a human-scale environment and, through (non-commodified) activities such as gardening and carpentry, to re-connect with their creativity. It was important for nature as well, because *only a community well integrated with the resources of the surrounding region can promote agricultural and biological diversity...the soil, the land, the living things on which man depends for his nutriment and recreation are direly in need of individual care* (Biehl 1997: 17-18, 15). Ideally, in such a society one individual could both produce things and work in agriculture: this would be the ultimate reintegration of town and country. Bookchin sees sub-urbanisation as almost a caricature of such a society, because the suburbanites remain connected with the city through their livelihoods: they had not put down economic roots in the region where they lived.

For this to happen, production had to become de-centralised as well. According to Bookchin, who had spent years in factories as a foundryman and autoworker, de-centralised technology of production was technically possible. Even steel plants could be spread out.<sup>17</sup> Such a *localised* or *regional* production would, importantly, promote the use of local sources of energy, such as wind, solar and hydroelectric. This would help conserve the remaining fossil fuels, and postpone, or eliminate, the use of nuclear. The use of local renewable resources would, in turn, help people understand more clearly their dependence on the natural world:

**To bring the sun, the wind, the earth, indeed the world of life back into technology, into the means of human survival, would be a revolutionary renewal of man's ties to nature. To restore this dependence in a way that evoked a sense of regional uniqueness in each community – a sense not only of generalised dependence but of dependence on a specific region with distinct qualities of its own – would give this renewal a truly ecological character. A real ecological system would emerge, a delicately interlaced pattern of local resources, honored by continual study and artful modification.** (Biehl 1997: 30).

Bookchin was inspired by tribal cultures (1982) but he saw them as belonging to the past. His vision is of an enlightened, rational society, based on ethical choice

rather than tradition. He abhors all forms of mysticism (Biehl 1997: 65 – 72). Despite his environmental sophistication, he believes, like Gorz, that humanity has finally entered a post-scarcity society thanks to technological development (Biehl 1997: 145,147,173,186,189). Such a society is a *conditio-sine-qua-non* for his utopia to materialise.

In sharp contrast to this stands the philosophy of the Indian spiritual leader and activist M.K. (Mahatma) Gandhi, who, writing in the early decades of the 20<sup>th</sup> century, saw Western technology much more critically. Grounded in an intimate knowledge of the Indian villages of his day, he perceived current technology as leading to industrialisation and mass production of cheap goods, this in turn leading to unemployment, marginalisation and pauperisation of village craftspeople and farmers, whose produce could not compete with British imports. Thus technology causes economic polarisation and, paradoxically, creates more scarcity rather than less.<sup>18</sup> At the same time, the artificial expansion of human needs inherent in ever-growing production led to exploitation of nature and was not in accord with the ancient spiritual principle of non-violence, *ahimsa*. (Parekh 1991: 15 – 29, Gandhi 1996: 11–22).

Gandhi's perspective was essentially spiritual, rationality for him needed to be supplemented with wisdom, faith, conscience, intuition and moral insight (Parekh 1991: 31). In his teachings he drew on *swadesh*, a complex Hindu concept, which he redefined as person-embedded in-community-and-natural-environment. *Swa-* meant one's own and *-desh* was the local culture as well as the ecosystem which it formed a part of. The ecosystem was not an external environment, rather, it was connected intimately with the culture, history and livelihood of the people. *Swadesh* operated on different scales: it could mean a country as well as a local community. The *swadeshi* spirit was the way the individual responded to her *desh*, and, for Gandhi, had a normative moral and economic content. (Parekh 1991: 56–60).

Morally, drawing on the teachings of the Bhagavadgita, Gandhi saw every human being born as a debtor both to the natural world, which offered him sustenance, and to human society, which, long before he had been born, created the cultural milieu which nourished him.<sup>19</sup> As he could never repay these gifts, he had to acknowledge the debt and strive in his turn to repay it by contributing to the richness and maintenance of the natural and human worlds – primarily of the *desh* he had been born into and was part of (Parekh 1991: 87 –90).<sup>20</sup>

On a practical economic level, this “pre-analytical vision” precluded the uncritical acceptance of the institution of private property, since it breathed a very different spirit than that which the universe was built upon. The moral and natural capital inherited from the past, the gifts which each human being had received upon being born were a fruit of co-operation, sharing, mutual concern and self-sacrifice. Conversely, the principle of private property stressed selfishness, exclusive ownership, and narrow individualism<sup>21</sup>. However, taking private property away from their owners (as under Communism) would be an expression of violence, and, in Gandhi’s view, violent means would unescapably taint the ends they purported to gain. He therefore appealed to the owners of private businesses to see themselves as trustees rather than owners, envisage their corporations as social trusts, and orient the business as far as possible for the benefit of its workers, consumers and society (Parekh 1991:134–140, Conaty 2001a)<sup>22</sup>.

To prevent pauperisation of the villages through mass production and to retain the uniqueness of the local *swadesh*, Gandhi advocated centering economic development in the villages. Small-scale local production from local materials, supported by local demand, would ensure their economic survival, independence and prosperity (Guha and Martinez-Alier 2000: 156–157, Gandhi 1995, 1996). Gandhi’s vision of a vibrant local community included political as well as economic decentralisation, commons and co-operatives:

**It will have cottages with sufficient light and ventilation, built of a material obtainable within a radius of five miles of it. The cottages will have courtyards enabling householders to plant vegetables for domestic use and to house their cattle. The village lanes and streets will be free of all avoidable dust. It will have wells according to its needs and accessible to all. It will have houses of worship for all, also a common meeting place, a village common for grazing its cattle, a co-operative dairy, primary and secondary schools in which industrial [i.e. vocational] education will be the central fact, and it will have Panchayats for settling disputes. It will produce its own grains, vegetables and fruit, and its own Khadi [i.e. homespun cloth]. This is roughly my idea of a model village...** (Gandhi, 9.1.1937, quoted in Guha and Martinez-Alier 2000: 157, and Gandhi 1996: 32–33).

In many ways, Gandhi’s insights are akin to those of another radical thinker, Ivan Illich. Illich, most of whose seminal works appeared in the seventies and eighties, (e.g. 1971, 1974, 1978, 1981) is very conscious of the destruction by modernity, defined as the ascendancy of the market and the state, of what he calls *vernacular* culture. The word *vernacular* has Latin and Indo-Germanic roots and means

“abode” (home grown and home spun) and “rootedness” in the land (Conaty 2001b). A vernacular culture, with its connotations of non-commodification, subsistence and connection with place, appears very close to Gandhi’s vision of *swadesh*, where culture is also inextricably bound to the local ecosystem, and Illich’s emphasis on the *diversity* of vernacular cultures chimes in with the work of Shiva (1993) and Norberg-Hodge (1999a). A large part of Illich’s work is devoted to documenting the eradication over centuries of vernacular cultures, including indigenous local cultures, local forms of governance and self-reliant local economies, by large private and public institutions.<sup>23</sup>

Illich’s reinterpretation of modern history as the subjugation of vernacular cultures and non-commodified economies by state and market forces is very close to Guha and Martinez-Alier’s (see section 1.2.1) diagnosis of development in India as a process of resource capture by omnivores (who can be seen as denizens of the commodified world) at the expense of ecosystem people (who practice a vernacular economy heavily dependent on local natural resources). As Garrigós, drawing on Gorz, has pointed out (2002: 121), despite his acerbic criticism of modernity, Illich does not call for a rejection of the market and the state altogether. Rather, he calls for an autonomous, *convivial* society, which would create institutions and technology supporting *a life of action over a life of consumption*<sup>24</sup>, which, again, could be interpreted as a plea for non-commodification in the sense of Williams<sup>25</sup>. Put in another way and echoing Polanyi as well as Gorz, in such a society the market and the state would be at the service of the vernacular world, promoting it rather than suffocating it (Garrigós 2002: 121).

In focusing on the reintegration of communities with their local resources, *swadesh* or the *vernacular*, Bookchin, Gandhi and Illich all emphasised the central importance of a strong economic and cultural bond between human communities and the place where they lived for achieving an environmentally sane, economically healthy and autonomous society. The last two decades have seen a proliferation of texts which elaborate on this strong central vision of a locally embedded society from many perspectives. As we will see, their preanalytical vision tends to clash with that of neoliberal economics on subjects such as the desirability of unchecked mobility of capital, commodities, and labour. This may be one reason why this important strand of thinking has not as yet been adequately acknowledged by the mainstream.

Only three years ago, a leading Czech thinker writing in a scholarly treatise on globalisation has commented:

**Although we would expect the opposite process to globalisation to be “localisation”, such a word, surprisingly enough, is not in use (not so much because another meaning, the placement of an object, has occupied it, but rather because there is no conspicuous opposite pole of thought to globalisation – perhaps there is even no reasonable alternative).** (Komarek 2004: 29)

In the second part of this section I will strive to summarise some of the main points of the discourse on what I will, for convenience, call by the blanket term *economic localisation*, or more briefly *localisation*<sup>26</sup>. I will focus on definitions, expected benefits and possible caveats, some principles and pathways which have been suggested for achieving localisation and brief examples of what has already been done in this field. In my opinion, the emerging concept of *economic localisation* today is strong enough to serve as *an opposite pole of thought to economic globalisation* (if we define the latter a belief in the merits of unfettered free trade and labour mobility). The discourse itself is new, but it has many links, not always acknowledged, to the historic undercurrents outlined in the preceding part of this section. Rather than a unified movement or school of thought, however, it is a spectrum, ranging from utopias and visions which can be seen as navigational compasses towards alternative futures (in the sense of de Geus 2001) to very practical and doable suggestions, techniques and descriptions of a localisation process which is already underway in many parts of the world.<sup>27</sup>

Drawing on Shuman (1998:6), Hines (2000: 28) and others, localisation can briefly be defined as both the process and the result of a moral, political and practical support for locally owned businesses (including co-operatives, community enterprises etc.) which use local resources, employ locals and serve primarily local consumers. As a corollary to local ownership, production and consumption, localisation entails efforts at local self-sufficiency and a declining reliance on imports, which leads to a more diversified economy in terms of production of goods and services. The content of the term “local” (i.e. the scale) varies, depending on the author and on the perspective adopted, and I will return to it later. An important strand of most localisation thinking is the support of localised finance, credit and capital investment, local currencies as well as a non-commodified and non-monetised economy. In some perspectives, localisation also entails or leads to a decentralisation of settlement,



government and production, and communal ownership of capital.<sup>28</sup> The thrust for localisation has both pragmatic and ethical underpinnings, as will be discussed below.

One paradox of the localisation concept is that it seems hard to imagine in industrial countries, yet, as Shuman (1998: 51) and others have pointed out, it has been the norm for most of human history, and indeed exists as a reality in many parts of the world. If we adopt the terminology of Guha and Martinez-Alier (2000, see section 1.2.1), localisation could be a path for Western societies for weaning themselves from an omnivore mode and drawing closer to an ecosystem mode of life, without however letting themselves be exploited by omnivores. Indeed, an important inspiration for the American bioregional movement, whose perspective is very close to localisation, have been Native American Indian traditions<sup>29</sup>, as this excerpt from *Home! A bioregional reader*, makes clear.

**Standing on a huge boulder in the midst of the fast-flowing river, she dips her net in and pulls the long pole towards her, again and again. The eldest child waits, with club in hand, totally involved, honored to be out on the rocks with his mother. She is a strong person, her body created from this place, fully grown on salmon, saskatoons, deer meat, home-grown food. The integrity of her life since birth, in this place with her people, radiates from every pore, from her smile, through her children. Soon a fish is hauled out of the water, then another and another. Quickly clubbed, the salmon are soon gathered together and we carry them back to camp where they will be cut and hung on racks to dry. As we watch the knife making perfect slices, each and every time, what comes to mind is that these people are just being at home (Plant 1990: ix)<sup>30</sup>.**

*Being at home*, with its connotations of stability, trust and friendship, is an important benefit associated with localisation. Although few communities in the Western world are as rooted in place as the Native Americans of the Northwest, even relative localisation is widely linked with enhanced community values. According to Shuman (1998: 6), *local ownership [of enterprises] boosts local loyalty...It means that...community stability, cultural preservation, and civic pride enter business decisions along with traditional measures of profitability.* One of Desai and Riddlestone's projects (2002: 79-80) involved the partial revival of growing lavender for making lavender oil in a southern London suburb. The project drew local residents together as they searched for original lavender bushes in their gardens, volunteers collected cuttings and older residents sent in their reminiscences. A refurbished local pub was named after a family of lavender growers. According to the authors, a re-linking with their past and with the land brought a sense of meaning to people: *A sense of community can be fostered by a sense of place, through locally*

*distinct neighborhoods and industries linked to the ecology and heritage of an area.* (Desai and Riddlestone 2002: 75).

Although such intangibles are hard to quantify, human happiness is seen to be closely connected with a sense of place and community (Shuman 1998: 31-33, Douthwaite 1996: 362, Norberg-Hodge 1991: 83-87): Distinctive local cultures are built on rooted and distinctive local economies. When these are gone, social capital is lost (Daly and Cobb 1990: 161-165, Fleming 2005, nef 2002a: 36) and anti-social behaviour (Shuman 1998: 48) and a culture of litigation (Berry 1988: 5-6) follow. Such societies, which have lost the glue of mutual trust, can then be seen as economically inefficient because prices reflect the burden of a hypertrophic structure of government agencies, insurance companies, lawyers etc. set up to prevent social pathology (Benello in Morehouse 1997: 85–89).

Schumacher and others have suggested that a localised economy also gives people more control over their destiny (Schumacher 1993: chapter 2, Mathews 1999: 156). A local biogas plant is more understandable and controllable than a distant atomic plant. More local self-sufficiency means less vulnerability to power failure and terrorist attack (Berry 1988:7-8, Daly and Cobb 1990: 348, Sale 1991: 76–77). Ownership and control of local enterprises, resources and capital gives the community power to decide its own matters (Nozick 1992: 61-62, Goldsmith 2003: 302-303, Bruyn 1992: 327– 373). The link here to the concepts of economic democracy and economic freedom (1.2.2) is clear.

Localisation is often presented as a shield against the instability of the current economic system and the race to the bottom (Douthwaite 1996: 13-29, 33-34, Bruyn 1992: 374). This is how Kilpatrick Sale (1992: 558) describes the benefits of minimizing dependence on a global economy:

**[A] self-sufficient town cannot be the victim of corporate-directed plant closings, or a truckers' strike, or an Arab oil boycott or California droughts; it does not have to maintain lengthy and tenuous supply lines of any kind, nor pay the shippers and jobbers and the middlemen who are clustered along them; it does not have to be the accidental victim of toxic fumes or industrial poisons or nuclear wastes produced by or passing through the town; it does not have to bow to always rising prices set by distant A&Ps and GMs and GTEs in disregard of what the local farmer is in fact producing; and ultimately it does [not] have to sway in the winds of the hurricanes of boom and bust as regularly generated, as it were offshore, by distant and uncontrollable economic forces<sup>31</sup>.**

Localisation is also seen as a key to enhancing employment. In a situation when the rich often no longer need the poor due to automation (1.1.), the marginalised groups, regions and nations can respond by gauging their real needs and producing locally for local consumption. Such local production, though it may be uncompetitive on a world market, can provide both useful products and livelihoods on a local level. Smaller enterprises are uncompetitive precisely because they are more labour intensive. However, this can be seen as an advantage when local employment is the goal.<sup>32</sup> Locally-owned enterprises are less likely to relocate abroad. Enhancement and stability of employment has thus been one of the main arguments for economic localization (Douthwaite 1996, Shuman 1998, Hines 2001, Desai and Riddlestone 2002:77). A more diversified economy, besides reducing the risk inherent in specialisation (Desai and Riddlestone 2002: 77), also gives residents more possibilities of a meaningful vocation, thus further enhancing quality of life and economic freedom (Desai and Riddlestone 2002: 77, Berry 2001: 6).

Another often quoted economic bonus of localisation is the local recycling of money, also known as the local multiplier effect. Jacobs (1969: 145–179), Shuman (1998: 106–7), Trainer (1995: 80–84), Nozick (1992: 54–57), Mollison and Slay (1991: 175), Power (1996: 7– 9) and others have all emphasised the importance of an economic process which is sometimes called *plugging the leaks*: looking for ways to keep money, once it has come into the community via salaries, payments for products and services, savings, social security payments, government procurement, etc. circulating as long as possible in the local community before it flows out again. Some communities function as rather „leaky buckets“ (Hill 2002): In some parts of rural Ireland, only about one in four pounds was reinvested locally in the 1990s (Douthwaite 1996: 121). Similarly, many chain stores in the U.S. also tend to spend a large part of their revenues outside the local community (Shuman, 1998: 107)<sup>33</sup>. Recent research from Wales has indicated the poor performance regarding local supplier linkages and local multiplier effects of large overseas companies which had relocated to Wales as part of the inward investment strategy of the 1980s and 1990s (Cato 2004: 75–84). Mollison and Slay (1991: 175) liken money in a community to water: less important than how much comes in is how the local community utilises it to its utmost benefit. Rather than focusing their energies on trying to attract large, footloose corporations or foreign tourists, and thus get embroiled in the race to the bottom (Douthwaite 1996: 33–35), the challenge for communities is to try to keep

money circulating as long as possible within their area. They can achieve this by nurturing as many local businesses as possible, educating consumers to spend locally, establishing local credit unions or community banks which would pump money back into the community in the form of loans, and by fostering local procurement by local authorities. The creation of local currencies is often cited as an important strand in this strategy (Nozick 1992: 52–24, Douthwaite 1996–120, Trainer 1995: 97–98, Mollison 1991: 175–176, Worpole 1999: 143–158). The new economics foundation, as part of their *plugging the leaks* project, have developed a useful tool for gauging the recycling of revenues within the local community which can be used by non-economists to measure the degree of „localisation“ of local enterprises, public bodies, non-profits, etc, called the Local Multiplier 3 (LM3) (Sacks 2002, Ward and Lewis 2002, Dosek 2006).

Typically, authors advocating localisation value stability more than high profit and economic growth. Douthwaite (1996:36) puts it this way: *...because a community needs its income for long-term tasks, such as raising children, it wants to be sure that [a business activity] will continue for many years.* And according to Shuman (1998: 94), *a business with a 3 percent rate of return that stays is more valuable to a community than a business with a 30 percent rate of return that leaves.*<sup>34</sup> Shuman, however, emphasises that a localised business does need to have a profit margin, albeit small: *There is no escape from basic principles of good management. Efficiency is an important goal for community economics– not the only goal, but a necessary one.*

I have already briefly discussed the ambiguities of the term *efficiency* in the closing part of section 1.2.1. Efficiency (or productivity) is often defined as the relationship between the inputs and outputs of production: the higher the output in relation to input, the higher, it is argued, is the efficiency of production (Samuelson and Nordhaus 1991: 204–205). To produce more with less, as Shuman asserts, through good management or, for example, through reduction of waste, materials or energy costs, is important (see also Nozick 1992: 45–49, Hawken et al. 1999). However, it has been argued that if efficiency is measured in terms of the financial value of outputs and inputs, gross distortions result, because the market is not able to value social and environmental costs adequately. Although successful globalised companies produce, transport and retail goods in a manner which is efficient in terms of financial cost margins, it may be very inefficient in terms of transport, energy,

packaging, or the total production of food from one hectare of land (e.g. Douthwaite 1996: 35, 38–42, Robertson 1997, see also section 1.2.1). These and other costs, such as disruption of local economies, liquidation of small producers and general impacts on environmental and human health are termed negative externalities in economic parlance and although there have been increasing efforts to quantify and internalise them (e.g. Pearce D. et al. 1989, Pearce D. 1993, Sauer and Livingston 1996, World Resources Institute 2005, Hawken et al. 1999), this is a difficult and perhaps impossible task in a globalised economy which weakens government legislative powers and forces producers into externalising costs in order to survive (Korten 1995, Daly and Cobb 1990: 51–58, 141–146, Hines 2001: 3–23). In a localised economy, on the other hand:

**By producing what we consume and consuming what we produce, rather than doing either through exchange, by definition we keep the externalities, positive and negative, for ourselves .... we can fight the negative consequences ourselves, the distance between cause and effect being a short one.** (Galtung 1986: 101)<sup>35</sup>

John Galtung was an early proponent of national and community localisation, which he called self-reliance. He was not against trade as such, but felt that trade was conducive to a dependency of the less powerful regions and countries, the „periphery“, on a more powerful center. Peripheries tend to export their raw materials in exchange for finished products from the centres, and are exploited in various subtle and less subtle ways: *The damage done to the weak is less visible* (p. 99). Remote and less technologically and politically powerful countries and regions are thus subject to negative externalities, while those at the more powerful „center“ are left with the positive externalities, such as supporting industries, research and the addition of value through processing (Nozick 1992: 60)<sup>36</sup>. Galtung therefore advocated a trade without dependency and exploitation. To reach the first goal, regions should be not only self-reliant, but at least potentially self-sufficient: they need to be able to produce basic necessities for themselves. For the second goal, trade needs to be equitable. This might for example entail intrasectoral rather than intersectoral trading (exchange of primary products for primary products, or services for services, etc.) (Galtung 1986: 102). A similar plea for equitable exchange is voiced by Canadian author Marcia Nozick in her text on self-reliance (1992: 60). Desai and Riddlestone (2002:58–61) in their book on bioregional solutions suggest an index which, when applied to products traded internationally, would give an indication of environmental impact

combined with trade profitability. This FEET (Foreign exchange earnings per transport tonne of CO<sub>2</sub>) index would be calculated by dividing the foreign exchange earned by the CO<sub>2</sub> released by transporting the product to the country of sale. The higher the index, the more sustainable and equitable the trade process.

As these examples indicate, proponents of localisation, although concerned about the social and environmental impacts of free trade, seldom advocate complete economic autarky for regions and countries (but see Sale 1991:79). Most advocate a change of emphasis: Localisation is a desirable goal and therefore policies should be geared to support it, and countries and localities should be free to choose if, when and with whom they wish to exchange products and services, and free to support localisation (Shuman 1998: 78, 125–126, Berry 2001: 262, Norberg–Hodge 2003: 242, Nozick 1992: 59–60, Douthwaite 1996: 35). According to Shuman, *a community can – indeed must – maintain economic relationships with the rest of the world, provided it retains control of these relationships* (p. 50, emphasis in original). Bangladeshi farmer Farhad Mazhar, who together with others is re-discovering organic and localised (*Nayakrishi*) agriculture in rural Bangladesh (see section 2.2.3), expresses a similar philosophy:

**I'm not against the market, or even international trade. It's just that trade should be non-exploitative, and local needs should come first. Now we've found that Nayakrishi agriculture is more economically viable than conventional modern farming, many households are beginning to go into cash crops for the market too.** (Anonymus 2006)

The approach of the *Nayakrishi* farmers resembles not only Shuman's thinking, but also the *swadeshi* philosophy of Gandhi. For the Bangladeshi villagers, community includes not only the human group living in a household, but also the animals and plants who share their space.<sup>37</sup> Some of Gandhi's thinking is echoed, albeit uncsciously, in the work of localisation's proponents in the West as well. Richard Douthwaite, author of *Short Circuit*, muses near the end of his book:

**The fact is that there is no such thing as individual achievement. Each of us is not only the product of millions of years of evolution but was shaped and affected by other people from the moment we were conceived. As a result, the ideas, attitudes and skills we possess are never truly our own: they are the product of chance, history, genetic inheritance and other people's influences. This makes our contribution, whatever it is, that of the lens: we have merely brought a particular set of factors to a focus.** (1996: 363).

In a similar vein, David Fleming (2005) quotes the philosopher David Miller who stresses that we are all part of a community which stretches back and forward across the generations and which, being indebted to our antecedents, we cannot renounce (Miller 2000: 28–29)<sup>38</sup>. While Douthwaite and Fleming emphasise the principle of responsibility, Hines (2001: 28) builds his localisation proposals on the concept of human rights (i.e. we have a right to participate in decisions that affect our lives). In any case, many localisation proponents are unabashedly normative, decrying the absence of ethics in economics and seeing the benefits of localisation in the ethical as well as the material sphere. Both E.F. Schumacher (1993: chapter 2) and John Galtung (1986: 98–99) have pointed to the ethical vacuum at the heart of economics, which replaces compassion and concern in human dealings with a search for profit, not discerning the multiple long-term negative impacts of such an approach, not least on its perpetrators. For British new economist Andrew Simms, localisation is to economics what organic has become to food: healthy, real and connected (Simms 2003: 9), while mainstream economics is persistently failing because it has not acknowledged that *the economy is a „wholly-owned subsidiary of the environment and the human society“* (p.7). From an environmental perspective, Australian thinker Ted Trainer (1995: 79–80) starkly states that the current economy, geared to constant growth of production, is at direct odds with sustainability, and sees self-sufficiency as the key to an environmentally ethical economy. The important argument voiced by John Galtung and others (e.g. Nozick 1992: 62) and stating that localisation internalises negative externalities, is also essentially ethical<sup>39</sup>.

Summing up, most of its proponents see economic localisation as having considerable social, emotional, economic, democratic, environmental and ethical benefits. They see it as a path which should be followed to make life more meaningful as well as economically secure and vibrant. At the same time, there is an undercurrent of urgency and desperation in some of the literature, prophesying catastrophe and looking to a localised economy as one which will emerge whether we want it or not, so we had best prepare for it in advance (Fleming 2005, Kunstler 2005a,b)<sup>40</sup>.

Reflecting on fear of the future as motivation for localisation activities, Richard Douthwaite has commented:

**But I think it unlikely that a satisfactory community will emerge if we set out to build a local economy solely because there is no realistic alternative. Other**

**motives need to be paramount. Perhaps the industrial system's most serious defect is that it fails to recognise that human beings, first and foremost, are social animals who can only be happy and healthy if they belong to a wide range of groups, including a family, a community, a circle of friends, a region, and a country. Because of this failure, it has put a strong economy before a strong society and bribed us to tolerate the breakdown of social structures and our conversion into single, separate economic agents by offering us consumer goods in compensation....Consequently, whatever we do locally, we must never forget that we are trying to build a society rather than an economy. This means that idealism must be at least as important as realism, and the prospect of joy and fulfilment for ourselves and our friends a much stronger motive than anxiety about what will happen if things continue as they are (1996: 362)<sup>41</sup>.**

It is not the aim of this thesis to pin down and dissect all the criticism which has been directed at localisation. The discussion between the proponents and opponents of localisation is often less than fruitful because it represents a clash of pre-analytical visions about the true meaning of words like *progress* and *development*. A recent discussion between British politician Clare Short and Edward Goldsmith is a case in point (Goldsmith and Short 2005). In addition, "localisation" as a blanket term covers a wide array of visions and practical recipes which range from the radical to the pragmatic and may differ considerably in emphasis on issues, priorities and suggested solutions. For example, the bioregional vision of Desai and Riddlestone does not preclude co-operation with supermarket chains (2002: 68-68), although many other texts point to supermarkets as causing the demise or weakening of local economies (c.f. Nesehnuti 2002, *The Ecologist* 2004, nef 2002a: 34-35, 2003: 6-7, 30-35, Johanisova 2006a). While many proponents of localised economies see microcredit schemes, modelled on the success of the Grameen Bank in Bangladesh, as an important factor boosting local entrepreneurship (e.g. Conaty and Fisher 1999, Collin et al 2001, Copisarow 2001), Helena Norberg-Hodge emphasises its negative role in drawing third world women from subsistence economies<sup>42</sup>. While Shuman (1998:xiv) is a strong believer in economic growth, Trainer (1995: 79-80, 108) and Douthwaite (Johanisova 1997) see localisation as a path to a steady-state economy. A similar divide exists between authors writing on localisation regarding their attitude to government intervention. While Douthwaite (1996: 29) expects government to do nothing to support a localised economy, Hines (2001) demands a comprehensive government programme entailing tariffs, quotas and other policies to protect local economies. Hines has anticipated some criticisms which might be levelled at his version of localisation and has attempted to refute them in Appendix I of his book.



In a discussion with Helena Norberg–Hodge, George Monbiot challenged one important tenet of the localisation agenda, the reduction of international trade, on the grounds that it would hurt the poor in third world countries. He was especially worried that with growth in tariffs and quotas, imposed by nation states, third world countries might be locked in the current pattern of raw materials export and thus in poverty. He suggests instead subjecting trans-national corporations to mandatory fair-trade standards. One of the requirements would be that the price of the product include the environmental costs of transport and production. However, he does not clarify how such a price would be calculated and how the mandatory standards would be imposed and enforced. Norberg–Hodge, conversely, believes that there will always remain other, less obvious subsidies in place in the West on many levels, which will preclude truly equitable international trade (see also Gorelick 1998). She sees the key to alleviating poverty in third world countries in increased self-reliance based on the grass roots and in the re-directing of public investment once governments have broken away from corporate strangleholds. (Monbiot and Norberg–Hodge 2003). I have already summarised the positions of other localisation proponents on international trade and its implications for equitability and sustainability. One factor not taken into account in these discussions is the problem of oil depletion, which could cause an abrupt decrease in international trade via the market and regardless of policies adopted (Fleming 2005, Kunstler 2005a,b).

Besides the issue of trade reduction vs. third world poverty, another criticism which might be levelled at localisation theory and practice is that its basic tenets go against the grain of conventional economic theory. My articles on localisation (Johanisova 2004b,c) have been recently attacked on the website of a Slovakian neo-liberal think-tank (Suster 2005) on the grounds that truly consistent economic localisation and self-sufficiency would preclude our taking advantage of productivity growth, which is enhanced by specialisation, and of comparative advantages which are the fruit of international trade. A brief answer could be three-fold: First we could point to the fact that, as elaborated above, negative externalities may be the flip side of high productivity. Second, we may assert that the theory of comparative advantage, which suggests that specialisation between two countries can be advantageous for both, even though one may be less productive in every respect compared with the other, is no longer valid, because among others it pre-supposes that capital does not move between countries<sup>43</sup>. (For this and other criticisms of the

theory of comparative advantage see Daly and Cobb 1990: 209–235, Lutz 1999: 203–207, Desai and Riddlestone 2002: 80–89). Thirdly, we could explain that localisation does not preclude specialisation. The difference is in degree and scale. To the extent that unchecked economic globalisation and economies of scale lead finally to monopolies, a place-based economy can actually be seen as the saviour of a market economy in the sense of *small, locally owned enterprises functioning within a community-supported ethical culture to engage people in producing for the needs of the community and its members* (Hines 2001: 240).

However, there are many other ways in which the ideas of proponents of localisation diverge from conventional economic thinking. The influential economics textbook by Samuelson and Nordhaus (1991: 40–41) postulates three basic questions regarding production: *what* is produced, *how* it is produced, and *for whom* it is produced. They emphasise the role of the market in each case: *what* is produced depends on consumer choice and profit, *how* it is produced depends on competition which leads to ever-higher effectiveness, *for whom* depends on the revenues of factors of production (labour, capital, land), in other words: goods and services are produced for those who can pay for them from money they have obtained by earning a wage or a salary (selling their labour), or by other means (such as interest from investment, rent from land or assets, or entrepreneurship). Significantly, Samuelson and Nordhaus are not interested in *where* goods and services are produced. They (p. 43–47) see a certain supporting role for government in the economy: it should internalise externalities, produce public goods and use fiscal, legislative and other means to strive for equity and economic stability. It is the market, and to a lesser degree the state, who loom large in the conventional economic discourse.

Shuman (1998:20–29) partly changes the three basic economic questions, and, significantly, strives to find very different answers: he is looking for a new economics which is more prescriptive about *what* is being produced, *where* it is being produced and *how* it is being produced.

Taking these three questions in turn, I will attempt to summarise some interesting answers which are crystallising in the localisation discourse:

#### *What is to be produced?*

As opposed to the more conventional economic vision, where producer profit and non-localised consumer demand are seen as the only factors regulating the allocation

of production resources, an important thread linking much of the economic localisation debate is a normative/ethical demand for the support of production which satisfies *basic local needs* (e.g. Galtung 1986: 101, Kumarappa 1960: 164). Shuman (1998: 88) expresses the basic tenets thus:

**No corporation should be considered community-friendly unless it provides something useful for the people living within its boundaries – that is, more than just decent jobs. Is the business selling grains and vegetables to put on resident’s tables, or tobacco leaves that will addict and slowly poison smokers? Is it generating electricity needed to run local industry, or churning out machine guns, sold to repressive governments abroad, that wind up in the hands of gangs back home? Is it providing medical services to improve the health of community members, or manufacturing dangerous dune buggies for export?**<sup>44</sup>

Crabtree (2006) lays out his vision of a *social economy*, which combines non-market activities based on mutuality, reciprocity and volunteering with market-based activities subordinated to basic needs<sup>45</sup>. He points to the literature discriminating between true human needs, which tend to be the same over the ages, and ways in which these needs are satisfied, which differ in different cultures. In the Western culture, we tend to satisfy non-material needs, such as the need for affection, identity and freedom, in material ways (Seabrook 1986, Max-Neef 1991, Ekins 1992: 46-47)<sup>46</sup>. A *social economy* would try to satisfy basic needs on more levels. For example, a social enterprise or ethical business might at the same time satisfy a material need via its products, and the need for participation through its democratic economic structure (see also Schumacher 1993, chapter 4, on the need for meaningful work).

Douthwaite (1996:47–51) also advocates local economies geared to satisfying basic needs<sup>47</sup>. He points to the dangers which communities, having lost the ability to provide for themselves, face in the case of a collapse of the world financial system and suggests that they cultivate local financial and banking systems, local energy systems and local food systems. Most of his book is devoted to a careful mapping of such projects already in existence in Europe and elsewhere.

Local currencies have already been mentioned above as a prominent factor in local economies. Similarly, energy has been seen as a crucial factor in localisation (e.g. Trainer 1995: 112–132, Shuman 1998: 64–71, Marriot 2003).<sup>48</sup> Douthwaite (1996: 50) sees localisation of energy sources as even more important than food localisation because of the dependence of agriculture on energy. A movement to some degree converging with localisation efforts is the local food movement, which

has taken off in Britain and other countries in the last decades. It has spawned a vast literature, including many local food directories, practical action guides (Soil Association 1998, ISEC 1992) and reports (Soil Association undated a) as well as more comprehensive and theoretical texts (e.g. Pretty 1995, Norberg–Hodge et al. 2000). See also the *slow food* concept (Pretty 2002: 122–124, The Ecologist 2004a, Librova 2003: 177-178).

Not all authors opting for self-sufficient local development strategies see local agriculture and energy links as a priority. T.M. Power (1996) argues that so-called primary or extractive industries (such as agriculture, mining and logging) have been on the wane in the U.S.A. for the last 200 years, and, paradoxically, a self-sufficient economy can very well do without them:

**In the typical mall one would be hard-pressed to find anything that was necessary for biological survival. The emphasis is on fashionable clothing, home decoration, and entertainment centres. And the eight-mile-long aisles at our supermarkets, packed with junk food, sacrifice little space for nutritious staples.** ( p. 23)

The goal for a self-sufficient economy then is to produce as many non-essentials as possible, locally. According to this author, who values natural beauty and fears that using local nature to support local needs would make the environment less attractive, raw materials are not a source of wealth, because otherwise third world countries would not be mired in poverty (p. 23). Instead, productivity and thus wealth lies in an educated work-force, entrepreneurial spirit, work ethic, etc. Power does not fear a collapse of the system, at the same time he cannot envision sustainable use of resources (such as sustainable forestry or organic agriculture). His vision lacks the *swadesh* or bioregional component and, in expecting the basic necessities of life to flow from elsewhere, abstracts from externalities which the economy he advocates produces. Power's book exemplifies a localisation strategy deficient in ethos as well as common sense. Unfortunately, such an underestimation of the natural base of our existence rests on a long philosophical tradition (Daly and Cobb 1990: 106–109).

*Where is it to be produced?*

This question could be divided into two sub-questions. *What is the right scale for a localised economy?* And *What economic structures and networks are best suited*

*to satisfy localisation aspirations, including satisfaction of local needs such as participation, protection and freedom?*

Let us turn to the first question: the question of scale. *What is the right scale for a localised economy?* The answer varies. In the 1930s, the eminent economist J.M. Keynes made a case for a localised economy at a national level (Daly and Cobb 1990: 216). Several authors (e.g. Daly and Cobb 1990: 209, Desai and Riddlestone 2002: 89, Boyle and Conisbee 2003: 92) quote his paragraph indicating the important distinction, which most modern adherents of localisation would endorse, between economic localisation and provincialism:

**I sympathise, therefore, with those who would minimise, rather than with those who would maximise, economic entanglement between nations. Ideas, knowledge, art, hospitality, travel – these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible; and, above all, let finance be primarily national.** (Keynes 1933: 237)

Like Keynes, de Rivero (2001:186), the Peruvian politician calling for increasing supplies of water, energy and food (see section 1.1.), thinks in terms of individual countries. Daly and Cobb (1990: 173) also see ideal economies as predominantly national in character. Conversely, many contemporary authors attempting to define what constitutes the local in terms of community provisioning come up with a Russian doll or chinese box model: a concentric system where the most basic needs, such as food, are sourced from closer afield while the production of sophisticated products like cars or airplanes is more centralised. Proponents of this view include Sale (1991), Hines (2001: 30), Shuman (1998) and Fleming (2005). Ziman (2003) attempts a more rigorous analysis of the issues. Like Shuman (p. 125), he links economic localisation to the concept of *subsidiarity*, formulated in the Papal encyclical *Quadragesimo anno* (1931, see section 1.2.2) and defined later (1992) by the European Community as an understanding that *decisions should be taken at the lowest competent level in an organisational hierarchy*. He then argues for an economic subsidiarity and, drawing on Korten (1995: 320) and Robertson (1998: 25), charts a *multi-level economic system*, encompassing six levels: *the locality* (parish, village or neighbourhood), *the district* (city, county, etc.), *region* (typically a province with several million inhabitants), *nation, continent* (the latter could include large countries like China as separate entities) and *globe*. (See Fleming 2005 for a similar concentric system). He then presents a table mapping an economy of *industrial*

*subsidiarity* (p.67), with a tentative placement of different activities and industries on the axis between *district* and *globe*. His aim is to answer the question: *What is the size of the geo-demographic unit required to provide an adequate market for a minimal productive enterprise in that particular sector?*<sup>49</sup> He goes on to discuss some of the caveats of his idea. For example, he emphasises that his table does not advocate an even spread of plants over the land, dictated from above to constitute a local monopoly. Like Hines (2001), he is an advocate of competition on a national level, though not necessarily on a continental or global level. Also, he takes on the neoliberal argument that, as the current predominance of very large and complex enterprises is due to market factors, they are all “minimal productive enterprises”, and goes on to detail the mechanisms of economic power which help large corporations prevail despite the fact that they are not necessarily more efficient in the market sense. Ziman concludes his article with a warning against the predatory power of corporate capitalism (enterprises grow excessively large as a result of mergers and takeovers, despite the fact that this does not increase their efficiency), and suggests that, if we are ever truly to move in the direction of a localised and subsidiary economy, economic policies will have to change<sup>50</sup>. The issue of large corporations, their violation of the market principle and the need to cut them down to size is elaborated in Robins (2003).

The second question which we wished to address was: *What economic structures and networks are best suited to satisfy localisation aspirations, including satisfaction of local needs?*

Where conventional economics sees the state, the market, producers and consumers as the only players in the economical field, an ethical economics concerned with “going local” distinguishes, in addition, concerned citizens, local communities and municipalities as well as non-commodified activities in the sense of Williams which include not-for-profit or not-only-for-profit production (2005, see end of section 1.2.2). Crabtree (2006) in a chapter entitled *embedding the economy in society: from market economy to social economy*, calls for a *whole economy*<sup>51</sup> approach and sees it as encompassing:

**1. householding/self-help/DIY** This would comply with Williams’ non-monetised work within the family. Robertson speaks in this sense about the household economy (1990: 35–36). However, confusingly, he expands the concept to include monetised activities (such as those of self-employed persons working from home).

**2. mutuality/reciprocity/volunteering** Trainer (1995: 93) calls this *the non-cash sector*. It would roughly comply with Williams' non-monetised work outside the family. Henderson (1999: 10–11) collapses items 1 and 2 into what she calls, in her *three layer cake model*, sweat equity. This sphere (item 2) is identical with the sphere of intensified autonomously determined sharing of tasks within a community advocated by Gorz (1994) and other left-wing thinkers. Another often used term here is the *gift economy* or *informal economy*. However, the latter term often includes *cash-in-hand* work (Williams 2005) or the *grey economy* (Cato 2004), with implications of tax evasion.

**3. market economy** As opposed to Williams (2005), who distinguishes a commodified economy (producing only for profit) and a non-commodified economy (which includes the social economy plus items 1 and 2 above), the limits between items 2 and 3 are fuzzy in Crabtree's conception. They are the sites of the three loci of the *social economy* as he defines it, including: voluntary/community enterprises, social enterprises and co-operative and ethical businesses. They straddle items 2 and 3 as social enterprises and co-operatives can be supported by volunteer work, community (voluntary) organisations on the other hand may have one or more paid employees. Also, even social enterprises usually to produce for the market, although they may have other goals than profit (see section 1.2.4).

**4. public provision and redistribution.** For Williams, 2005, this is part of the non-commodified economy as it is not distributed on a for-profit basis through markets. Most Anglo-Saxon authors subsume municipalities under this heading, but some (eg. Shuman 1998, Trainer 1995) make a sharp distinction between state and local municipality. Henderson (1999: 12) emphasises the often underestimated importance of public goods and services for the working of market economies. Gorelick (1998: 36–39) point to large public infrastructure projects as subsidising a global economy, disguising its ineffectiveness.

The importance of and scant attention given by conventional economics to the first type of economy, self-provisioning activities of households (non-market activities within families) has been noted in section 1.2.2 (see Williams 2005: 14–15). Authors writing on localization usually stress the importance of this sphere of human activity, seeing it as a path to enrichment of life and regeneration of social capital (Trainer 1995: 93–94, 109–110, Robertson 1990: 35–38, Berry 1988: 4–7, Cahn in Douthwaite 1996: 93, Davey 1996: 46–47).<sup>52</sup>

Regarding the second section of Crabtree's *whole economy*, much confusion exists in the literature about the terms mutuality and reciprocity. *Mutuality* has lately in the British context sometimes been used as a synonym for co-operative enterprise (Co-operative futures, 2000), at other times in a wider sense, including attempts of public sector service provisioners at enhancing their bottom-up accountability (e.g.

Mayo and Moore 2001)<sup>53</sup>. Crabtree's meaning of *mutuality* is close to that of Conaty's (2002a) term *mutual aid*, which the latter equates with *reciprocity*. In their understanding, the terms entail both voluntary and formalised, market and non-market provision of services on a collective, democratic and mutual basis, where individual profit is not the only motive.

In Western societies with prevailing nuclear family structure the division between items 1 and 2 is easier to delineate than in cultures where the transition between family and community may be more gradual (including some villages in the Western world, such as my own, where most inhabitants are related). Some authors have emphasised the artificiality of this distinction : *the social basis for the informal economy is not the single household but co-operation between several homes and families* (Ekins and Max-Neef 1992: 371). Similarly, Fleming (2005) postulates the *household group*, comprised of approximately 12 people, as the basic economic unit in his future *lean society*, which we will need to build after the fossil fuel culture is over. Fleming (2005) advocates reciprocity as the basic form of exchange, with less formal reciprocity relationships on a smaller spatial scale (e.g. household group, parish) and a more formal reciprocity, i.e. involving money exchange, on a larger scale. Although reciprocity tends to flower more profusely on a small scale, he points out that direct reciprocal obligations and loyalty exist to a point even within a market economy geared to profit.

Crabtree's (2006) concept of a *whole economy*, highlighting the importance of acknowledging the non-market segments of the economic system and strengthening its bottom-up forms via local and/or national government policies echoes some of the thinking set out in the final part of section 1.2.2. (Jentsch and Shuckmith, 2004, Williams 2005, etc.) on the importance of community provision. This is similar to the call by Czech social economist Magdalena Huncova (2004) for a *civilised* or *mixed economy*, which would include the market, the state and a vibrant civil sector, including co-operatives (see also Stiglitz 2003). In Britain, political commentator Ian Hargraves has suggested that Britain needs a greater diversity of business structures to counter a *thinness of the business ecology*, which in the long term threatens economic stability (1999). There seems to be a return here to the thinking of co-operative thinkers of 1940s and 1950s, including the Czech co-operative official Ladislav Feierabend, who similarly advocated a mixture of state, market and co-operative economies in plans for a post-war Czechoslovakia (Feierabend 1994a: 72–



77, 1994b: 125–126), and the founder of the Canadian Antigonish movement Moses Coady, who said:

**The good society of the future should be a mixed society. It should imply individual and personal ownership, a large measure of co-operative ownership, some socialism and an area of private-profit enterprise.** (in Laidlaw 1971: 53)

Interestingly, both men explicitly warned against the threat of financial power and asset concentration in the hands of unaccountable big business, seeing this as a new feudalism, creating dependency and threatening individual self-determination (Feierabend 1952: 7–8, Mathews 1999: 150)<sup>54</sup>.

Let us return to the question *What economic structures and networks are best suited to satisfy localisation aspirations, including satisfaction of local needs?* Shuman (1998: 85–98) analyses different types of business structures in a U.S. context and concludes that nonprofits, public agencies, co-operatives and small businesses (or businesses that specialise in delivering local goods and services) have the greatest potential in this respect. However, he finds some fault with each type and suggests that the ideal community corporation would be a for-profit enterprise owned by the local citizens. Shareholders could sell stock only to other community members, and there would be a cap on the percentage of the company that one citizen can own (p. 98–104)<sup>55</sup>.

Douthwaite, on the other hand, does not identify a community enterprise with a special organisational form: *I regard any business as a community enterprise if it supplies the wants or needs of a community and its owners accept that they have a moral obligation to balance their community's interests against their own* (1996: 341).

Concerning the issue of networks, mutual support and linking up between the localised enterprises is seen as crucial by most localisation authors who comment on the subject. Douthwaite describes the Briarpatch, a successful mutual support organisation of small businesses, born in California in the seventies (1996: 345–352). Desai and Riddlestone (2002: 65–66) explain the workings of a British producer network which has managed to supply supermarkets with local produce. Berry advocates an economy of co-operation between towns and their rural hinterlands: *a rural community should always be acquainted and interconnected with community-minded people in nearby towns and cities.* (2003: 261). Trainer (1995:202–203) and Douthwaite (1996: 365–371) describe the knock-on effects of a cumulation of

localised ethical enterprises in Maleny, Australia. I found the most comprehensive discussion of networks in a localised economy in the work of British economist and localisation practitioner Tim Crabtree, who suggests the need for three levels of a new economy at a local and regional level. We will return to Crabtree's model in section 2.2.3 and in the discussion of our third question:

*How is it to be produced?*

In the conventional economic discourse, the answer to this question is: the price of inputs must determine the "how" of production. Producers, who are assumed to be profit-driven, are pushed by price signals to become ever-more efficient. This is supposed to benefit the consumer, who can then buy ever-cheaper products. The assumption here is that the consumer, like the producer, is driven exclusively by the bottom line (Samuelson and Nordhaus 1991: 40).

We have already mentioned the caveats of these assumptions. One is the linkage between efficiency and externalities, including impacts on nature and human communities. Another problem is that unregulated competition leads to a pressure to grow, to the elimination of smaller enterprises and their positive externalities, and eventually to a monopoly economy (Douthwaite 1996: 341–343, Korten 1995, Hines 2001: 263–264, D.Morris 2003: 115–124). Proponents of localization have therefore suggested that we need to balance competition with co-operation and the global with the local. Crucially, in an imperative clearly articulated by Douthwaite (1996: 35–37) we must not allow the global price level to determine what we produce. But the issue is: how do we do it? Because our economic system is failing to include externalities in its calculations and internalise them into prices, large-scale and non-ethical is also cheaper. Yet localised ethical enterprises need to make a profit if they are to survive. How is this problem to be surmounted?

One paradox inherent in this question is that each localised economy is by definition home-grown, bottom-up and unique, and a list of general top-down policy recommendations in this context may be counter-productive. There may not exist a single set of principles for change, and application of such principles on a top-down basis by national or international bodies might serve to maintain the webs of power which have crippled local economies and commons regimes in the first place. This is a point made by the authors of *Whose common future*, a special issue of *The Ecologist* dedicated to the problem of the commons (1992: 205)<sup>56</sup>. Like Douthwaite

(1996: 29), these authors further emphasise that the radical national and international policy changes needed are not likely to be forthcoming any time soon in the current ideological climate, and that communities need to defend or re-build their own localised economies without expecting support from governments. Shuman (1998) similarly stresses this bottom-up aspect of localisation, but sees its locus in the local municipality and asks that national and international government bodies give enough space to municipalities to be able to nurture it (p. 29 and chapter 6). Conversely, Hines (2001), as mentioned above, has drafted a set of the radical national and international policies which in his view are needed if localisation is ever to truly take off. Similarly, Pretty (1995, 2003) has set out a systematic set of policy suggestions in support of localised and sustainable agriculture in his books and articles.

The authors writing on localisation, however, never advocate a violent, instant, revolutionary approach to meeting their goals, instead calling for step-by-step, democratic, and gradual paths to change. Robertson speaks about *conserving* and *enabling* as the key principles of a new economy (1990: 13 –15)<sup>57</sup>. Similarly, Pretty emphasises the need for agricultural policies to be enabling rather than coercive (1995: 279). Berry (2003: 261) calls for a *gradual* transition to a local economy. A near-consensus seems to be that the paths towards a localised economy are many, and each of us should dig where we stand. At the end of his book, Shuman (1998) gives seventy contact addresses of organisations which, each in their own way, strive to make localisation a reality. Similarly, the core of Douthwaite's book is a mapping and discussion of initiatives which are already in place, with a goal to inspire (and pre-warn) potential followers rather than give rigid guidelines. Ecotrust (2006) have mapped case studies of scores of successful localised projects.

Despite the emphasis on the uniqueness of each localisation path depending on local natural resources, economic and cultural traditions, and local people's values, preferences and abilities, some general suggestions have emerged from the localisation discourse which seem to point to approaches which have worked in answering the original question: *Localised ethical enterprises need to make a profit if they are to survive. How do they do it?*

One important approach has been variously called *short-circuiting* (Douthwaite 1996: 42) or *taking back the middle* (Pretty 2001: 20–25, 2003: 276). Using this approach, local and small producers catering to basic needs, such as food or energy, take a short-cut directly to consumers, evading a long and elaborate distribution

network which may include packaging, processing, transport, retail and advertising. Such *short-circuiting* lowers their production costs, hopefully enhances their price competitiveness and enables them (and consequently the community they are rooted in) to *take back* more of the *middle* value of their product, which before was dissipated among various, often non-local middlemen. So far, as mentioned above, this type of short-circuiting has been most prominent in farming: *adding value* through food processing (e.g. the farmer sells yoghurt made by himself from his own milk), *community supported agriculture*, *produce markets*, *box schemes*, *pick-your-own schemes*, *marketing and food co-ops*, and *farmgate shops and restaurants*. Most of the localisation authors mentioned have touched upon these and cited working examples. See Douthwaite (1996:chapter 6), Shuman (1998: 61, 63), Norberg-Hodge (1999b), also Pretty (2001: chapter 5, 2003), Soil Association (1998 undated a,b) and Ulcak (1997a, b).<sup>58</sup>

The other important approach which might help localised ethical enterprises survive economically in global markets has been associated with obtaining the inputs needed for production (described in economic theory as land, labour and capital, or as natural, human, financial, and fixed capital) at rates which are not determined solely or prevailingly by the market. In the perception of the authors writing on the subject, it is usually the community who steps in to lower these costs in various ways (Bruyn 1992, Douthwaite 1996, Morehouse 1997, Crabtree 2006).<sup>59</sup>

Douthwaite (1996: 37, 43 – 46) explicitly discusses this path for labour and financial capital. Regarding labour, he suggests that if locals accept lower- than-average wages from a new local co-operative or small producer, they reap benefits in the form of a local multiplier effect, a stable employer and (hopefully) more satisfying work, while if they accept lower wages from a global company, they set off a chain reaction of wage cuts around the world, the purchasing power they give up as workers is distributed to consumers elsewhere, and the company may leave in a few years for greener pastures. It can even feel natural, he claims, to accept lower wages from a local company or co-operative, since we all operate on a *money-to-satisfaction continuum*. For example, if we make costumes for a local dramatic society, we get our “payment” from the satisfaction the work gives us and from being appreciated. A consultancy from an international bank is at the other end of the spectrum, and here we will feel no qualms in negotiating the maximum possible financial reward. Other possible ways of non-market labour support for localised

enterprises includes voluntary work and payment (or partial payment) in various forms of local currencies.

Douthwaite (1996) has paid considerable attention to the other path he suggests of support for small localised enterprises: less costly sources of financial capital. In chapters 3 and 4 of his book, he explores the various approaches and many successful initiatives in this field (see also Johanisova 1999). Among the most interesting non-commercial options is the Swiss *Wirtschaftsring*, an extensive local currency (or mutual zero-interest credit) system organised by 80 000 small and medium-sized firms, which has been operating successfully since 1934 (p. 100–105). Another are the Swedish and Danish JAK co-operative banks which charge no interest on credit to their members (Douthwaite 1996: 164–168, see also: Carrie 2004, Cato 2006: 132–134). Douthwaite (p.46) makes the further point that local or community-based banks and credit unions, even if they do charge some interest, are preferable to international banks since the former not only enhance the local multiplier but also tend to lessen the disparity between local interest rates for savings and local credit/overdraft interest. Shuman (1998: 189–191) similarly calls for community banks to support fledgling localised corporations.

Crabtree (2006), drawing on Polanyi (2001)<sup>60</sup>, Bruyn (1992) and on his own research and experience in rural West Dorset, has further developed the model of a localised economy strengthened by non-privatised and non-commodified capital resources: *land*, *labour* and *financial capital*, with a fourth resource – *knowledge* – added on. In practice, *land* and *capital* (both financial and fixed, such as workshop space, covered market space, commercial kitchens, etc.) would be made available to local social enterprises, community organisations and small businesses via second-tier and third-tier social enterprises such as community banks or re-investment trusts and community land trusts. Community land trusts are democratic corporations chartered to purchase land in the public interest (Bruyn 1992, Dayson et al. 2001). The land, thus taken out of the market, can then be used for affordable housing for locals (perhaps helping stem their exodus from rural areas to cities) or rented to social entrepreneurs who produce useful goods and services for local needs, such as small and organic farmers. These primary social enterprises satisfying local needs, whose inception and functioning would be facilitated by the secondary-and third-tier development organisations described above, would be represented on the boards of the second- and third-tier institutions (or would be their owners in a co-operative

setting) and would help support them financially, thus ensuring their continued existence (e.g. by banking with the financial institutions or by renting workspace, etc.). One source of inspiration for this model, which is already being acted out in practice in Wessex (see Conaty et al. 2002, Shadrake et al. 2005, also section 2.2.3), is the Mondragon system of producer co-operatives in Spain (currently 200 co-operatives in the Basque region, employing 70,000 people, see Douthwaite 1996: 160–170, Mathews 1999, chapters 9 and 10), whose success has rested in large part on the groups' co-operative bank which has acted as a second-tier social enterprise.

According to Crabtree (2006), the *labour* and *knowledge* components are crucial to the success of a new economy, as has been demonstrated among others also by the Mondragon model. And they are interlinked, as people in rural areas need to access to non-commercial practical and theoretical knowledge, training and experience if they are to stay and work effectively in strengthening their local economy. In Wessex, where a third-tier organisation, the Wessex Re-Investment Trust, has already been launched to deal with the *financial capital* and *land* requirements (Conaty et al. 2002), On the *labour* and *knowledge* side, to counter the exodus of young people from this rural area, Crabtree suggests establishing a Wessex Research Institute which would among others facilitate training programmes, internships, research projects, and dissemination of good practice to promote. Shadrake et al. (2005) suggest a comprehensive and step-by-step programme of education towards entrepreneurship and sustainability in the Wessex area.

Pretty (1995: 21), whose focus is on self-reliance and sustainability in agriculture, similarly contends that a lack of information and skills acts as a barrier in this respect in many parts of the world, and calls for enabling external institutions and true participation by farmers if a localised and sustainable agriculture is to be widely supported and implemented. He gives an insightful overview of the possible participative approaches, useful in non-agricultural contexts as well, in chapter 6 of his book. The importance of training (in “community friendly business schools”) in building a localised economy is also stressed by Shuman (1998: 188 –189).

The Mondragon enterprises, whose original flowering has inspired many localisation proponents, have been criticised for gradually losing their ethos in the face of international competition. They have lifted their maximum-wage ceiling, bank shares are being sold without geographic membership restrictions, the producer co-ops have lost much of their autonomy, and have formed joint ventures with non-

co-operative companies (Mathews 1999: 225–231, Shuman 1998:119–120, Douthwaite 1996:338–341). According to Shuman, one reason is that the Mondragon project did not make an effort to link its products with basic local needs, and ownership was held by workers, not by community members. In addition, corporate decision-making became more concerned with the bottom line than with the co-operative ethos and the importance of place.

Crabtree (2006) not only describes the structure, but also spells out the ethos of the local economy enterprises he and his colleagues are building in Wessex: *direct and participative democracy in the economy, environmental sustainability, and social justice*. In a previous text<sup>61</sup>, he also mentions *attachment to place* and *small scale* as issues to be focused on in the task ahead, which he defines as *building relationships – to people, food and land*.

### 1.2.4 Embedding the concept of social enterprise

As mentioned in the Introduction (section 1.1), the aim of my research was to describe and compare selected bottom-up (non-government) and ethical (not-only-for-profit) economic initiatives in Britain and the Czech Republic, most of them small-scale and working in a rural setting (see section 1.3 for a detailed methodology). The blanket term I use for these projects is *social enterprise*. The concept, which has emerged in Britain in the 1990s and is now being introduced in the EU (Borgaza and Defourny 2001) including the Czech Republic (Huncova 2004, Dohnalova 2006, Kouril 2007) is notoriously difficult to define.<sup>1</sup> In the broadest sense, they are seen as economic entities using business solutions to achieve public good (nef 2002: 3) or as organisations which simultaneously display an entrepreneurial dynamic and social aims (Borgaza and Defourny 2001). “Environmental” aims are seldom specifically mentioned, perhaps assumed to be included under “social” (but see e.g. Westall et al. 2001:6 or Pearce, J. 1993: 29).

A definition from the Social Enterprise London website (SEL 2001) sums up the main features of social enterprise as it is usually understood in Britain<sup>2</sup> (Box 1).

#### **Box 1 Definition of social enterprise (Social Enterprise London – SEL, 2001)**

Social enterprises are businesses that trade in the market in order to fulfill social aims.

They have three common characteristics:

*Enterprise oriented:*

They are directly involved in the production of goods and the provision of services to a market. They seek to be viable trading concerns, making a surplus from trading.

*Social ownership:*

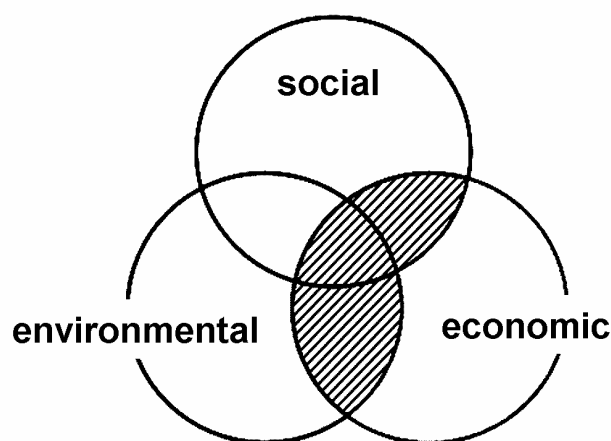
They are autonomous organisations with governance and ownership structure based on participation by stakeholder groups (users or clients, local community groups, etc.) or by trustees. Profits are distributed as profit sharing to stakeholders or used for the benefit of the community.

*Social aims:*

They have explicit social aims such as job creation, training or provision of local services. They have ethical values including a commitment to local capacity building. They are accountable to their members and the wider community for their social, environmental and economic impact.



However, in practice the boundaries are fluid in each case. The income of social enterprises seldom all comes from their own trading, they often access private or government funding to a varying degree.<sup>3</sup> True and participatory social ownership may be difficult to implement in organisations beyond a certain size even if they do have a democratic governance structure. In some cases such a structure may even be intentionally misused by government (J. Power 2005: 44-45, Feierabend 1952:58-79, Box 2 in this section). The difference between token and true social ownership rights (the right to control, to benefit and to transfer) is explained in Wright (1979: 16-18, see also Arthur et al. 2003).



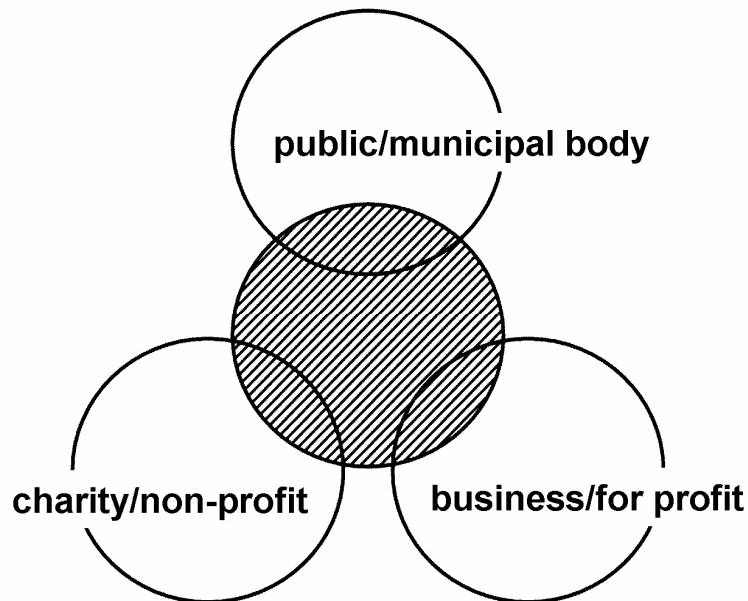
**Fig.1** The “triple bottom line”: Ideally, social enterprises blend three types of benefits: economic, social and environmental. They may thus be seen as a practical application of the goals of sustainable development.

The third feature, social aims (sometimes rephrased as “triple bottom line” - economic, social, environmental, see Fig.1), may be expressed, but not implemented. On the other hand it may be implemented in practice though not expressed in theory. The issues of scale<sup>4</sup> and of *economic localisation* (see section 1.2.3) are not addressed in the SEL definition. However, scale and a geographical focus are featured in some British texts on social enterprise. For example Smallbone et al. (2001:15-16), following Pearce J. (1993:29), highlight *community enterprise*, which they see as distinct from *social enterprise*: it has a *geographical dimension* and is *place-based*.<sup>5</sup> In their perception, a community enterprise is part of a *community economy*, which

can be contrasted to a social economy. The community economy in this perspective is synonymous to a place-based economy (at least in the sense of spatial boundedness of benefit) and includes a whole spectrum of economic forms (illegal, non-monetised as well as bona fide social enterprises).

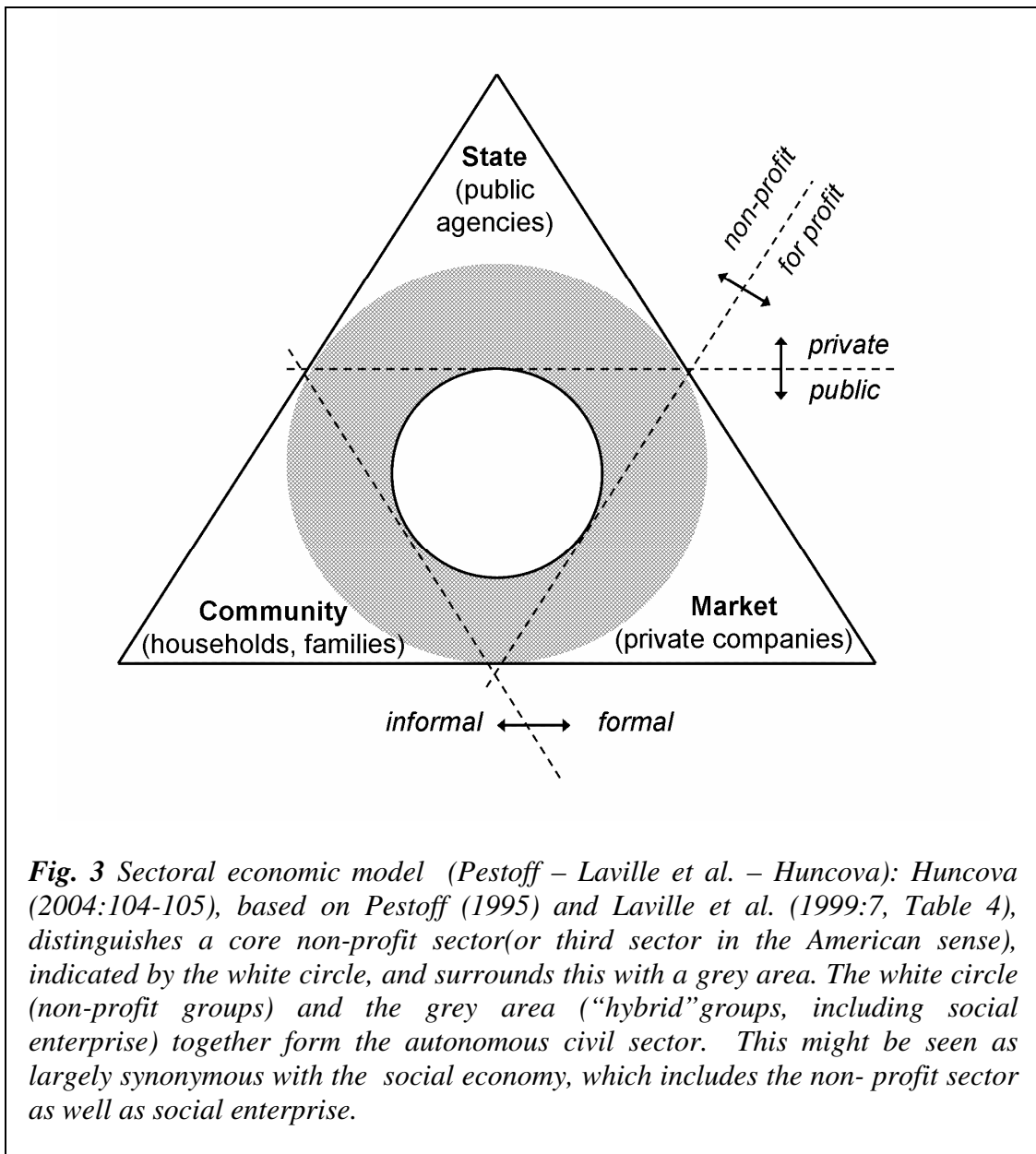
Social enterprises can also be identified by their types (Smallbone et al. 2001: Appendix 4) or in other ways<sup>6</sup>. They are usually assumed to have a formal legal structure (but see MacGillivray et al. 2001). I will return to the issue of legal structure in more detail in section 2.1.3.

For the purposes of this study I have devised my own sliding scale definition of social enterprise. In my approach, an organisation qualified as a social enterprise if it fulfilled at least one of five criteria: *formal co-operative structure, true co-operative (or other democratic) structure, conscious ethical goal, emphasis on the local and substantial part of income from own resources*. Table 2 in section 2.1.1 is an attempt at such a classification of the projects interviewed.



**Fig.2** Organisational structure and funding patterns: Social enterprises are understood to exist on the interface of three institutional types: the public body, the charitable (non-profit sector), and the business company. (Adapted according to nef 2002b and other sources)

Looking back at the segments of the *whole economy* according to Crabtree (2006), presented towards the end of the last section (1.2.3.), social enterprise falls under or between categories 2 (mutuality/reciprocity/volunteering) and 3 (market economy). In Williams' perspective (2005, see end of section 1.2.2.), social enterprises are seen as part of the non-commodified economy. In British texts focused on social enterprise (e.g. nef 2002b), social enterprises are understood to exist on the interface of three institutional types: the public body, the charitable (non-profit) sector, and the business company (Fig. 2).



Other British authors writing about social enterprise also acknowledge the distinct and hidden economies usually missing in economics textbooks (e.g. Smallbone et al. 2001: 16). Laville et al. (1999:10) emphasise the existence of a mixed or plural economy. In the Czech Republic, Magdalena Huncova has reviewed conventional and less conventional sectoral economic models (2004: 102 – 107). In a model of *the economic basis of civil society* based on Pestoff (1995) and others, she distinguishes a core non-profit sector surrounded by a circle with fuzzy borders, which could partly be synonymous with social enterprise (Fig.3). She then carefully delimits the organisational types in the Czech Republic into the different economic spaces provided by the model (p. 108-111).

According to Huncova, the boundaries of the sectors indicated in Fig. 2 are fuzzy and often do not run between the organisations, but through them. This accords well with Fig. 1.<sup>7</sup>

She emphasises the divide between the non-profit (or non-commercial) and the for-profit (commercial, or commodified in the sense of Williams 2005) zone (Fig. 2) and interestingly indicates an analogy between this boundary and the distinction between *Gesellschaft/Gemeinschaft* (see section 1.2.1).

Definitions and boundaries of *non-profit/for-profit* and their links to the terms *third sector* and *social economy* tend to be unclear and mirror different historical and academic traditions in the United States and Europe as well as a different pre-analytical vision (see section 1.1.) *Third sector* (Salamon and Anheier 1994) is an American concept, pioneered by Lester Salamon and his colleagues of John Hopkins University in Maryland. It is equated with a non-profit status and only includes organisations which do not distribute any of their profit (or surplus) to their members/stakeholders. Co-operatives and mutual organisations (such as mutual insurance companies) are thus excluded. The term *social economy* originated in France and has been gaining ground in the EU (Borgaza and Defourny 2001), including the Czech Republic (Dohnalova 2006). Its definition is broader than that of the third sector.<sup>8</sup> In addition to non-profit organisations in the American sense (i.e. those which do not distribute profit to stakeholders at all), it includes organisations which do distribute their profit, albeit to a limited extent.<sup>9</sup> Thus instead of a juxtaposition between for-profit and non-profit, as in the American perception, we have a continuum between the two filled with not-only-for profit organisations, including social enterprises. Laville et al. (1999:3) offer an interesting explanation:

**The European definition is broader because the exclusion by John Hopkins of co-operatives and mutual aid societies on the grounds that they can distribute some of their profits to members cannot be justified in a European context. First, some co-operatives, like the housing co-operatives in Sweden, have never distributed their profits. Second, the distribution of profits is always limited because co-operatives and mutual aid associations are a product of the same philosophy as associations, i.e. they are created not for maximising return on investment but for meeting a general or mutual interest...contributing to the common good, or meeting social demands expressed by certain segments of the population...The struggles waged in the nineteenth century led to compromises legalising organisations in which a category of agents other than investors is classified as beneficiary...therefore, the line of demarcation is not to be drawn between for-profit and not-for-profit organisations, but between capitalist organisations and Social Economy organisations, the latter focussing on generating collective wealth rather than a return on individual investment.**

According to Laville et al. (1999:10-11, see also Levi 2005a), authors who compartmentalise the market, the state and the third sector in different boxes often espouse a neo-classical economic approach. In such a perspective, the third sector has emerged as a result of market failure (to reduce informational asymmetries) and a failure of the State (to respond to minority demands). As Laville et al. imply, this corresponds to a certain pre-analytic vision: a hierarchical economic model, with the market and state sectors paramount and the third sector (and other economies) auxiliary and stop-gap. However, Laville et al. do not accept this approach. Instead, they take a historical and dynamic view, and contend that in fact *the emergence of a self-regulating market sparked reaction from social groups, including the creation of associations and the development of a welfare state*. Such a historical approach to economic conceptual frameworks is more revolutionary than it may seem, as economics has long been criticised for its ahistorical approach, modelling itself rather on the natural sciences and trying to postulate social “laws” (Capra 1983: ch.7, esp. p. 210-211, Daly and Cobb 1989: 30-31, Johannisova 1998). Interestingly, Laville et al. also base their work on the economic concepts of Karl Polanyi, who emphasised the importance of reciprocity and redistribution in human societies and who keenly felt the destructiveness of an unfettered market. Particularly, they use Polanyi’s concept of an embedded economy.<sup>10</sup>

The dichotomy mentioned by Laville et al. (1999) between *capitalist* organisations, bent on maximising profits, and *Social Economy* organisations, whose aim is *generating collective wealth*, is an echo of a long-term discussion going on within the social enterprise/social economy community on whether it

**represents a *real alternative* to the hegemonic (often described as “American”) project of neoliberalisation or is simply a part of the “institutional searching”...that is going on *within* that project. Put another way: Is the social economy predominantly seen as the basis for a radical grand narrative or a more limited “toolkit” to fix the social problems that arise out of the return to increasingly unfettered market forces? (Lloyd 2005:53)<sup>11</sup>**

Authors who have pointed to this central tension (social enterprise or social economy as stop-gap vs. as real economic alternative) include Laville et al. (1999: 12), Gordon (2001), Amin et al. (2001, 2002: 125) , Levi (2005b) and others (see Gordon 2001: 3, ch. 5). Laville et al. speak of a *fundamental tension between the tendency to treat the third system as an alternative to public service and its importance as a product of civil society*. Levi distinguishes two types of social economy organisations: *acquiescent ones*, which operate within the economic mainstream without attempts to change it, and *alternative ones*, which aim to challenge the economic mainstream. Gordon’s (2001) question is whether social enterprise can ever successfully challenge the mainstream, or whether it is destined to remain a reformist conception since the powers that be (specifically state and capital) will never tolerate a true economic democracy, but will endeavour to co-opt it or crush its seedlings. Amin et al. (2002: 125) assert that *the key move...[is] to challenge the dominant conception of the mainstream, rather than to cast the social economy in the image of the mainstream and in the interstices that the mainstream has abandoned*.

As Gordon (2001: 25) reminds us, it is difficult to define what constitutes the truly radical vs. the purely stop-gap variant of social enterprise, since the evaluation can be subjective. I would nevertheless submit that to be truly radical, the social enterprise discourse would need to not only challenge the dominant conception of the mainstream, i.e. explicitly criticise the neoliberal paradigm, but it would also need to acquire a green sheen. In other words, it would have to truly start discussing all the three strands of a sustainable society. Not only social, but also environmental and economic (Fig. 1). It would need to take on issues of both economic democracy (1.2.2.) and of economic sustainability, in the sense of crafting an economy which would enable permanence in the sense of Schumacher (1993)<sup>12</sup>.

However, as mentioned in section 1.1., few authors have as yet systematically linked social enterprise theory with environmental concerns and with green economic ideas. *Social inclusion* has become a buzzword within the social economy discourse,

but the *inclusion of the natural world* and of issues such as global warming or oil peak into its conceptual framework has yet to happen. With some exceptions discussed in section 1.2.3, few authors have attempted to embed the social enterprise and social economy concepts into a deeper economic, historical, and culturally anthropological, or even political context. And the mainstream social economy/social enterprise discourse has not yet been strongly linked to the emerging strands of thinking pointing to economic localisation as a systematic alternative to economic globalisation (section 1.2.3).

This is perhaps natural, as the recent rise to prominence of social enterprises and the social economy has been to a substantial degree orchestrated by European and OECD governments caught between the hammer of economic globalisation and the anvil of social unrest in the wake of jobless growth and the dismantling of the welfare state. Fitzpatrick and Caldwell (2001: 61), drawing on Ohmae (1995) and Jessop (1994), have vividly described the submission of the British New Labour government to economic globalisation:

**At its worst, Third Way politics defines itself as passive in the face of globalising forces by buying into the economic liberal argument that flows of international capital inevitably subvert the borders of national economic sovereignty...All that nations can now do is to make themselves over as investment sites by deregulating their economies, cutting social expenditure and operating supply-side policies that create relatively skilled and relatively cheap labour forces.**

The European Union and the OECD have been built upon neoclassical neoliberal concepts and are explicitly committed to economic growth, deregulation and world trade expansion. The brand of social enterprise they market will inevitably have a similar stamp upon its brow.<sup>13</sup>

Nevertheless, a few authors have ventured into some of the areas mentioned above and indicated paths which others might follow.

Though Fitzpatrick and Caldwell (2001), writing in the journal *Environmental Politics*, do not specifically mention *social enterprise*, they do speak of a *fifth sector*. This in their interpretation entails *informal economies of co-operative self-help*, not primarily geared to profit. LETS systems and the wide array of projects (including social enterprises) surveyed in Douthwaite (1996) are given as examples. They equate the *fifth sector* with the *counterinstitutions* advocated by sociologist and philosopher Jürgen Habermas (1987: 396). According to Habermas, such *counterinstitutions* would help to reverse the colonisation of the lifeworld by the

economic and administrative-political systems. For Fitzpatrick and Caldwell, the *fifth sector*, separate from the state and from the market<sup>14</sup>, is a product of *radical reformism*, an approach which weds the pragmatic and the utopian as well as what they call *ecocapitalism* and *ecosocialism*.<sup>15</sup> In a passage which seems to apply to the work of many social entrepreneurs, they offer a description of *radical reformism*:

**Radical reformism is concerned with the practicable and the “doable” but also with the utopian and the visionary; it looks to the short-term as well as the long-term; to the abstract and hypothetical as well as the concrete and down-to-earth; to the macroengineering of the state and to the micro-engineering of civic experimentation. ...the policies of radical reformism are not developed as blueprints that then require translation into practical reality...radical reformism implies the attempt to connect revolutionary ends with pragmatic means. (p. 49).**

The authors see *radical reformism* as an essential ingredient in their goal of a politics of *ecosocial welfare* (rather than just *social welfare*, as discussed e.g. by Lavelle et al., 1999). Like Williams (2005), whose works they quote, they emphasise the importance of the non-commodified economy<sup>16</sup>. However, although they decry a *subservience to globalisation*, they appear to accept the basic neoliberal paradigm of free trade and economic growth (they *refuse to retreat behind local walls as a protection against globalising storms* and they embrace a growth ethic, though designated as qualitative rather quantitative ). They also call for a *level playing field* for institutions such as LETS. We are left wondering if, on a level playing field without walls, their call for LETS systems to create a *local protective space against the forces of globalisation* is not too tall an order.

British social entrepreneur John Pearce (2002), on the other hand, is an outspoken critic of the neoliberal paradigm. He dismisses the ubiquitous neoliberal call for a level playing field : *Who wants a level playing field if you are a village team playing a professional club?* He goes on to name the seven deadly sins of free trade: *limits protection against cheap imports; limits government regulation of services; limits regulation of foreign investment; limits the use of subsidies for agriculture; limits the use of subsidies for industry; blocks exports from developing countries; and gives business rights over knowledge and natural resources*. Pearce calls for a bottom-up movement based on the principles of subsidiarity which would rein in the power of transnational corporations and international institutions such as the WTO. Like Hines (2001), he suggests protectionism – or re-regulation. He does not believe in the inevitability of economic globalization: *Simply because we can transport all things*



*around the globe at great speed does not mean it is sensible to do so.* However, Pearce does not focus specifically on the problem of economic growth, oil depletion or on the environmental dimension of social enterprises.

Davey (2007) deals specifically with these issues. He distinguishes between social enterprises which operate on a growth economy model and those which are preparing for a coming economy of scarcity of energy and materials<sup>17</sup>. He feels that, while businesses which call themselves “green” can be found in both camps, only some of these, such as some permaculture<sup>18</sup> businesses, have espoused a “limits to growth” or “energy descent” business model. In his perspective, it is important for all *social enterprises* to turn into *ecosocial enterprises*, i.e. enterprises which have internalised and applied a green ethos and the implications of the current and coming environmental constraints in their own economic goals and functioning. Such a “limits to growth” or “energy descent” business model must be discussed in social enterprise circles, conceptualised and applied in practice. He says:

**Social business developers need a deep reorientation to what it will mean to run and develop businesses in a “no growth” economy – or an economy undergoing contraction because the growth economy has gone beyond its ecological capacity limits. Much of the thinking about ecological economics is about general economic policy descriptions for what the government should be doing at the policy level. However, this often does not describe the “new” game that (social) entrepreneurs will be playing – we need to give a new sense of orientation by describing the very different business and community models in those circumstances.**

Here are some of his tentative characteristics which successful *ecosocial enterprises* in a “no growth” economy will have:

- 1) In a no growth economy with social strains over the distribution of diminishing resources, enterprises will thrive which put a high premium on social solidarity, social justice and stakeholder involvement.
- 2) Only those companies are likely to grow, or even survive, which will help other organisations and households to “downshift” ecologically: Achieve the same level or adequate level of wellbeing with less throughput of materials and energy, e.g. selling bikes to replace cars, developing cycle paths rather than motorways.
- 3) These businesses would recognise that they need to operate with targets to reduce their own throughput of energy, sinks and materials per unit output.
- 4) Such businesses will need to be highly sensitive to not overshooting scale limits in their *fund service resources* if this means that *stock flow resources* will then be required at a rate that is environmentally destructive E.g.: overselling and installing more wood heaters or biomass digesters - *fund service resources* - than can be fed

with local wood or other renewable *stock flow resources*. The feedstock/stockflow material requirements for these wood heaters or biomass digesters would become a source of environmental depletion elsewhere, albeit probably invisibly, in a different location. Ensuring these problems do not arise means staying on top of the latest information, high ethical standards, etc.

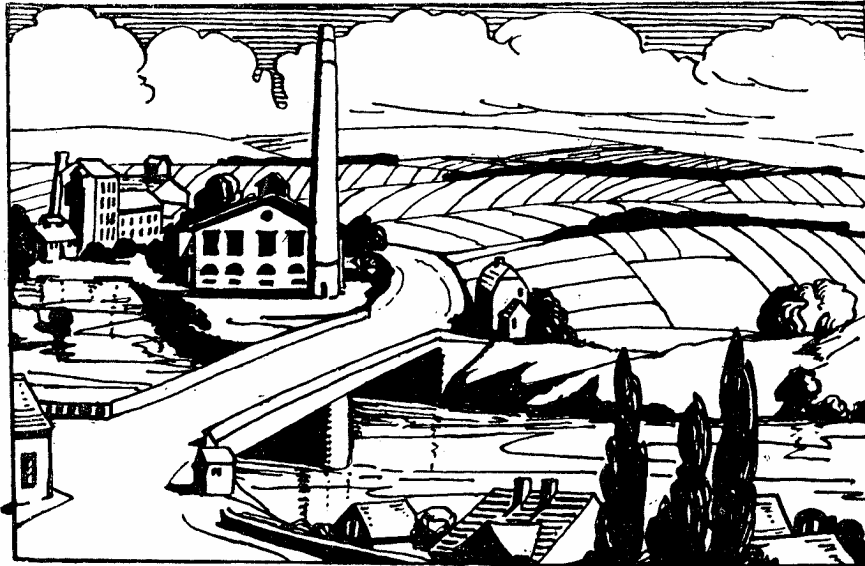
- 5) In a world of increasing scarcity, standards, scale limits, tradeable quota and rationing arrangements will increasingly be put in place by state policy, based on research findings. Where enterprises run up against scale limits they must move sideways – diversify into a new area. You cannot keep fishing if the fish quotas are being met. Ideally, organisations will develop a keen sense of their scale limits and the sideways movement will become an explicit business strategy.
- 6) If the resources tied up in organisations can no longer be used to best effect there has to be a willingness to re-organisation and break up, so that scarce resources are not wasted in a very tight resource environment.

In addition, the *ecosocial enterprise* will be local rather than globally focussed, reducing the external dependency of its locality on fuel and material import needs, and a new economy will emerge which will be highly *design intensive* and *site specific*, to make best use of locally available resources of wind, solar, water, materials, soils, etc. Davey is thus one of the few authors focused on the social enterprise sector who has internalised the global warming /oil peak discussion and who draws on the economic localisation strand of thinking discussed in section 1.2.3.

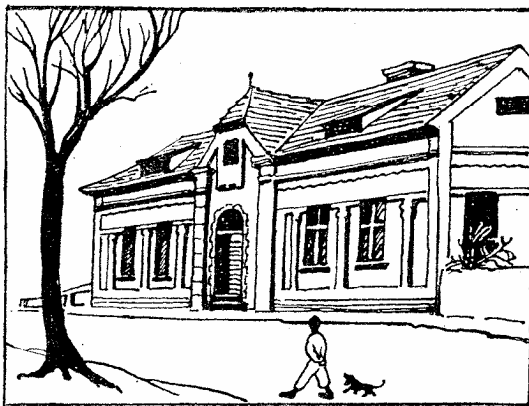
Molly Scott Cato (Cato 2000, 2004: ch. 8) has been attempting to ground the ideas of localisation in economic practice in Wales. Her vision of a *self sustaining, self-provisioning local economy, operating with trade subsidiarity such that we begin by producing goods locally, and only look further afield for those we cannot obtain from our own town, county or nation* (Cato 2004:224) is complemented by detailed research as well as extensive local knowledge. To support employment in Wales, she suggests strategies such as re-evaluating coal, water and renewables as strategic resources rather than market commodities, *capital anchoring* in the sense of converting firms vulnerable to closure to worker ownership, creation of local currencies, emphasis on true local community participation in community regeneration, and providing finance and expertise for SMEs<sup>19</sup>, the non-profit sector, social enterprises and credit union development.<sup>20</sup>

Besides Wales, Southwest England (Wessex, especially Dorset and Somerset) is an area of much promise, especially regarding the on-the-ground emergence of a rural social economy with a strong localised and environmental dimension. I have

discussed these approaches near the end of the previous section and will return to them in section 2.2.3. Section 2.1.1 focuses on some of the green social enterprises encountered in my study, including the **West Dorset Food and Land Trust**.



CO-OPERATIVE POWER STATION, MILL AND GRANARY, CZECHOSLOVAKIA.



VILLAGE CREDIT BANK, CZECHOSLOVAKIA.

*Fig. 4 Czechoslovakian pre-war rural co-operatives: In pre-war Czechoslovakia, some farmer - owned agricultural co-operatives diversified into food processing, energy generation and other activities, with some towns and villages becoming in effect “co-operative villages”. Village credit banks, or kámpelickas, channeled finance flows locally and ended usury in Bohemia and Moravia (Illustrations from Digby 1947).*

Karl Polanyi (2001), Mauss (1925) and others have asserted that for most of human history, and in many cultures to differing extent even today, what we call “the

economy” has been deeply embedded in society and nature, was reciprocal and redistributive, and has been subservient to social and kinship norms and custom. This is a rich source of inspiration and strength which a social economy and social enterprise can draw on. Unfortunately, these roots remain largely untapped. However, a truly radical social enterprise discourse will need to renew this connection to gain a deeper understanding of its own antecedents and parallels in non-Western cultures. Such a knowledge would, I believe, give it a new perspective and expand its radical vision. My own understanding of these issues has been informed by the work of Pat Conaty (2002a), who is one of the few authors who have attempted to re-connect social enterprise to its roots. I have tried in a small way to contribute to this discussion (Johanisova 2004a, 2005: 25-26) and would like to return to it in the future. In this study, I am only able to highlight one relatively recent layer of social enterprise in my own country: the world of rural co-operation as it flourished before World War II. I will draw especially on the work of Ladislav Feierabend (1952), a leading figure in the Czech agricultural co-operative movement in the 1920s and 1930s<sup>21</sup>. I conclude this section with a brief history of the Czech rural co-operatives, including their aftermath – the rise and fall of the Czech credit unions in the 1990s – for two reasons. One is an attempt at re-linking Czech rural social enterprise with its roots. The other is to provide an illustration of ways in which social enterprises might be crushed or co-opted if they are perceived as a threat – to state or capital.<sup>22</sup>

**Box 2 Czech rural co-operation between the wars and the kampfes of the 1990s**

The Czech Republic (Bohemia and Moravia) was part of the Austro-Hungarian Empire until, together with what is now Slovakia and Ruthenia, it gained independence and became Czechoslovakia in 1918 (15 million inhabitants). The Western part of the country (Bohemia and Moravia) had a strong industrial sector, but agriculture was also important. It consisted mostly of small farms. In addition to an unusually strong non-profit sector (Dohnalová 2006: 106-113), the country also inherited a thriving co-operative system.<sup>23</sup> This was divided along national lines (the German and other minorities had their own co-operatives and umbrella groups) and, in the case of Bohemia and Moravia, also along political (and partly class and religious) lines: The social democrats were influential in the workers’ co-operative movements, while the members of two political parties (the Agrarian and the Christian) each had their own system of agricultural co-operatives.

These agricultural co-operatives in what is now the Czech Republic had already been strong in the Austro-Hungarian Empire, and continued to evolve during the „First Republic“ (1918-1938). They consisted of thousands of rural producer

(distillery, bakery, etc., adding value to produce), consumer, energy (energy production and consumption), marketing and credit co-operatives, which, together with a state-supported programme of land reform in the 1920s, enabled even small farmers to buy land, modernise their landholdings and increase production without going bankrupt. According to Feierabend, the rural Raiffeisen –type credit unions, called *kampelickas*, were responsible for eliminating rural usury in Bohemia and Moravia. He saw them as the backbone of the rural co-operative movement and described them thus:

**The area of the *kampelicka's* activities was very small, confined for the most part to one village or parish...Peasant members were in the majority; but there were craftsmen, tradesmen, village intelligentsia, and workers; rich and poor, large and small landholders. The *kampelicka* became an important part of village life, and everyone joined it to express his loyalty to the village. From the very beginning, and always, the *kampelicka* was a simple financial institution, often with an office containing only a table, some chairs, and a safe, housed in an inn or a school. All the administrative work was performed without emolument by the members. Only the cashier who made the entries and prepared the balance received a small compensation at the end of the year, a compensation which had to be approved by the general assembly of the members. Despite the voluntary and amateur nature of their administration, the *kampelickas* were efficiently run businesses. ...When the reserve fund reached a certain level, a proportion of the *kampelicka's* profit was allocated to public purposes, to propaganda, and the support of the co-operative movement (Feierabend 1952:23-24).**

In 1935, there were 50 rural co-operative umbrella organisations in Czechoslovakia (Feierabend, Tab. 11). Non-credit (producer, marketing, electric and other) agricultural co-operatives numbered 5 448 in 1938 (ditto, Tab. 12) . Agricultural credit unions numbered 5474 (ditto, Tab. 13). These were authentic, bottom-up initiatives whose members were mostly family farmers. Taking the co-operative movement as a whole, Feierabend estimates that in 1938, some 6 million people were associated with it in Czechoslovakia. The prominence of the Czechoslovakian co-operative movement in a European context is emphasised by illustrations in a co-operative manual by Margaret Digby (1947, see Fig. 4).

The war damaged, but did not destroy, the agricultural co-operatives. In 1945, the Agrarian party was abolished (or rather not reconstituted) and members of the party, including Feierabend, were persecuted and expelled from positions of power. The agricultural co-operatives were infiltrated by Communists. As Feierabend reports: *the general assemblies [AGMs of rural co-operatives] became a battle in a long war between old-line members and the new pseudo-members, a war which even cost human lives.* This was because the 1945-1948 period was no longer a true democracy. Still, the old-line members were winning when the final blow fell: the Communist takeover in February 1948.

Within months, the intricate bottom-up system of Czechoslovakian rural economic democracy was subsumed by the state. Act 181 of 20 July 1948 subordinated the *kampelickas* and the financial centers of all the other co-operatives to the state. Act 187 of 21 July 1948 instituted a new state-controlled organisation, the Central Cooperative Council, of which all the co-operatives had to become members, and

which alone decided whether they would continue to exist, who would be their officers, what their statues would look like. It subsumed the former umbrella groups of the co-operatives, together with all their assets.

The last stroke came with Act 69 of 1949. The government, guided by the Communist Party, had made a political decision to amalgamate privately owned land into producer pseudo-co-operatives: farmers would in fact stop existing as independent enterprises. Accordingly, individuals were encouraged to set up a preparatory committee for such a *unified agricultural co-operative*. If five people in a community set up such a committee, and it was approved by the Central Co-operative Council, the *unified agricultural co-operative (jednotne zemedelske druzstvo – JZD)* was officially constituted. All the government muscle was put behind the scheme. Feierabend describes the fate of most of the remaining village non-credit co-operatives:

**From the moment of registration, all former agricultural co-operatives in the community... cease automatically to exist and are amalgamated with all their property in the unified co-operative. ... The unified co-operatives thus easily secure financial resources from the beginning of operations. The old organisations have no way to protect their rights or their property, because they are not allowed to dispose of it or to take any financial steps, except daily sales, from the date of the Act to the founding of a new JZD in the community.** (Feierabend 1952: 65)

With massive support from the state, the JZDs soon became the rural norm in most of Czechoslovakia (see also section 1.2.1). Three government acts had sufficed to destroy what took many decades to build. Today, *agricultural co-operation*, in most people's perception, still usually has one meaning: the JZD.

As opposed to the thus „colonised“ concept of *agricultural co-operation*, the connotations of the term *kampelicka* remained positive in the minds of most Czechs until the late 1990s.

A benevolent new law (Act 87 of 1995) was the start of a boom of fresh-from-the-mint credit unions in the Czech Republic, which at their zenith in 1999 numbered about 136. "The problem was, there were 70 credit unions up and running before the credit union regulatory body even started work," Lukas Hampl, the deputy director of the Credit Union Supervisory Authority, told me. Another problem was that the law was toothless. It stipulated no common bond, no size limit, no screening and accreditation for initial board members. This in combination with a low capital threshold meant that scoundrels saw their chance to get rich quick. The largest "credit unions" opened branches in district towns across the country and started an advertising campaign invoking the glorious *kampelicka* tradition and promising very high interest rates. In practice, however, members' savings often disappeared into "daughter companies". The regulatory body stood helplessly by, unable to take action as the credit union law, which had not foreseen such a development, had nothing to say about how the money of such "daughter companies" should be invested.

The law was finally changed in 2000, but not before most of the Czech credit unions went bankrupt, tens of thousands lost their savings (although the government refunded a large part eventually) and the name of the new *kampelickas* was dragged through the mud in the Czech media. Reasons for the bankruptcies

were complex and in addition to the inadequate regulation enabling unchecked criminal behaviour of some of the protagonists, they included the financial inexperience of board members and perhaps also a lack of credit union ethos and vision, whereby new credit unions often tried to emulate ordinary banks, opening professionally-staffed and furnished branches and investing in expensive services for members, rather than going for the low-profile and financially cautious approach of simple premises, limited services and low overheads. Once people lost faith in the credit unions, the "run on the banks" phenomenon must have been a cause for the demise of an unknown number of them.<sup>24</sup>

Despite this, 47 Czech credit unions survived. The **Chotebor Credit Union**, one of the projects interviewed in this study, was one of them. As my interview revealed, it was an authentic credit union. In fact, it could quite easily be seen as a tool of economic empowerment and a localised alternative to the high street banks.

However, it no longer exists. In spring 2004, the Czech parliament passed an amendment to the 1995 act, purportedly to harmonise the Czech legal system with the EU banking directive (2000/12). This obliges all credit unions, regardless of member numbers, to have an initial capital of 35 million Czech crowns (more than 1 million euro). The Chotebor Credit Union, operating on a common bond basis in the small town of Chotebr, could not comply with this demand and decided to go into liquidation. So did most of the 47 surviving credit unions. The amendment has, in addition, relaxed the requirement of one-member-one-vote and has blurred the line between banks and credit unions in other ways as well. For example, both are now regulated by the same authority. (See also section 2.1.5.)

### **1.3. Methodology**

After arrival in Britain in September 2001, my original plan was to find 15 rural social enterprises of varying legal structure focused on local employment, agriculture, housing and public transport, and 10 financial ethical institutions supporting rural social enterprises. I also intended to focus on smaller projects (see section 1.1.)

However, I soon saw that such a clear-cut pre-selection was impossible and chose a more pragmatic and intuitive approach, doing as many interviews as possible and leaving the sifting of the evidence for later. The total number of British interviews was thus 46, not all were small and rural and their scope was wider than anticipated. For example, I discovered the unexpected but crucial institution of the second-tier "enabling and umbrella" organisation, and 10 of the 46 interviews accordingly were with these. These 46 British projects are summarised and their contact details given in Appendix 1. The map in Fig 5 shows their localities. All but five were interviewed between April and July 2002. I focused predominantly on the following areas: Scotland, the South West, the South East, Oxfordshire and the Peak District, partly to economise travel, partly because I knew of some research already carried out there (e.g. Gordon 2001, Plunkett Foundation 2001, the work of Tim Crabtree etc.) Projects were chosen by the snowball technique. In essence, I asked knowledgeable people to recommend suitable projects.<sup>1</sup> Once I met the protagonists, they suggested other projects and so the snowball grew. Besides the criteria mentioned above (rural, mostly small, varying legal structure, varying main sphere of activity in rural services, including the crucial sphere of finance) I tried actively to look for social enterprises with a remit which stretched beyond the social into the environmental sphere ("green rural social enterprises") and for those accessible by public transport.

I then took a similarly pragmatic approach in the Czech Republic, trying to net a wide range of rural economic initiatives with an ethical dimension which worked. In this case I used my own knowledge and information from the media and other sources. I made a special, though not very successful, search for "real" rural co-operatives, i.e. business organisations with democratic management by member-shareholders, upholding the one-member-one-vote principle. In total, 25 Czech social enterprises were interviewed and listed in Appendix 1. The Czech interviews were done between September 2002 and August 2003. Most are clustered along the line



between South Bohemia and South-Eastern Moravia (see map in Fig. 6) This is partly due to my local bias, as I live in South Bohemia, partly to the concentration of "green rural social enterprises" in the White Carpathians in Eastern Moravia. Both these areas are predominantly rural.

The projects interviewed are of course not a representative sample. One of the reasons is that there is no comprehensive list of rural social enterprises from which a sample could be selected. My focus from the beginning was therefore on qualitative rather than quantitative research.

The questions used are listed in Table 1 With the exception of four British projects, interviewed by telephone and e-mail (2,4, 31, and 37), all the interviews were face-to-face and tended to last an hour on average. Often additional questions and answers cropped up during the discussion, adding interest and depth. I took notes by hand and transcribed the responses in full before analysing them. In some cases I was able to update some information about the projects studied at later dates. Where this was the case it is indicated in Appendix 1.

*Table 1 Questions used in interviews*

<p><b>Questions list – general</b></p> <ol style="list-style-type: none"><li>1. What is the main aim, goal, mission of your organisation?</li><li>2. Who started it and when? What has been its history?</li><li>3. What is the current legal structure of your organisation? Why did you choose this structure? Has it worked?</li><li>4. What does your organisation do? What has it accomplished? How do you measure success?</li><li>5. What is your personal role in the organisation? Why have you decided to do this work?</li><li>6. How did you find the money to start up? Which organisations and people helped?</li><li>7. Has your organisation achieved financial sustainability? If not, how do you keep it going? If you make a profit, how do you use it?</li><li>8. What resources does your organisation have - office, staff, volunteers?</li><li>9. What is your vision of the organisation in ten years' time?</li><li>10. Which main problems have you had to face? How did you deal with them? Which ones have remained?</li><li>11. Have you learned from other organisations? Have you inspired other</li></ol>
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organisations? In what way?

12. Are you part of an umbrella group or a network of similar organisations? How has this helped you?
13. Has the local or national government helped you in some way? Have there been any drawbacks or strings attached to this?
14. Have you taken out any loans? Were or are there any problems with that? What is your turnover?
15. Would you like to ask me something?

**Questions used for most finance organisations  
(projects 6, 12, 13, 19, 21, 43, 51)**

1. What is the mission of your organisation, why was it set up, what inspired you, did you have any models?
2. What is your personal role in this organisation, why did you decide to work there? Do you like your work and why?
3. What is the organisational structure of your organisation? Who makes decisions on strategy and direction of development?
4. How did you find the money for starting up and what is your current financial strategy and plans for the future? Are you financially sustainable or do you plan to be?
5. What resources can you draw on besides financial ones (office, staff, volunteers)? What skills did you need to start your organisation?
6. Do you have investors? Members? Shareholders? What are their roles in the organisation?
7. How about interest rates? How do your interest rates compare with those of the banks, and are they stable or do they change with the financial market? Do you give grants as well? For what?
8. Who do you lend to?
9. How do you reach your target organisations?
10. How do you make sure your loans will be repaid and what do you do in case of default? What is your rate of repayment?
11. Do you have any support from government, including indirect support such as taxes? Does the government want anything in return?
12. In which other ways besides financial ones do you support your clients? Do you feel this non- financial support is important? Why?
13. Does your organisation have an ethical code? Would you for example refuse to fund an organisation on ethical grounds? Does your code include environmental ethics?
14. Do you have any specifically environmental programmes?

**15.** What do you think your organisation will look like in ten years' time?

**16.** Is there anything you would like to ask me?

**Questions used in telephone interviews (projects 2,4,31 - see Appendix 1)**

**1.** What is the main aim, goal, mission of your organisation?

**2.** What is the current legal structure of your organisation? Why did you chose this structure? Has it worked?

**3.** What does your organisation do? What has it accomplished? How do you measure success?

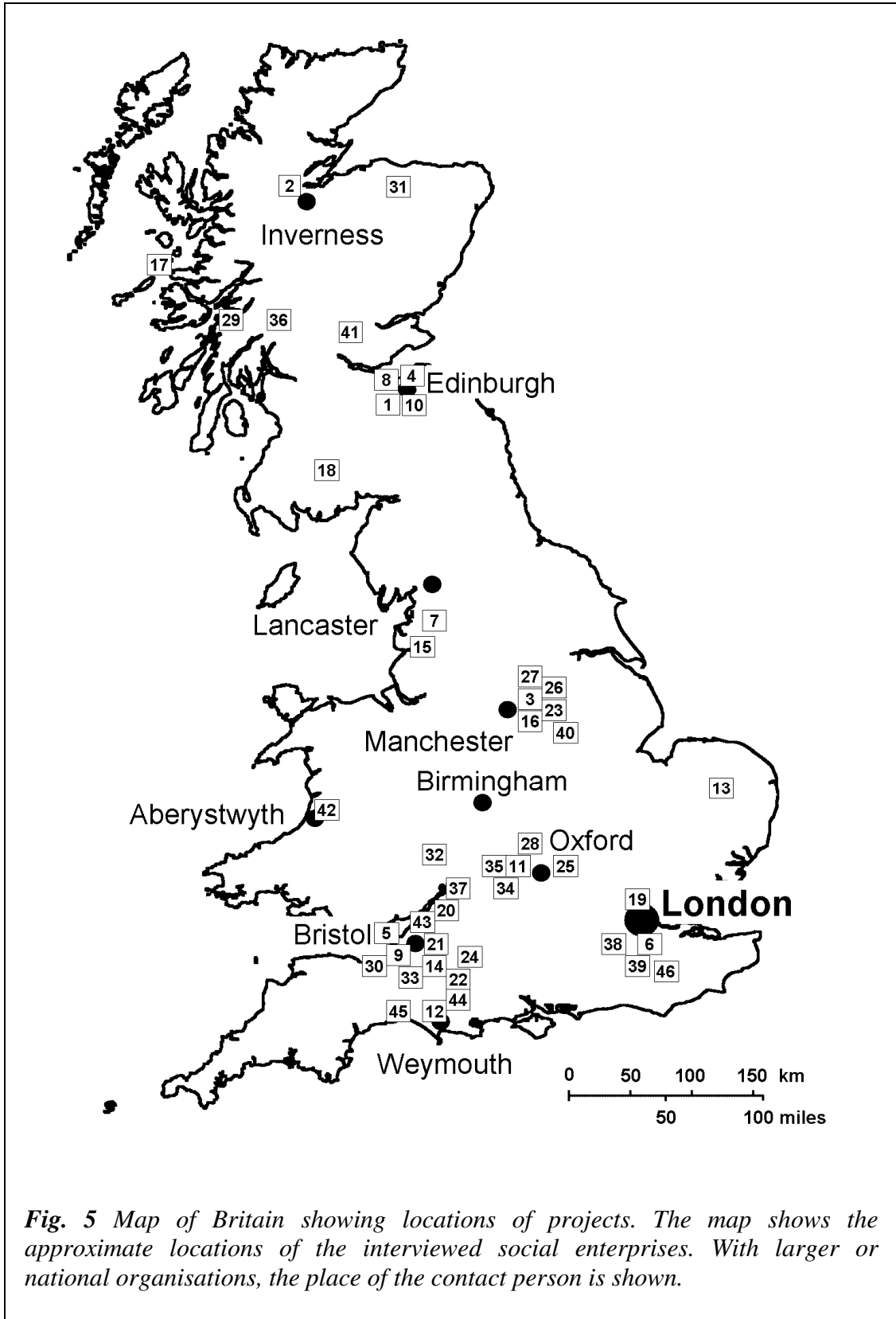
**4.** Has your organisation achieved financial sustainability? If not, how do you keep it going? If you make a profit, how do you use it?

**5.** What resources does your organisation have - office, staff, volunteers?

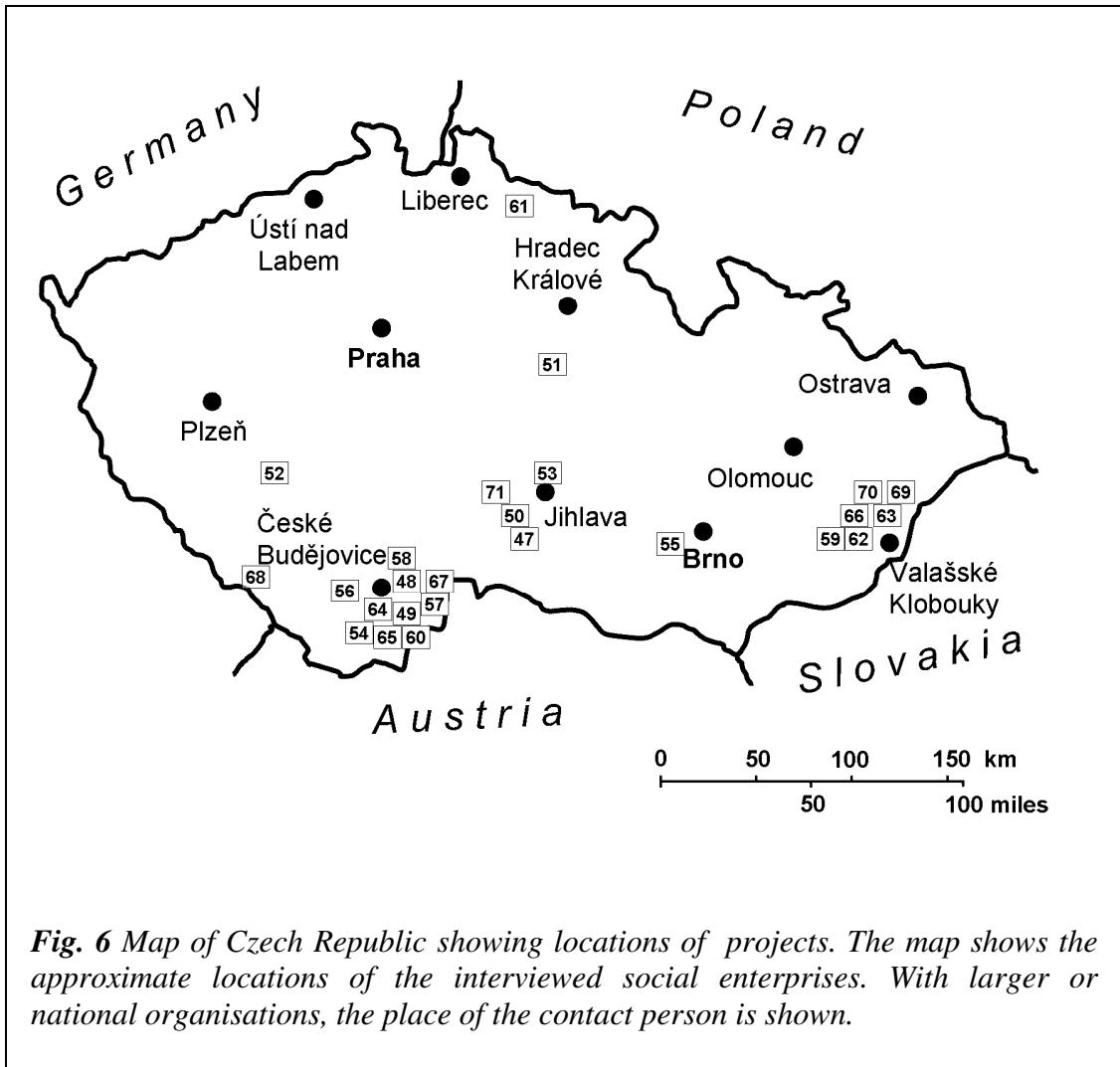
**6.** What is your personal role in the organisation? Why have you decided to do this work?

**7.** Which main problems have you had to face?

**8.** Do you want to add something?



*Fig. 5 Map of Britain showing locations of projects. The map shows the approximate locations of the interviewed social enterprises. With larger or national organisations, the place of the contact person is shown.*



*Fig. 6 Map of Czech Republic showing locations of projects. The map shows the approximate locations of the interviewed social enterprises. With larger or national organisations, the place of the contact person is shown.*

## **2.FINDINGS**

### **2.1. Results**

#### **2.1.1. Classification and activities of the social enterprises studied**

As mentioned in section 1.3., the focus of my research was on small rural social enterprises with varying legal structure and main sphere of activity, with special emphasis on „green rural social enterprises“: those whose goals had both environmental and social dimensions.

Compartmentalising such a heterogenous group proved to be even more challenging than expected. In Table 2 (p. 98) and Appendix 1 I attempt a classification from the point of view of the prevailing remit of the project studied. I chose seven areas of activity: Arts and Crafts, Environment, Finance, Food and Farming, Land and Property, Rural Services, and Enabling and Umbrella organisations. However, most projects could be classified under more than one heading. Many were very diverse in their activities.

In fact, the first unusual aspect which comes to light is that, while conventional economic theory at least from the days of Adam Smith onwards emphasises specialisation as a prerequisite to success, there seem to be many successful social enterprises which, although they have clear priorities and their work forms a coherent whole, seem to reach out in many directions at once.

A typical case study is that of **WyeCycle**, a small community business based in Wye, which started out in 1989 as a Friends of the Earth student group at Wye College. It has since become a community business which collects waste in 1000 households in Wye and neighbouring Brook: glass, paper, textiles, batteries, garden waste, even furniture which they repair and give away on "swap day". Compost, which they make from the garden waste, has become an important source of income. Aware that waste prevention was better than recycling, **WyeCycle** then started a box-scheme, using their van for free distribution of a local organic farmer's produce to residents. The scheme also helped the farmer, who has since found other customers and has since begun distributing 120 -130 food boxes, only about 20% in Wye. In 1999, they went on to organise the first farmers' market in the town, sourcing food and produce locally from a 30-mile radius, and these have since become a permanent feature. As with the box-scheme, there are multiple benefits involved: helping local smallholders, limiting pollution and packaging, access to fresh local food for

residents, and an added social vibrancy as the markets draw crowds twice a month. A side effect of the labour-intensive recycling business has been the creation of four new jobs for local young men, one of whom had before been unemployed on a long-term basis. "As time goes, the social element has become more important," emphasised Richard Boden, my interviewee and one of the founding student members who today, as one of two directors of what has become a company limited by guarantee, manages the organisation.

**WyeCycle** is one of the many projects in my sample which fit well under the heading of „green rural social enterprise“, with both social and environmental goals seen as priorities. Other examples include e.g. **Mendip Vale Recycling**, a workshop for people with mental health problems, where waste cardboard from local businesses is turned into animal bedding. Similarly, the **Honeycomb Project** in the Peak District combines obvious environmental benefits (recycling of old furniture) with social ones (job training of young people with learning difficulties). In the Czech Republic, a good example is **Communal Heating in Svaty Jan**, which uses wood-chip from its own woodlands for municipal heating, thus reducing global warming and simultaneously creating employment for local people. Other green and social enterprises in my sample arguably include numbers **3, 9, 15, 17, 18, 20, 24, 25, 28, 30** (if we include the RMDG project which is however dormant), **31, 32, 33, 34, 35, 36, 38, 39, 41, 42, 43, 45, 48, 57, 59, 62, 66, 68, 70**. The project titles and numbers in bold here and throughout the text refer to the alphabetically-arranged project annotations in Appendix 1.

Another classification category is the proximity of the social enterprise to the government, charitable or business sector. According to theory, social enterprises exist on the interface of three institutional types: the charitable (non-profit) sector, the business company and the public body (see section 1.2.4, Fig. 2). This threefold distinction was confirmed in my own research.

Some of the social enterprises interviewed were close to the **charitable, non-profit sector**. They tended to adhere to a strictly non-profit ethos of surplus use, often had education and training among their aims, and usually, though not always, got most of their funding from the outside. Umbrella, research and support organisations such as **Envolve, REAP, or West Dorset Food and Land Trust<sup>1</sup>** in Britain and **Kopanice Development Information Centre** in the Czech Republic fall into this category. The **Kosenka** land trust, which manages natural areas on behalf of future

generations, or the **Glastonbury Trust**, which supports holistic educational activities by income gained from its trading arm, are further examples. Others in this category arguably include numbers **2, 4, 8, 22, 34, 35, 36, 44** and **69**.

Many social enterprises adhered closely to the **business model**. They were often largely self-financing, had a share company, partnership or co-operative structure, tended to rely less on volunteers and their activities were often associated with finance, production and trading. Examples in the Czech republic include the **Firemen's Insurance Company**, a national insurance company owned by firemen's groups, and the **Hutzul Farm**, which uses income from tourist accommodation and farming to breed rare Hutzul horses. British examples range from fast-growing **Phone Co-op**, which sells telephone services to charities and individuals, to small **Beechenhill Farm**, whose organic farming income is supported by an innovative bed-and-breakfast scheme. Other social enterprises close in their outlook to the private sector include numbers **5, 6, 10, 11, 15, 19, 25, 26, 30, 32, 39, 41, 42, 43, 46, 47, 49, 50, 51, 53, 55, 57, 58, 59, 60, 64** and **65**.

In both countries, there were social enterprises which had close connections to the **public sector**. A Czech example is the **Zahradky Arts and Crafts Workshop**, which was set up by the local council and, although it has become 100% financially self-sustaining, remains tied to it organisationally. In Britain, the **Strathfillan Community Development Trust**, although independent, was helped at its inception by the local community council, and is active on behalf of all the residents of the Highland villages Tyndrum and Crianlarich.

Other social enterprises interviewed with close or more distant links to the public sector include numbers **1, 2, 7, 16, 17, 23, 33, 34, 38, 46, 50, 52, 54, 59** and **67**.

In this last category a difference emerged between the two countries, springing from different public administration traditions in each. The British projects had a very varied structure, often comprising partnerships with and/or material and organisational support from statutory bodies, whose image especially on a local level emerged as very positive in the interviews (see beginning of section 2.1.5). Some, such as the **Chipping and District Memorial Hall** or the **Isle of Eigg Trust**, were in addition clearly local citizens' initiatives, in which all the local citizens took part to some degree as decision-makers and owners of assets. However, the social enterprises in my British sample were not as a rule visibly initiated or organised by parish or community councils. On the other hand, in the Czech Republic, where local councils



even in small villages have bank accounts, own assets, employ people, and have certain decision-making powers, all five projects in the public sector category were directly or indirectly linked to a local council. If the Czech distinction between “state government” (*statní sprava*) and “self-government” in the sense of local or municipal council government (*samosprava*) is applied, we could say that Czech “self-government” bodies were active agents in social enterprise creation, while the “state-government”, including its local branches, did not play such a role. Mutualisation of public services similarly was not an idea I encountered during my research in the Czech Republic.

Returning to the three categories of social enterprises with a charity, business or public body affiliation, some projects interviewed were not easy to fit within one slot. For example, the **Borovna Forest Co-operative** is very much a business enterprise, yet it also has a strong affinity to the local/municipal sector, since the co-operative’s main aim is to care for the woodlands owned by its members: 25 villages and small towns in South-East Bohemia.

Table 4 in section 2.1.3 gives the formal legal structure of the projects interviewed. However, as MacGillivray et al. (2001) have made clear, many so-called micro-social enterprises exist in Britain without a formal structure. In my list, one such a micro-social enterprise in the Czech Republic is documented: the now-defunct **Bioclub Ceske Budejovice**, a small consumer co-operative which existed for several years without the benefit of formal registration.

Based on the discussion in section 1.2.4, I have tried to apply the following criteria to the projects interviewed to see where they fall in terms of being a "real" social enterprise:

**Social enterprise criteria A-E**

**A** - Formal co-operative structure

**B** -Co-operative structure in the spirit of the updated Rochdale principles (active member participation, one-member-one-voice, members own shares. See also Appendix 3)

**C** - Conscious ethical goal of commercial activity (social, environmental or other - e.g. helping communities in transition to sustainable energy use)

**D** - Emphasis on local resources and local production for local consumption, local money flows and employment, local environmental sustainability

**E** - All or large part of income from own resources

This led to the creation of Table 2 with those having all the required characteristics at the top, those having the least at the bottom. It was not always easy to ascribe a given category to a given social enterprise, and the table remains a tentative attempt at classifying what may be unclassifiable. For example, to fit into category B, an enterprise ideally had to have active voluntary governance and serve its members, and the members had to contribute significant share capital. But there were many borderline cases: In the **Ethical Investment Co-operative (10)**, only some staff are members. The **Oxford, Swindon and Gloucester Co-operative society (25)** serves both members and non-members. With **Seven Y Rural Services Network (32)**, I was not sure to what degree members took part in governance. With criterion D, it was hard to ascertain to what extent the enterprise supported the local economy without a detailed analysis. "Own resources" in category E in some cases included state agricultural subsidies and it was not always easy to distinguish between "earned" money and grants and donations (e.g. government support under New Deal scheme.) Also, I did not ask the projects interviewed for a detailed turnover breakdown. Obviously, my approach is thus open to criticism regarding the degree of accuracy in this specific sphere. I did not minutely ascertain whether the social enterprises complying with my E category measured up to the now generally accepted UK yardstick for „established“ and „emerging“ social enterprises: respectively, more than 50% and 25-49% of turnover from trading (Gordon 2005). However, this was not a major goal of my study

**Table 2** *Categorisation of interviewed projects in terms of social enterprise definitions.*

*Explanation: Czech social enterprises are in italics. Reference numbers are according to the alphabetical list of the projects interviewed in Appendix 1. Criteria A-E are explained in the text (p. 97).*

No.	Name of organisation	Area of activity	A	B	C	D	E
18	Laurieston Hall Housing Co-op	Land and property, Food and farming	x	x	x	x	x
19	London Rebuilding Society	Finance	x	x	x	x	x
21	West Mendip Credit Union	Finance	x	x	x	x	x
25	Oxford, Swindon and Gloucester Co-operative Society	Rural services	x	x	x	x	x
29	Port Appin Community Co-	Rural services	x	x	x	x	x

No.	Name of organisation	Area of activity	A	B	C	D	E
	operative Ltd.						
32	Seven Y Rural Services Network	Food and farming	x	x	x	x	x
39	Tablehurst And Plawhatch Community Supported Farms	Food and farming	x	x	x	x	x
51	<i>Chotebor First Credit Union</i>	<i>Finance</i>	x	x	x	x	x
10	Ethical Investment Co-operative	Finance	x	x	x		x
12	First Dorset Credit Union	Finance	x	x	x	x	
27	Peak District Products	Arts and crafts		x	x	x	x
28	Phone Co-op	Rural services	x	x	x		x
41	Trans-Fife Community Transport	Rural services		x	x	x	x
42	Treehouse	Food and Farming, Rural services		x	x	x	x
48	<i>Bioclub Ceske Budejovice</i>	<i>Food and Farming, Environment</i>		x	x	x	x
64	<i>Ostrolovsky Ujezd Agricultural Co-operative</i>	<i>Food and Farming, Land and Property</i>	x		x	x	x
3	Beechenhill Farm	Food and Farming			x	x	x
7	Chipping and District Memorial Hall	Land and Property, Rural Services			x	x	x
13	Full Circle Fund	Finance	x		x	x	
14	Glastonbury Trust	Finance, Enabling and Umbrella, Environment			x	x	x
15	Growing with Nature	Food and Farming, Environment			x	x	x
17	Isle of Eigg Trust	Land and Property			x	x	x
20	Made in Stroud	Arts and Crafts, Food and Farming, Rural Services		x	x	x	
26	Peak District Farm Holidays	Food and Farming			x	x	x
30	Radford Mill Farm	Food and Farming			x	x	x
33	Somerset Food Links	Enabling and Umbrella, Food and Farming		x	x	x	
35	Stonesfield Community Trust	Land and Property			x	x	x
44	ViRSA-Villages Retail Services	Enabling and Umbrella,	x		x	x	

No.	Name of organisation	Area of activity	A	B	C	D	E
	Association	Rural Services					
45	West Dorset Food and Land Trust	Enabling and Umbrella, Food and Farming		x	x	x	
46	WyeCycle	Food and Farming, Environment			x	x	x
47	<i>Agrica Tour</i>	<i>Food and Farming, Environment</i>			x	x	x
50	<i>Borovna Forest Co-operative</i>	<i>Land and Property</i>	x			x	x
52	<i>Cizova Housing Co-op</i>	<i>Rural Services</i>	x		x		x
53	<i>Colourful World</i>	<i>Arts and Crafts, Enabling and Umbrella</i>			x	x	x
54	<i>Communal Heating in Svaty Jan</i>	<i>Rural Services</i>			x	x	x
56	<i>Firemen's Insurance Company</i>	<i>Finance</i>			x	x	x
57	<i>Gemini Farm and Workshop</i>	<i>Food and Farming, Land and Property, Arts and Crafts</i>			x	x	x
58	<i>Hana's Traditional Czech Handicrafts</i>	<i>Arts and Crafts</i>			x	x	x
59	<i>Hostetin Apple-juice Plant in the White Carpathians</i>	<i>Environment, Food and Agriculture, Land and Property</i>			x	x	x
61	<i>Hutzul Farm</i>	<i>Food and Farming</i>			x	x	x
68	<i>Stehlik Publishers</i>	<i>Rural Services, Food and Agriculture, Arts and Crafts</i>			x	x	x
69	<i>Traditional Market in Valasske Klobouky</i>	<i>Arts and Crafts</i>			x	x	x
70	<i>White Carpathian Sheep Partnership</i>	<i>Food and Farming, Land and Property, Environment</i>			x	x	x
71	<i>Zahradky Arts and Crafts Workshop</i>	<i>Arts and Crafts, Land and Property</i>			x	x	x
1	Association of Scottish Community Councils	Enabling and Umbrella			x	x	
2	Beaully Firth and Glens Trust	Land and Property, Arts and Crafts			x		x
5	Centre for Sustainable Energy	Environment			x		x
6	Charity Bank	Finance			x		x

No.	Name of organisation	Area of activity	A	B	C	D	E
9	Envolve	Enabling and Umbrella			x	x	
11	Ethical Property Company	Finance, Land and Property			x		x
16	Honeycomb Project	Environment, Arts and Crafts			x	x	
22	Mendip Vale Recycling	Environment			x	x	
23	Moorlands Telecottage	Rural Services			x	x	
24	National Association of Farmers' Markets	Enabling and Umbrella, Food and Farming			x	x	
31	Rural Environmental Action Project (REAP)	Enabling and Umbrella, Environment			x	x	
36	Strathfillan Community Development Trust	Land and Property			x	x	
38	Sustainable Tourism Initiative	Enabling and Umbrella			x	x	
43	Triodos Bank	Finance			x		x
49	<i>Borovany Agricultural Co- operative</i>	<i>Food and Farming, Land and Property</i>	x				x
60	<i>Hruska Family Farm</i>	<i>Food and Farming</i>				x	x
62	<i>Kopanice Development Information Centre</i>	<i>Food and Farming, Enabling and Umbrella</i>			x	x	
63	<i>Kosenka Environmental Land Trust</i>	<i>Food and Farming, Environment, Land and Property</i>			x	x	
65	<i>Personal Development and Health Trust in Nesmen</i>	<i>Rural Services, Land and Property</i>			x		x
66	<i>Probio Mutual Fund</i>	<i>Food and Agriculture, Finance, Environment</i>			x		x
67	<i>Rose Association</i>	<i>Enabling and Umbrella</i>			x	x	
4	Broomhouse Food Co-op	Food and Farming			x		
8	Edinburgh Community Food Initiative	Food and Farming			x		
34	Standlake and Northmoor Community Bus Service	Rural Services			x		
40	Telework Association	Enabling and Umbrella			x		
55	<i>Countryside Accommodation Association and ECEAT CZ</i>	<i>Food and Farming, Enabling and Umbrella</i>			x		

As Table 2 indicates, only two of the 25 Czech projects studied could be said to have a true co-operative structure in the spirit of the updated Rochdale principles (criterion B, Appendix 3). Of these, one was the informal **Bioclub České Budejovice**, now disbanded, the other, **Chotebor First Credit Union**, was forced to go into liquidation after the EU banking directive 2000/12 came into effect in the Czech Republic in 2004 (see Box 2 in section 1.2.4). While this cannot be taken to mean that true co-operatives are extinct in the Czech Republic, it does indicate that there are few of them about in rural areas. See section 1.2.1 (p. 15) and Box 2 (p. 84) for a brief recent history of Czechoslovakian rural co-operatives and section 2.2.1 (note 3) for comment on the ethos of the Czech co-operatives interviewed.

Criterion C (conscious ethical goal of commercial activity) was true of most of the projects in my sample, as it was the main criterion I used to choose the enterprises included in the study. The two exceptions are the **Hruska Family Farm**, which could be termed an „unconscious social enterprise“ in the sense that all small mixed farms can be said to have an ethical dimension or to produce positive externalities and the **Borovany Agricultural Co-operative**, chosen for its co-operative structure. In some cases, the ethical dimension was not clear-cut, as in project **53**, where an element of support for local craftsmen was claimed and probably existed but no legal co-operative structure had been put in place, thus leaving the power in the hands of the owner of the enterprise.

Regarding criterion D, „localisation“, defined as „Emphasis on local resources and local production for local consumption, local money flows and employment, local environmental sustainability“, it was difficult as mentioned above to draw the line and decide which of the enterprises interviewed truly supported a local economy. In some cases using local produce was seen as an ideal but it was not implemented in practice because it was either complicated or expensive. This was the case of the **Edinburgh Community Food Initiative**, which supplied among others the **Broomhouse Food Co-op**. Similarly, the **Port Appin Community Trust**, whose village shop quintupled local sales of fruits and vegetables, did not source them locally. And, while they did buy in meat from a local butcher, the bread they sold was not baked locally because „nobody here would know how to bake it“. (These words illustrate the difference between the West coast of Scotland and South Bohemia, where days when bread was baked in households remain within living memory).

Like supply, local distribution remains a problem in many cases. The **Hostetin Apple-juice plant**, which has a marked localisation ethos and is described in the following text as a shining example of „localism“, has been marketing part of its produce through a supermarket chain because it was unable to find enough local distributors. In some cases, it is the ethos which is missing. Thus, while the **West Dorset Food and Land Trust** at its inception supported mainly local producers with environmental sustainability a primary goal, it has in the last years shifted its focus to consumers because, according to its founder Tim Crabtree: „Many of the (local) producers were happy to see their products sold in London in expensive shops rather than engage with an agenda of supplying organic food to lower income families around Bridport.“<sup>2</sup>

This and other reasons have led the trust to a consumer-led strategy: „We have established healthy eating initiatives in schools, including a fruit scheme which supplies fruit and co-ordinates the preparation of fruit every day by parent volunteers into fruit salad, a fruit and vegetable stall which sells to parents at the end of the school day, and our latest initiative which is to supply a simple hot lunch (soup, a roll and a flapjack) to children in primary schools... The Trust works with a wide range of partners such as primary schools, day centres for older people and also people with disabilities, schools for children with special needs, etc...The food that the Trust purchases for these programmes is ideally local and organic, because this will be the most healthy and sustainable.“ (Crabtree, 2005). The Trust has been spectacularly successful with its emphasis on enhancing both the demand for and the supply of local food, and the ratio of supermarket as opposed to local food purchases has fallen dramatically in the West Dorset area.

Besides the **West Dorset Food and Land Trust**, the following projects were good examples of enterprises with a „localisation“ ethos successfully implemented in practice: One was **Radford Mill Farm**, an organic farm of 100 acres and a great variety of crops and animals in the Bristol area, which sold all its produce locally through local markets and a box scheme. Another is **Growing with Nature**, an organic market garden on 3.5 acres of land which has won several awards for its box scheme. As well as selling their own fruits and vegetables, they buy in vegetables from 5 other local growers and sell the produce of a total of 50 acres in recyclable bags within a 15-mile radius. Alan Schofield, who manages **Growing with Nature** with his wife Debra, does not see the 500 people who buy their fruits and vegetables

as clients. Rather, he feels they are all members of a "vegetable club", who share a commitment to a more wholesome lifestyle. "'Organic' is only part of the picture," he explained as we sat drinking tea at a beautiful wooden table in their self-designed and self-built rural home Northeast England. "You can buy organic ready-made pizzas, chips and even Mars bars, produced in monstrous factories. But we feel that cooking can be fun as well. Sit down, have a real meal, draw the family together." Like **Radford Mill Farm**, Alan and Debra organise open days at the farm and publish a newsletter for the club members which features recipes for meals such as aubergine garlic bread, grilled courgettes or spinach with cheese. "Most of our customers are like us," Alan adds. "That's our biggest selling point."

**Tablehurst and Plawhatch Community Supported Farms**, another successfully localised farming enterprise in an affluent area south of London, are one of the few truly community-owned farms in Britain (see also Soil Association undated b). Totalling 500 acres, they are mixed, organic and biodynamic, one of the farms having belonged originally to Emerson College, a Rudolph Steiner College in Forest Row (4000 residents). Like **Radford Mill Farm**, they add value to their produce, making three kinds of cream, six types of yoghurt, five cheeses, selling milk in returnable bottles, all from two farm gate shops. They also mill their own grain, selling the flour to a small bakery in the village, and cut and sell their own meat. Chris Marshall, chairman of the board of the farms, admitted being "astonished" when he tasted food from the farm for the first time. "This has really educated me about how bad the food is in this country," he told me. Besides the quality of the food, local people appreciate that they can see how their food is grown and made as well as the privilege of free access to farmland (a privilege however enjoyed as standard in the Czech Republic).

The **Treehouse** is a shop and restaurant in the centre of the Welsh town of Aberystwyth which runs a box scheme and sources most of its vegetables from six local growers. As Jane Burnham, the owner, told me, a survey showed that "local" was a higher priority for shoppers in her store than "organic".

The members of **Laurieston Hall Housing Co-op** in Southwest Scotland have opted for a different strategy. They started in 1972 as a radical commune, committed to growing a large part of its food in order to escape the money economy. Thirty years later they have become a co-operative. The members still live off the land to a large extent, spending half of their week working in the walled garden, milking cows,



producing cheese, gathering wood, and repairing the house. In addition, like the other projects, **Laurieston Hall** has contrived to produce paid jobs for its members. All is effectively organised and regulated, as discussed towards the end of section 2.1.3.

**Made in Stroud** also have a strong commitment to a local economy. "Our main aim is promoting local products for local people," Clare Gerbrands, one of the two directors of the organisation, told me. Like **WyeCycle**, they organise farmers' markets, and in addition have opened a co-operative shop in Stroud where they sell the products of local craftspeople. They are also working on a certificate for local farmers and food producers.

The local food movement is very strong in Britain, and during my stay I was given many local food directories from different regions aimed at linking consumers with farmers and growers. In the Czech Republic, the food localisation approach is as yet limited to fringe environmental groups, but in a country where one third of the land is covered with forest, another interesting, albeit perhaps "unconscious" local economy has emerged as a growing number of towns and villages have opted for wood-fired municipal heating plants. One of these is the village of Hostetin, home of the **Hostetin apple-juice plant** (see below and Fig. 11 on p.159). Another is the small village of **Svaty Jan nad Malsi (54)** in South Bohemia, which uses wood chip from its own woodlands to fire two communal furnaces which heat all the public buildings (school, council building, etc.) and several private houses. The local benefits are numerous: money for heating stays with the council rather than leaving the area, there are five jobs connected with the project and the village uses its own wood which otherwise, like the apples in the Hostetin area prior to the apple juice plant installation, may have gone unappreciated and unused. Another advantage may be a sense of security and independence from centralised energy sources. This project serves as an example of the interesting Czech phenomenon - social enterprises linked to local village councils – mentioned above (p 96-97) and discussed on p. 158.

As pointed out by Amin et al.(2001) on the basis of research in three British city environments, the number of successful social enterprises in an area depends very much on what is already there in terms of local social capital. As they remark: „... in Bristol a long history of voluntary sector activity, community activism, civic engagement and alternative lifestyles has helped underpin a vibrant social economy.“ This could be one factor explaining the large number of rural social enterprises I

found in Somerset and Dorset (see map on p. 92). Thirteen of my British case studies were located there, including several important enabling and umbrella organisations.

In the Czech Republic, an interesting conglomerate of social enterprises (59, 62, 63, 69,70) combining benefits for agriculture, local employment, nature and local traditions can be found in the White Carpathian Mountains, in the eastern part of the country (Moravia) near the Slovakian border. A beautiful wooded area noted for its flowering meadows, fruit orchards, and living folk culture, it has been badly hit in recent years by the failure of the wool and fruit markets. The **Hostetin Apple Juice Plant** is one project set up to remedy the situation. Built and furnished with grant support and a loan from the Luxembourg ethical credit organisation, Alterfinanz, in the centre of the small village of Hostetin (220 residents), it produces 130 000 litres of apple juice/year, providing a market for local apple growers and giving them an incentive to care for their orchards, often with valuable old fruit varieties. Like the **WyeCycle** projects, this local-food centered approach has many benefits besides the support of agricultural biodiversity and fruit growers' incomes: it fosters local employment (two full-time and eight seasonal jobs) as well as local pride, gives people access to a healthy local drink, reduces food miles and packaging (the glass bottles are recycled) and taps local resources which would otherwise have gone to waste (thus fulfilling Davey's(2007) recommendation for social enterprises to be site-specific). Financially, the plant has been making a profit since it has repaid the loan.

Situated in the same area, the **White Carpathian Sheep Partnership** has linked the environmental non-profit organisation Kosenka in the town of Valasske Klobouky and two young local farmers who wanted to raise sheep in the teeth of the unfavourable economic climate in the mid-nineties. Sheep were needed not only as a source of income, but to graze the valuable flowering meadows which otherwise would lose their biodiversity. The environmentalists thus found 30 people from all over the country who were willing to invest in a sheep each, bought the sheep with the "absentee owners'" money and leased them to the farmers. The farmers used other capital to buy more sheep, rent land and build fences. The owners have been paid interest on their loan in money or (male) lamb meat, and after seven years they are to get their sheep, or its financial equivalent, back. The government has since re-introduced sheep headage subsidies, and as the farmers rent the "absentee owners' " sheep from Kosenka, they are able to access the subsidies. Kosenka, in turn, gets the sheepskins (which it sells through a direct selling scheme via a university department

in Brno, the Moravian metropolis) and, crucially, has an agreement with the farmers obliging them to graze the most valuable flowering meadows in Kosenka's care each autumn, thus ensuring the survival of rare plant species.

This project is closely connected to a third one, the **Kosenka Environmental Land Trust**. Current Czech land trusts are essentially land conservation trusts<sup>3</sup>. The **Kosenka** land trust is typical, and entails a partnership of **Kosenka**, the environmental organisation, and the local small farmer/landowners. These voluntarily agree to manage their valuable mountain meadows in such a way as to keep up their biodiversity, or, as in the case above, help Kosenka manage the nature reserves in its care. Kosenka, on the other hand, helps them with the paperwork involved in asking for agricultural subsidies and in other ways. The relationships are long-term, complex and based more on friendship and reciprocity than on written covenants. They appear to work very well. As in all the White Carpathian projects, the dimension of local tradition is also present. *Kosenka* is a diminutive of "scythe", and in fact most of the meadows in its care are cut by hand in early summer, giving young people from all over the country a chance to learn this old skill.

Another threesome coexisting in one region are projects **49**, **60**, and **64**. These non-organic farms within a few miles of each other in South Bohemia, would however not define themselves as social enterprises even if they knew the term. Project **49**, the **Borovany Agricultural Co-operative**, is a large, almost 7000-acre mixed post-communist co-operative farm, project **64** (**Ostrolovsky Ujezd Agricultural Co-operative**) is also post-communist mixed, but much smaller (474 acres). The **Hruska Family Farm (60)** has 396 acres and its owners, the Hruskas, started farming only after the democratic revolution in 1989, on land which had been owned by the husband's grandparents before they were forced to hand it over to what later became the **Borovany Agricultural Co-operative**.

The **Ostrolovsky Ujezd Co-operative** is in my own village of Ostrolovsky Ujezd (130 inhabitants), and managed by a local farming family. In 2003 it provided not only permanent and casual employment but also winter snow-clearing, cheap milk<sup>4</sup>, potatoes in autumn, in-kind payments for members of the co-operative whose land it rents, and such specific services as retailing carp, a traditional and local food, for Easter and Christmas. Environmentally, it was also relatively benign, with animal stock and varied plant crops. The animal manure fed the fields and the fields fed the animals. A natural closed loop - but one alarmingly lacking on British farms today.

The environmental and social benefit of small farms is nonetheless as yet not recognised in the Czech Republic. It was not recognised even by the farmer in charge of the **Ostrolovsky Ujezd Co-operative**, Vaclav Nemecek, who told me: „I see no antagonism between small and large farmers“.

### 2.1.2. Personal motivations of the respondents

Visiting the site of most projects and speaking to the people who had made them a reality or who worked in them today, I was often impressed not only by what they said and did, but by their whole personalities. Who are these people, where are they coming from, what made them enter the world of social enterprise and remain there?<sup>1</sup>

One thing which emerges is that, although men tended to predominate slightly in my interviews, both women and men played an important role, and they were young, middle-aged and elderly - one of my respondents was 83.

Another thing which became obvious was that, in an age which emphasises individualism and wars between the sexes, these tend to be projects based on co-operation, within and between projects, local communities, groups of friends, families (see also item 10 in section 2.1.4). In seventeen of the 71 projects, husband-and-wife teams or long-term partners figured in prominent or more subtle ways. This might be expected with enterprises which had a family-farm component (**3, 15, 57, 60, 61, 64, 68**). But there were less obvious marital-professional partnerships as well. Meeting Clare Gerbrands of **Made in Stroud** in the basement office of their local crafts shop, I was introduced to her colleague Kardien who was, it turned out, her husband as well as co-director of the enterprise. In the Lancashire **Chipping and District Memorial Hall**, a new multi-function village hall which has enhanced both the quality of village life and local employment in the village of Chipping, I met rural development worker John Bailey of Enterprising Futures, who helps local communities make the best out of community buildings, and his wife Kate, who originally worked as an unpaid secretary setting up the hall and is now employed as its part-time manager.

John, who had been helping her with the project, got his new job in rural development as a result of the experience he had gained. "I have learned as I went. Now I help other people do it," he explained. John and Kate were among several respondents who started out as volunteers in projects which later led to paid jobs, either in the project itself or in a similar area. With some, this was an unexpected though welcome development. Others, like Vivian Woodell of the dynamically growing **Phone Co-op** or Jaromir Hosek of the **Chotebor First Credit Union** had a clear vision of the enterprise they were going to set up from the beginning. Each worked part-time without remuneration for two years before becoming manager of the successful enterprise they had set up.

Still others have remained in a volunteer role permanently, like Ian McNicoll, a medical doctor in a small Scottish village on the West coast, who has worked tirelessly as chairman of the board of **Port Appin Community Co-operative**, helping its shop to survive and prosper, for more than twenty years (see Fig. 8 in section 2.1.3).

For several of those who were paid from the beginning, often replacing founders who had moved on, a new job in a social enterprise entailed a big, and usually welcome, lifestyle change. "After 25 years of intense commercialism in retail work, I wanted something else," Neil Montgomery (22) explained. Several of the men admitted that substantial salary cuts were involved when they took up the job, but expressed few regrets. "I am earning half of what I was earning before...but it is not all about money," one of them told me.

In answer to the question *Why do you do this work?* many people expressed several reasons, some gave none. Reasons for all we do tend to be complex and often unconscious. The projects are not a representative sample. Yet the following summary of the answers give an indication of the value system, aspirations and feelings of the interviewees, as well as perhaps small pointers to the wider question of what drives social change.

**I like it, love it, enjoy it:** Nine Czechs and thirteen Britons gave variations on this answer. Some spoke of an interest in their work, a passion for it, found the work exciting. "It is my hobby," one explained. Some appreciated benefits such as travelling, helping people, working outdoors. Some had fulfilled a childhood dream. Others believed in their work, found it creative: "Before I just followed orders. The work was anonymous. Here I can work as I feel is right, and I can see the results," says the manager of the **Borovna Forest Co-operative** Rostislav Cermak. "I could never have done publishing work in the former regime. I am grateful that I can do it," Ivo Stehlik (68), told me. And two farmers spoke about a hard, but good life.

**Importance of place, tradition, family, connection with past generations and with children:** Seven Czechs and nine British respondents gave this complex cluster of answers which centred on a commitment to their home environment ("I've lived in this house for 27 years", "I worked for twenty years in London local community development", "I live here", and, in the Czech Republic: "I was born here".) For some, especially in Britain, the commitment grew out of choice ("I wanted to use my skills in a rural environment", "I wanted contact with others in the

community"). For others, especially in the Czech Republic, it was more a question of roots - a combination of loyalty to the village where they were born ("if everybody left for the town, the village would die") and a pragmatic wish to repair the family farmhouse. The latter needs to be understood in the context of a place where traditional whitewashed farmhouses, occupied by one family, have withstood centuries and represent a link to antecedents in a way not often witnessed in Britain. One man explained that when he was adding on rooms on the farm, he was aware that this was what his grandfather had had in mind. (In my Czech sample, projects **47**, **60** and **68** operate from farms owned by their families for generations). Another type of link to the past is voiced by Hana Duskocilova who loves the folk culture handed down from her grandmother and aunts and has based her work on this tradition (**58**). Children are also a motive in this group, directly and indirectly ("I wanted my children to see how animals live", "...how their food grows", "I saw the job advertised on an aeroplane going to New York. I wanted to spend more time with my children and I wanted to do something significant for the agricultural community").

**It is important, a commitment, an opportunity to make a difference, it has long-term worth, it is useful:** Ten people in Britain and two in the Czech Republic explained their motivation with these words. Some explained further: "I am glad I can help others who are in the same situation I was", "I wanted to work with many small companies rather than one large one - they can make a big difference". "I feel this is one of the ways to help nature and the countryside in the area". David Michael, the initiator of the first co-housing scheme in Britain (**37**), put it bluntly: "I am dedicated to this work and I think it is the best thing since people left caves. It is a strong political statement and way of life for others to copy". Two other Britons described their motives as "political". It is a reflection on the difference between the two countries that a Czech would never use the word in such a context.

**Principles and visions of the future, wish to prove something is possible:** While most people had a vision for the future of their organisation, for several a vision of the future seemed to be a strong motive ("I wanted to prove that an ethical company could make a profit," emphasised Guy Hooker of the **Ethical Investment Co-operative** in Edinburgh.) Seven Britons and three Czechs explicitly spoke of the principles which inspired them ("I am against greed", "I do not want to sell to supermarkets", "I have a belief in the capacity-building model of self-help and in

grass-roots community action", "I am a strong believer in farmers' markets ethics", "It is better to come to a mutual agreement with people than to give them orders").

**We felt there was a need:** This was probably a motive for many of the projects, but in three British cases (**12, 19, 34**), a perceived need in the community (for credit and for public transport) was actually stated as the main reason for setting up the project. In the case of Petr Dostalek and his wife Gabriela, the founders of the Czech **Bioclub**, the need was also their own: they wanted better access to organic food.

**I was motivated by the others:** Once the **Bioclub**, a small informal food co-op, started work, friendships formed and the emphasis shifted from sharing bulk food orders to sharing ideas. Three other people reported that the work atmosphere in an enterprise was an important part of their motivation: "This is a fantastic group of people - they are all interested in what the bank is doing!" said Matthijs Bierman, managing director of the Bristol **Triodos Bank**, describing his colleagues. "It is a no-blame culture," said Janet Davies, speaking of the atmosphere in the micro-credit initiative **Full Circle Fund** in Norwich.

**Disenchantment with the status quo:** This was an important motive for five people for starting or moving into a social enterprise. Among others, they did not like work in mainstream agriculture (**15**), corporate sleaze (**10**) and, in the case of the Czech credit union, the patronising attitude of banks to clients (**51**). Jane Burnham, owner of the **Treehouse** in Aberystwyth, described the reasons behind her defection from a job in public relations for the Central Electricity Generating Board in the mid-seventies: "At first I found the job challenging. But soon it just felt like lying."

**I was inspired by a book:** Four people specifically named books they had read as a decisive influence on what they were doing. These were: Kathryn McCamant: *Co-housing*, Jules Pretty: *Regenerating Agriculture*, the American book *Farms of Tomorrow Re-visited* and the novels of Thomas Hardy.

**Other motives and inspirations, said and implied:** Three people mentioned money as a motive ("It pays my mortgage"), several spoke of personal experience, like Hana Duskocilova (**58**), who became interested in working with handicapped people after her son developed a vision disability. "Nobody else will do it," was the resigned sigh of two Czech local council members (**52, 67**). And coincidence (or fate?) seemed to be instrumental in some people's choice.

Inspiration by ideals, mediated by friends, peer groups, religious or political groups or simply "the times" obviously played a role in the deeper motivations,



though not usually explicitly alluded to in the interviews. The roots of respectable and established organisation are sometimes unexpected: "It was set up by a load of old hippies in 1979. Quite off-the-wall then," Sarah Frankish, finance manager of the streamlined **Centre for Sustainable Energy**, a 30-staff, £ 1.2 million-turnover social enterprise based in the Bristol Create Centre, told me. Several other British projects were influenced by the hippie and back-to-the-land movement in the early seventies, and the Prague Spring ideals played their part in at least one Czech project. The environmental ethos was more influential among the Czechs, the co-operative ethos among the British. Two people specifically mentioned the Mondragon co-operatives as inspiration. In addition, I discerned at least one active Quaker and a Methodist, and three projects, including the **Triodos Bank**, are linked with Rudolph Steiner's philosophy (Antrosophy). Inspiration for some Czech projects came from Austria (54) and from the U.K. (65), while two British respondents were partly inspired by farms and markets in Central and Eastern Europe (3, 24).

I had wanted to know what it was that made people start and continue in these social enterprises, despite work that is often difficult, misunderstood, uncertain, badly paid, or unpaid. A cluster of reasons has emerged from the depths, though a lot may remain submerged in time, place, the unconscious. Perhaps a prime reason is simply the active and practical and at the same time unselfish and thoughtful personality of many of these people. "If you have a good idea, it is worth doing badly at first," Simon Brooks of **Moorlands Telecottage** told me. Farmer Sue Prince (3, 23) used the following metaphor for her many-stranded work: "Basically, I am a mother...I want all my little offspring to thrive and do the best they can." And Sheila Reynolds, the hardworking volunteer behind the **Peak District Products** marketing group, summed up her view of life thus: "I have a philosophy: If it isn't jam and cream today, it is jam today and cream after".

### 2.1.3 A look on the inside: structure and governance

While the visible activities of a social enterprise can be compared to a smiling face and co-ordinated body, neither face nor body could work very well if they lacked a skeleton. The skeleton alias the organisational structure of a project may seem boring, but with the exception of very small and informal groups<sup>1</sup>, it is needed to clarify and regulate the rights and duties of the organisation vis-à-vis the world as well as the internal power structures within. Which pigeonhole offered by the state should we occupy? Do we get a tax rebate and access to charity funding? How do we relate to our stakeholders - and who are they ? Who decides about future strategy? Who is responsible to whom and who does what and when? These are questions most social enterprises must face<sup>2</sup>.

In addition to the bones of social enterprises, I will touch on the much less tangible issue of soul, especially the soul of a co-operative, and try to explore its relationship to scale, ethos, and legal structure. My focus will be for the most part on the experiences of British respondents and on British organisational structure, which has a longer unbroken tradition and is changing at a slower rate than its Czech counterpart.

In my British interviews, I have come across five legal models which most of the social enterprises interviewed have adopted in practice. Here is their brief anatomy with notes on the analogical Czech models in italics:

*Table 3 Overview of legal structures of social enterprises in Britain and the Czech Republic<sup>3</sup>*

**Private limited company**, synonym: **company limited by shares**. This is the classic business model, with private shareholders who are the owners of the company. Liability is limited. The amount any shareholder can invest in shares is unlimited and the amount of votes depends on the money invested ("One-pound-one-vote model"). Surplus goes to shareholders unless they decide otherwise. This model can in practice be administratively adapted to co-operative or semi-co-operative status (Plunkett Foundation, undated). There are other business legal forms (**public limited company**, **partnership**, **private business with unlimited liability**). For the purposes of this report, I group them all under **business enterprise**. *There are analogies in the Czech Republic.*

**Industrial and Provident Society (IPS)**. This is the original organisational form created for co-operatives in the nineteenth century and it is still viable today. According to Pat Conaty<sup>4</sup>, there are over 7000 IPS registered in England alone. The

owners of the society are its members, they invest in it through shares. Liability is limited. There is an upper limit on the shares one member can own. Control of the organisation rests with all members equally (i.e. "one-member-one-vote" model, in larger co-ops delegated via annual general meeting - AGM, which elects a board of directors). Surplus goes to members unless they decide otherwise. There is however a modified IPS where some or all members only have £1 shares and do not benefit from surpluses.<sup>5</sup> The **Friendly Society** is similar to the IPS. *There is an analogy in the Czech Republic, the co-operative ("druzstvo").*

**Association.** This is a legal model with a democratic governance structure. Members are individuals or organisations, they are not owners, and the organisation does not issue shares. *There is an analogy in the Czech Republic (obcanske sdruzeni).*

**Charity, Charitable Trust.**<sup>6</sup> A charitable trust does not have owners but is governed by unpaid trustees. Such a body, set up with a trust deed, serves a defined public benefit. All surpluses must be ploughed back into the Trust to serve this benefit. It is regulated by the Charity Commission and has tax-exempt status. On the other hand, it is not incorporated: liability is therefore unlimited. Other organisations, such as **Companies Limited by Guarantee** (following) may obtain charity status if their activities are found to be serving a public benefit. Such a charity status, accorded by the Charity Commission, is a tax category, not a separate legal structure on its own.

**Company Limited by Guarantee.** This is a non-profit legal model. The organisation is owned and governed by its members who contribute 1 £ as a symbolic share and are liable up to that amount only. Normally there is no share capital and members have no right to a surplus. However, as with the company limited by shares, the rules of an individual organisation can be adapted to co-operative or semi-co-operative status.

*There are three legal models of **charitable/voluntary/non-profit organisations** in the Czech Republic at the moment: the foundation ("nadace") should have assets and often distributes resources, the non-profit organisation ("obecne prospesna spolecnost") does not issue shares, all surplus is ploughed back into the organisation and it is governed by unpaid trustees, and the citizens' association ("obcanske sdruzeni") is usually a voluntary organisation with members, governed by an elected board and an AGM. In this text I will refer to them as "**charities**" for simplicity. The charity law as I write is changing. Some legal forms may be terminated and the British model of charity status granted on the basis of defined criteria may be adopted.*

*Among the Czech projects, several are part of the **local (village) councils/municipalities**. I use the terms interchangeably since in the Czech Republic in theory at least the local administration of a small village and that of a city have similar rights and duties: they can have employees, own land, administer projects, produce their own by-laws, etc.*

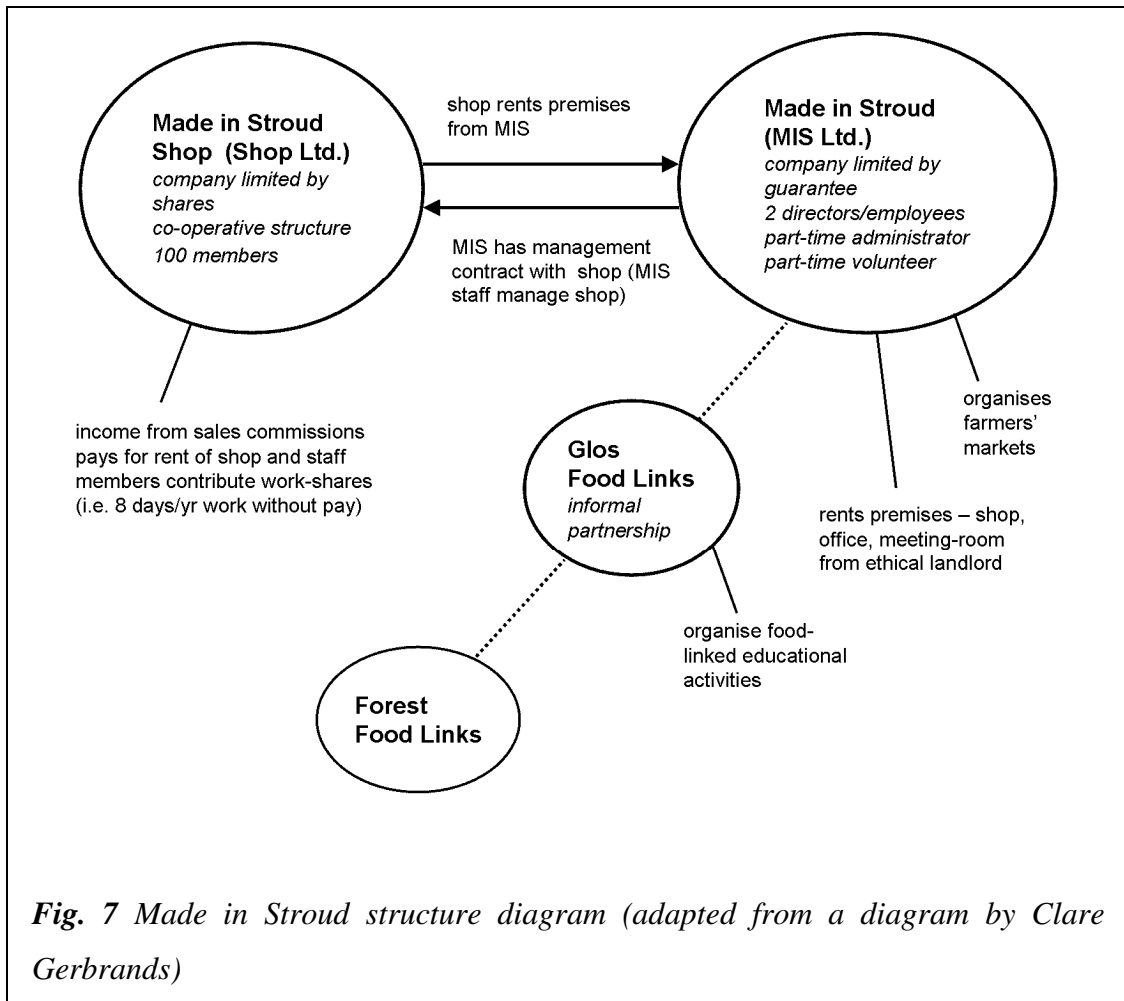
Table 4 (below) shows the legal forms of the social enterprises interviewed in both countries. The structures they had chosen seemed to work well in most cases. Sometimes there were minor problems. In the case of the **Tablehurst and Plawhatch Community Supported Farms**, the Charity Commission objected when a charity which owned one of the farms wished to donate it to a newly formed co-operative group, although the step appeared to be a good thing for the farm, which at that point was facing bankruptcy. After several months, the issue was resolved by a compromise. John Bailey of **Chipping District and Memorial Hall** finds the charitable trust structure his project has chosen less onerous, less bureaucratic and restricted than other forms. "On the other hand," he emphasised, "as a trustee you are legally liable if the charity loses assets as a result of your decision. You would have to pay the money yourself. A charity trustee must act as a prudent man of business, do nothing reckless or illegal." **Strathfillan Community Development Trust**, on the other hand, is a company limited by guarantee. "It entails a bit of administration, such as an audit, membership records, filling in forms and lodging them with the company house," conceded Sue Wyllie, the development manager. "Since board members are not legally liable, we need to be transparent and accountable."

**Table 4** *Formal legal structure of interviewed enterprises in Britain and the Czech Republic including numbers of projects in each category*

<b>Legal structure</b> (see Table 3 for details)	<b>Britain</b>	<b>Czech Rep.</b>	<b>total</b>	<b>Individual projects numbered as described in Appendix 1 (Brit./Cz.)</b>
business enterprise	6	8	14	3/11/15/30/37/42//47/53/56/57/58/60/61/68
co-operative	11	5	17	10/12/13/18/19/21/25/28/29/32/39//49/50/51/52/64
charitable trust	2	2	9	7/35//62/65
comp. ltd. by guarantee only	5	–	5	20/27/36/40/46//
comp. ltd. by g. plus charity	9	–	9	2/4/5/8/9/14/17/41/45//
IPS plus charity	1	–	1	44//
association	3	3	6	1/24/26//55/59/67
local council projects	–	2	2	//54/71
do not have their own legal status	6	5	11	16/22/23/31/33/38//48/63/66/69/70
other	3	–	–	6/34/43 //
total	46	25	71	

In contrast to Czech legal forms, which do indeed seem to resemble a bone structure, the British ones are surprisingly flexible. For example, while the IPS (or Friendly Society) model is meant for co-operatives and most of the "true" co-operatives in the sample do tend to espouse it (e.g. **25,28,29,39**), it is also successfully used by the **Full Circle Fund**, the micro-credit initiative of the Women's Employment, Enterprise and Training Unit in Norwich (WEETU). The **Full Circle Fund**, which administers a small loan fund in a disadvantaged area mainly for women wishing to set up businesses, is registered as an IPS. However, it has not issued members' shares and the contributors to the loan fund (currently a bank and several charities) are not members of the IPS. Its only members are six (voluntary) board members who meet monthly to make decisions on loans. Five staff members who work with the women, organising courses for them, etc., remain employees of WEETU, a company limited by guarantee. "The structure has worked well, although since we have come under the Financial Services Authority, it has become more bureaucratic," Janet Davies, the financial manager, told me.

While the **Full Circle Fund**, which is not a co-operative, has been using the IPS model, the **Made in Stroud** shop, definitely conceived as a co-operative, is registered as a company limited by guarantee. Located on a busy street in the small town of Stroud, it sells only the products of local crafts people and artists. These are members of the co-op, run the shop via a management committee and are entitled to equal shares in the profits (members' dividends), though, as Clare Gerbrands admitted, so far there haven't been any. Members, who numbered 100 in 2002, also help out at the shop 8 days per year without pay. Clare and Kardien, who were instrumental in setting up the shop and now manage it, are not employed by the co-op. Instead, they have their own organisation, another company limited by guarantee called **Made in Stroud Ltd**, of which they are both employees and directors. **Made in Stroud Ltd** rents premises from the landlord, leases the shop to the co-op, and manages the shop for it on the basis of a management contract. In addition, it organises farmers' markets and works on many other local-food projects in co-operation with another organisation, Forest Food Links (see Fig 7). The system works well, although Clare says it took a lot of time to figure it out. Where did they find the expertise? "We were helped by Cooperative Futures, a support body for new co-operatives", she explained.



The Charity Commission, to give another example of British flexibility (which has nothing to do with dishonesty), decided after long deliberation to accord charity status to **Charity Bank**, set up to give loans to charitable organisations otherwise not able to access finance. The **Charity Bank** (formerly Investors in Society), based near London, is a company limited by shares. It has a bank licence and is regulated both by the Charity Commission and the Financial Services Authority. "The objects, memorandum and articles of association, and our registration with the Charity Commission all restrict our ability to distribute profit. Only organisations with charitable purposes can actually receive dividends from their shares," Danyal Sattar, the bank's assistant manager, told me.

The double-barrelled strategy of registering both as a company and charity seems to have worked well for much smaller social enterprises than **Charity Bank**. The **Broomhouse Food Co-op**, a 150-member local co-operative shop selling fruits and vegetables in a disadvantaged area of Edinburgh on a volunteer basis, is a good example.

There are hurdles to overcome. "Charity law is not readily comprehensible, and philanthropic and benevolent activity is not necessarily charitable in UK law," Terry Clay, founder of the Somerset Community Food Projects Network<sup>7</sup>, an umbrella group for local food projects, told me on the phone in early 2002. "They can say yes, and they can say no. We have been through this loop and have had to alter our aims to obtain charity status." He does see the charity plus company registry as a good idea, though, because the organisation is then more eligible for grant funding. Sarah Frankish of the Bristol **Centre for Sustainable Energy**, another company/charity focused on education, research and implementation in the field of renewable energy, agrees: "It is a good structure. We had access to charitable trusts and other sources of funding. Although now that our turnover exceeds one million, it tends to be more difficult to attract money from charities..."

Industrial and Provident Societies can also obtain charity status, as witnessed by the Radford Mill Development Group, a project set up by a group of farm workers from **Radford Mill Farm**. Their main aim was to renew the derelict mill that gave the farm its name, converting it to a farm shop, café and workshop space. When I met Kate Allport in March 2002, the project was still at an early stage. She described her current dilemma: "We will need access to public funding and are thus considering becoming a charity. On the other hand, this would mean a separate tier of volunteer trustees while we would prefer to be more of a co-op, where the workers are also the managers and have a real sense of ownership for the business." In the end, Kate contacted a lawyer, who helped the group register as an IPS with charity status. Peter Jones, the director of another IPS with charity status, **ViRSA (Villages Retail Services Association)**, told me: "Our organisation helps small shops survive. We started out in 1993 as an IPS, and in 1997 we obtained charitable status as an Educational Trust. We have been able to persuade the Charities Commission that we are providing a service which is regarded as charitable."

Although social enterprises with an IPS structure voiced no complaints about its functioning in my interviews, one nascent project opted for a different strategy. The **Stroud Co-housing** project, probably the first of its kind in Britain, is a housing development not too far from the **Made in Stroud** premises. What made it special was its communal dimension: each of 35 householders was to be an equal shareholder in the Stroud Co-housing Company, a private limited company which was to own the land and communal house. The shareholders would have 99-year

leases on their homes. Decision-making was to be by consensus, communal suppers were to be cooked by rota, and special garden, parking, etc. committees would take care of other common issues. "Why have you chosen a public limited company if you function as a co-operative?" I asked. "It's a well-trying and tested off-the-shelf structure, works well and is known to banks and lawyers," David Michael, the enthusiastic managing director of the company, e-mailed back. "A limited company can look like an IPS if it wants but have more autonomy."

Guy Hooker of the **Ethical Investment Co-operative** voiced a similar opinion: "I don't believe that the structure of a company is that important. (What matters) is the quality of the people, the honesty, character, ethics of the company."

Some would argue that another important feature is scale. While Czech co-operatives were destroyed or subsumed by a totalitarian regime in the fifties (see Box 2 in section 1.2.4), co-operatives in Western Europe grew and flourished into the sixties and beyond. But there was a hitch: many have grown so big that they have lost touch with their members and ethical values and become indistinguishable from commercial enterprises. Can large co-operatives keep their soul?<sup>8</sup> And if so, how do they do it? This is an important question. While most of the projects I studied were small, I was able to interview Vivian Woodell and Peter Couchman, chief personages of two large and very successful co-operatives who were not afraid of their organisations growing and losing their soul in the process. (25, 28).

Both the **Phone Co-op** and the **Oxford, Swindon and Gloucester Society** are large and growing rapidly (see Appendix 1 for details and figures), although Peter Couchman, membership and corporate marketing manager of the latter, emphasised that growth for his organisation was not unqualified growth, but rather „more local shops in small towns and villages.“ Both Vivian and Peter felt that a co-op with a good commitment could overcome problems of scale.

The following is a list of the practical steps both co-operatives have taken to keep communication channels within their organisations alive, to involve members in governance, and to sustain the ethical dimension of their businesses:

### **1.Active recruitment of members.**

Despite an initial decision to keep their co-operative's membership limited to groups such as other co-operatives and charities, motivated by a fear of demutualisation, the **Phone Co-op** decided in 1999 to open membership to all who



apply: any customer can now be a member. The **Oxford, Swindon and Gloucester Society** has an active policy of recruiting members among both customers and staff. However, both organisations also serve a large amount of non-members.

## **2. Good communication with members.**

Both organisations have a members' newsletter. The **Phone Co-op** in addition sends out questionnaires to its members, the **Oxford** society phones a random 1% of members (900 people in 2004) every quarter to seek their views, including views on what the strategic direction of the society should be. „We monitor ways in which members get in contact...and have registered an increase in e-mail traffic,“ Peter told me. The organisation also offers its members a freephone hotline and organises members' meetings: „ Each quarter we have four separate members' meetings in different venues, with the chief executive as well as all the financial control people taking part in all of them.“ Inclusion techniques such as small group discussions are used to involve members at the annual general meeting (AGM).

## **3. Involving members in governance structures. Board of directors turnover and influence.**

A postal ballot system supplemented in the case of the retail society by electronic and telephone voting ensures that a substantial number of members (35% of **Phone Co-op** members in 2001) actually vote in the annual elections to the board of directors, even only a small minority attends the AGM. In 2002 Peter Couchman told me: „We have developed rules to offset the built-in disadvantage of new candidates standing for election against current board members. One of them is that while new candidates have a right to attend all four of our quarterly meetings with members, current board members may attend only one. Another is that we pay for candidates' photos, which are sent out together with a brief text by each to all 70,000 members before the elections. We have achieved a reasonable turnover of the board this year, with twelve candidates for seven places, and two board members losing their seats.“

Board members exert an active influence on decision-making in both co-operatives. With the **Oxford, Swindon and Gloucester Society**, the 14-member board, only 4 of whom at most are staff members, meets every three weeks and makes major decisions regarding co-op policy. With the **Phone Co-op**, as one would

expect, most meetings are done by phone conference, although they do meet twice a year personally to generate the yearly budget, business plan, etc.

#### **4. Active members' groups and ethical policies**

The **Oxford, Swindon and Gloucester Society** has been successful in helping its members connect around issues. Peter explained: „ There are twelve active members' groups meeting locally and they help shape co-op policy. One issue has been a demand by members for local food sourcing and we are trying to act on this in tandem with the central supplier co-op. We have also banned tobacco advertising from our stores and sell many Fairtrade products.“ **Phone Co-op** members similarly have moved a resolution asking the **Phone Co-op** to develop an environmental policy, and sub-groups of members have worked to give it form.

#### **5. Benefits for members**

Members of both co-ops receive a yearly dividend - share in the company's profits. In the case of the retail society this takes the form of vouchers. The **Phone Co-op** in addition operates an affinity scheme for client organisations (not only members) which have a membership base: the members or supporters who switch to the **Phone Co-op** have the satisfaction of knowing that 6% of the cost of their phone call is paid to the organisation they support.

#### **6. Support for local community and other co-operatives**

One percent of the profits of the **Oxford, Swindon and Gloucester Society** each year are earmarked for grants to community projects (the „community dividend“), and another goes to Co-operative Futures, the co-operative support and development agency which advised **Made in Stroud**. Similarly, Vivian Woodell told me: „We put a yearly percentage of our profits (equivalent to the dividend distributed) into the ICOF loan fund, which is set to support new co-operatives. We are prepared to take high risks with this money.“

The **Phone Co-op** members are numbered in the thousands (though many of these are organisations rather than individuals) but its scope is national. The **Oxford, Swindon and Gloucester Society** members may soon pass the 100,000 mark. However, most of its members reside in Oxfordshire. While Vivian Woodell did not envision a point where size might dilute the ethical and democratic content of his

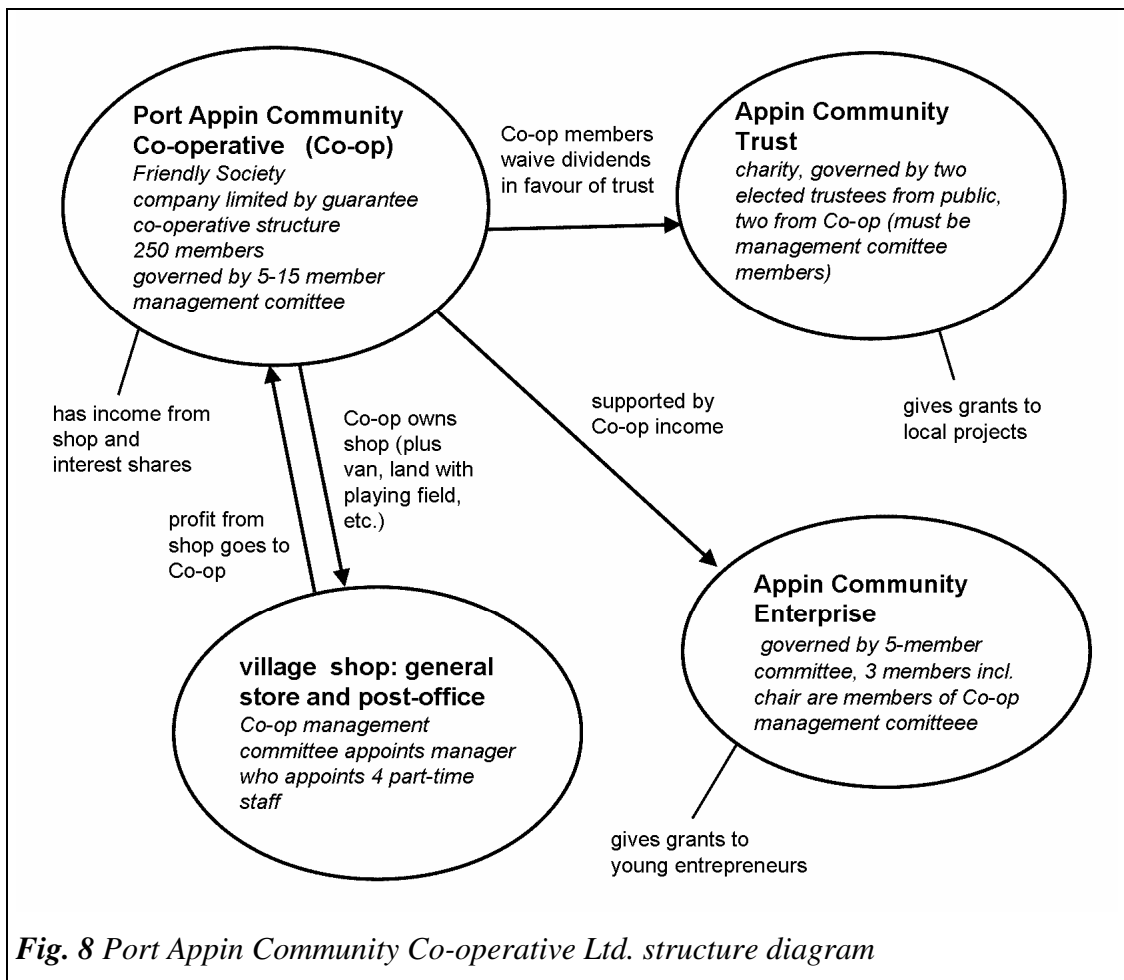
enterprise, Peter Couchman felt that the size of his organisation was optimal: big enough for economies of scale but small enough „to feel part of it“.

According to one respondent, even in an uninterrupted democracy such as Britain with co-op traditions dating to early Victorian times, most co-ops don' t tend to survive long. They have financial problems, lose a charismatic leader, and then either fail or go into decline. While this may be true of many or even most co-ops, on my travels I found several social enterprises that belie such a trend. In addition to the **Oxford, Swindon and Gloucester Society**, described above, there are two other projects, **Port Appin Community Co-operative** and **Laurieston Hall Housing Co-op**, both smallish projects in rural Scotland, which have survived quite well for decades. While the first was a co-operative registered as a Friendly Society from the beginning, the second evolved slowly from a radical commune into a well-regulated system of checks and balances, resembling in some ways the local democracy of traditional villages as described e.g. in Norberg-Hodge (1992) or in my own tradition. The legal structures of both are examples of the intricate and functional British networks of different legal forms linked through ownership, governance, lease or contract arrangements, which we have touched upon in the **Made in Stroud** project and which serve to maintain financial transparency, clarify power relationships and keep in balance the "money-making", "altruistic" and "mutual" poles of the enterprise.

**Port Appin Community Co-operative Ltd.**, although listed in Table 1 under "co-operative", is in the Platonic world of registered legal forms a cross between a Friendly Society and a Company Limited by Guarantee. In the real world it is a thriving co-operative, started in 1983 by the people of a small coastline village (400 residents) in the Scottish Highlands. It has 250 members, and its main remit is the support and management of the local shop, which had been threatened with closure, though it has achieved much more than that. Besides owning the shop which it has completely rebuilt recently, it owns land on which it supported the building of housing for locals as well as a playing field and a van. The co-operative is managed by an 8-member voluntary management group, whose main task is overseeing the shop. It appoints the shop manager/postmaster who in turn employs four part-time staff.

Like a growing plant, the co-operative has sprouted new shoots according to what it had set out to do (Fig. 8). One offshoot is the Appin Community Trust, a charity

with two trustees appointed by the general public and two appointed by the co-operative. The co-op members, who have fixed value shares in the co-op, have voted to waive their dividends in favour of the trust, which has thus over the years been able to support many projects and events, adding light and colour to local life.



Another offshoot has been the Appin Community Enterprise, founded so that members' dividends could go towards financial support for local young people starting their own business. The young persons' savings were matched by the community enterprise, the resulting sum was matched again by the local government agency for business support, and the Prince's Trust would match that again, giving the young man or woman a substantial start-up grant for an independent existence.

This now-defunct system of matching funding was a good thing, argues Ian McNicoll, the local doctor whose father had been a doctor in the area before him and who has served as chairman of the co-op since its inception. What will the future of this social enterprise look like? "We have laid the groundwork for the next

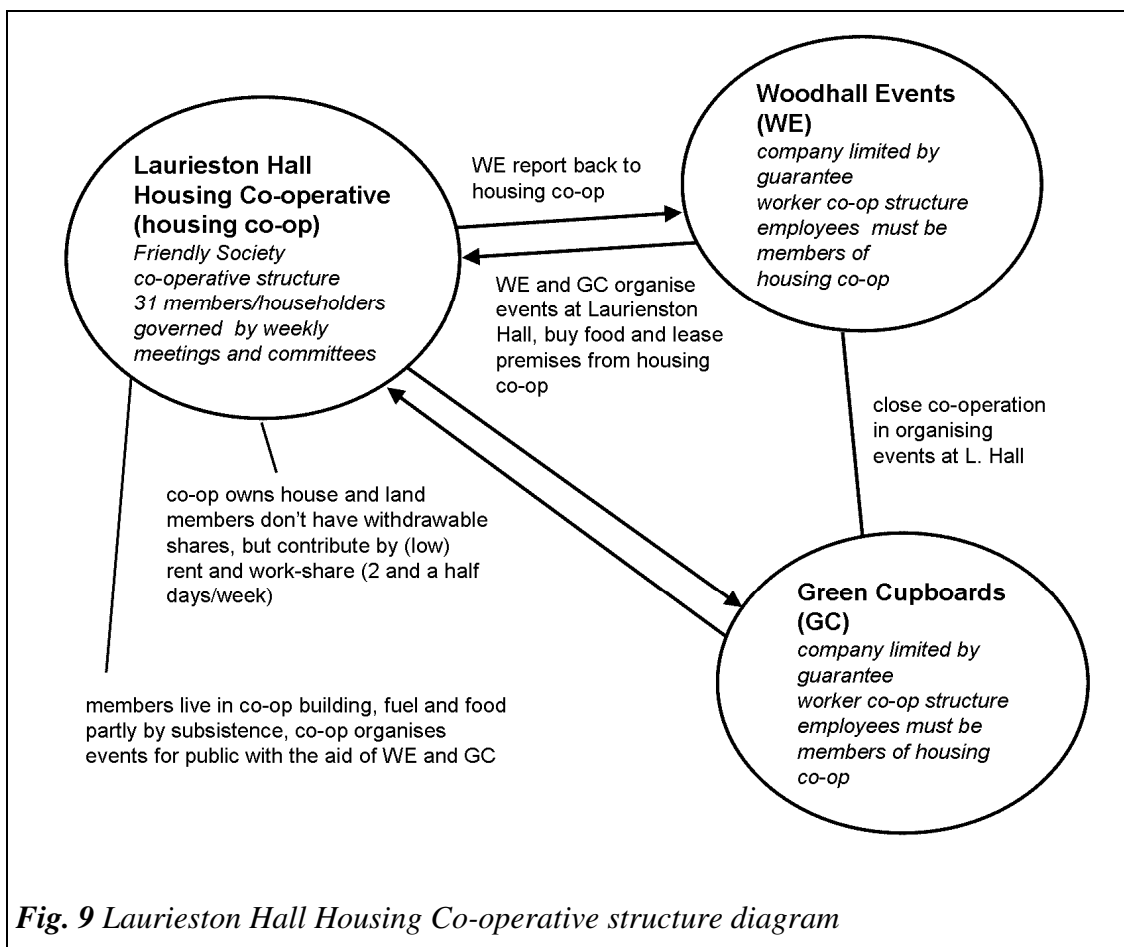
generation," he told me as we sat with his family over a large pink salmon in their pleasant home. "In the future, they may decide to lease the shop to the manager, in which case the profits will remain with him, and although we will get the rent money, we will lose control of what is happening. Or they may decide to take up the cudgel and run it as we do, on a voluntary basis on behalf of the local customers."

Before I was allowed to do an interview at **Laurieston Hall Housing Co-op**, I had to write a letter explaining what I was up to and wait for a reply. Later, I found that my letter had been discussed at the regular Monday meeting of the co-op, which is its principal decision-making body. Lesley Vine and her partner Richard Langley, who had agreed to be my hosts, welcomed me in their cottage on the manor grounds. "We never vote," explained Lesley, who has been a part of the project almost since its beginnings in the early seventies. "Instead, we operate by consensus. If people hold out and don't agree, a veto is effectively possible". Her story of how a radical commune evolved into a complex co-operative structure deserves more space than it can have here.

Essentially, for some years after the group of young people from London bought the old manor house in the remote countryside of Southwest Scotland, there were no formal rules at all. Kitchen, car, income...all was shared. "We didn't have much income," Lesley added, laughing. Almost from the beginning though, the group would organise weekly events for different target-groups, such as disadvantaged city children, and by 1977 the hall had become an established venue for events. The members got more organised, renting out cottages on the grounds for the holidays, and established a housing co-op to integrate the commune members and tenants: "The housing co-op gave us a recognised legal structure, and we borrowed money and paid off the original buyers of the house, who had mostly left by then."

The original group gradually split into smaller "living groups", some people moved into caravans or little houses on the grounds. The income-sharing system came to an end in the mid-eighties. The commune ended but the co-operative remained and, as with **Port Appin**, sprouted new branches as needed (Fig. 9). When I spoke to Lesley in June 2002, there were two companies limited by guarantee linked to the co-op, Green Cupboards and Woodhall Events, though they were thinking of merging into one. "To be employed in one of them, you need to be a member of the co-op," Lesley explained. "It is a way of generating paid employment for the members." Green Cupboards takes care of catering during the events for the public,

which take place between Easter and the end of September, while Woodhall Events organise the events themselves. Green Cupboards uses food grown on the co-operative grounds in the walled garden, and pays the co-op for it. Woodhall Events pays the co-op rent for rooms the guests use. The two companies are themselves organised as co-ops. There are few disagreements about the programme. As Lesley says: "Woodhall events take their planned calendar of events to the Monday meeting and ask: 'Does it look good to you?' It always does."



Since the income-sharing system stopped in the mid-eighties, members have been paying a small rent to the co-op to pay off the mortgage and for maintenance costs. "When we stopped being a commune, all the members decided what the rent would be. We also decided that we would all work here two and a half days a week to subsidise the rent, keep the garden, and keep the lifestyle going," Lesley explained. "Each co-op member is in two of several committees. The finance committee meets once a month and pays the bills, the wood committee organises the gathering and cutting of wood for heating. The garden committee meets more often in spring and

not at all in winter. But there is no dairy committee, although we do make cheese and yoghurt. The people who do it are too idiosyncratic!"

There is a long-drawn out process of accepting new members who only pay one pound when they join and get nothing if they leave. This naturally makes leaving more difficult with age. Most of the thirty-odd members are in their forties and fifties. Pavlina, one of the younger members of the co-op, showed me around the common rooms, dairy and shop in the main house with her baby on her back. She did not seem too concerned about being in a house with a lot of old people. "Somehow, they all seem a generation younger than most people their age I know," she shrugged.

#### **2.1.4 Finding the muscle: financial and other survival strategies of social enterprises**

Stretching the metaphor of legal structure as skeleton, we might think of money as the muscle of an organisation. Money makes possible staff recruitment, buying, refurbishing or renting premises, printing leaflets, etc, giving the organisation more power to do things. Of course, one could argue that this is the bias of a society obsessed by money, that quite a lot can be done *without* money and that money in some cases can even be dangerous. It may, as mentioned in section 2.1.3 cause a social enterprise to become a giant, losing its soul in the process. Money at wrong times and quantities is not always good at the other end of the size-scale, either (MacGillivray et al. 2001).

Perhaps a better approach then would be to take a broader look at the projects interviewed to see how, through what approaches and strategies, they have started up and survived in the current economic environment as viable entities, still doing the things they see as meaningful. Where do they find funding or in-kind support? How do they cope on a practical level? How do they make a living, or livelihood? In short: how do they do it?<sup>1</sup>

Looking at both countries, it is obvious that the social and economic environment projects are born into is quite different in each case and this colours their survival strategies. First: in Britain, and most especially in England, the government takes a back seat, channelling its financial support for projects through a maze of quangos, enterprise and countryside development agencies, etc., while in my own country, government resources are more centralised, distributed according to more rigid guidelines, and fewer. What does this mean in practice? Taking the negative side: there is for example only one government fund available for the projects of village councils under 3000 residents<sup>2</sup>, and successful applications have until recently been chosen at the level of central government. On the positive side, the situation tends to be clearer: *all* half- to full-time agricultural and forestry enterprises, for example, are entitled to a subsidy of their interest payments on loans (see point 2 below). Second: while in Britain there are many large and small charitable trusts and wealthy individuals contributing to good causes, such resources are very limited in the Czech republic. Non-government enabling and umbrella as well as ethical finance organisations are practically non-existent. On the other hand, funding from abroad



and from the EU goes a longer way<sup>3</sup> and seems to be more visible and generous here. For example, an EU grant obtained by the **Communal Heating in Svaty Jan** project required the Czech recipient to match the obtained funds by less than half compared to rules for neighbouring Austria. And local village councils have a stronger position than community and parish councils in Britain. Third: the Czech economy is less monetised, land ownership is more equitably distributed, mortgages are not yet a widespread phenomenon (though this is changing rapidly), the mobility of people and assets is lower and links to place and family tend to be stronger (see section 2.2.1).

Keeping the above in mind, the answers suggest that many survival strategies in both countries are broadly similar. In the following text, I have collapsed the distinction between start-up and ongoing support, as it was often blurred in the projects themselves, and grouped the strategies into fifteen categories, beginning with financial ones and broadening out to the more comprehensive:

**1. Personal savings and no-loans approach.** Starting-up slowly, without loans or grant money, or at least avoiding loans before the enterprise is firmly established, is one approach with a low risk factor and many rewards. Personal savings are often used for start-up capital. Projects **29, 30, 32, 42, 46, 57** and **61** partly or fully fall into this category and seem happy with their strategy. Ian McNicoll of **Port Appin Community Co-operative** told me: "We've been lucky at not having had to take out any loans. That has been the secret of our success!". **The Phone Co-op**, a middle-layer enterprise, has a no-loan policy to avoid higher costs to customers.

**2. Drawing on grant support** from EU, central, regional, local government and charity sources either for start-up or for ongoing activities was a feature of most projects in both countries, though to varying degree. "We got a grant from the district council, bought one second-hand bus...and grew like any other business," Bill O'Sullivan, general manager of **Trans-Fife Transport**, told me about their start-up strategy. **Trans-Fife**, a rural Scottish project which twelve years later has 17 buses, 20 paid staff members, and serves local residents in a variety of useful ways, is about 50% financially self-sustaining, with the remaining expenses covered by a mix of grant funding.

Most of the enabling organisations interviewed are predominantly grant-supported. One example is the Scottish **Rural Environmental Action Project**

**(REAP)**, which helps local groups achieve their goals in support of the environment. "We live on grant income," project manager Kevin McDermott told me, "but we have done a social audit of our work and we try to show that this money is an investment which brings benefit to the area."

The Czech **Zahradky Arts and Crafts Workshop**, on the other hand, located in a small village (270 residents) and administered by the village council, started life with a predominance of grant funding but three years later was 90% financially sustainable.<sup>4</sup> Mayor and project co-ordinator Eliska Novotna points to the rigidity of the government support system which will not give grants for ongoing support of local council projects, even though, as with REAP, they may bring complex benefits to an area. A similar complaint was voiced by Robert Blizenec, whose little rural enterprise (**57**) in a remote part of South Bohemia has been using its profits to restore lost and broken stone pillars, important cultural symbols in a landscape devastated by the forced evacuation of German peasants in 1946. "As a business, I have no chance to get a subsidy, tax credit or any other support from the government, even though my goals are social and environmental," he said, citing with approval the more differentiated approach espoused by the Ford Foundation, whose award his project won in 2000: "They don't care what you are, but what you do."

While Robert's point is valid in principle, the truth is that as a part-time farmer he does get government farming subsidy. A mixture of subsidies including headage payments and a land-management subsidy accounted for 10 to 30% of the turnover of projects which had a farming component in the Czech Republic (**47, 49, 57, 60, 61, 64**) and seemed to be an important survival factor. In addition, all enterprises whose earnings from farming and forestry exceed 50% are eligible for a government subsidy of interest payments on loans. "We have thus been able to pay a stable 1% or 2% interest on our loans, regardless of the real rates," Milada Bockova, economist of the **Borovany Agricultural Co-operative** (app. 7,000 acres and £2 million turnover), told me. "The enterprise would not have survived without these subsidies. Why, at one stage, interest rates were 133%!"

**3. Government procurement.** There is a difference, albeit sometimes fuzzy, between a grant from government and payment for a service that the government needs to have done in any case. **WyeCycle**, the local-food-and-recycling business introduced in chapter 3.1, sources a large part of its funding from the regional and local government

for the services it provides. **WyeCycle** Director Richard Boden told me: "Ashford Borough Council has become our ally overnight since mandatory national recycling targets came into force. They pay us the rates they would pay the bin man, who now comes only twice a month as opposed to once a week. In addition to that we get a disposal credit from the county council. They pay us £37 for every ton that they did not have to put into the landfill."

**4. Landfill tax and other levies.** The landfill tax made a difference to several social enterprises in the study. For example, **Mendip Vale Recycling** received its main start-up grant of £30,000 from the local waste disposal company as part of the landfill tax scheme, enabling it to buy a cardboard shredder for £15,000. In a similar levy known as the "energy efficiency commitment", energy supply companies are obliged to deposit a percentage of their income in a fund offering a source of funding which organisations such as the **Centre for Sustainable Energy** then bid for. "Normally, the government tends to grab taxes for its own use but this time it has been unusually forward-thinking," Neil Montgomery of **Mendip Vale Recycling** comments. Working with a partnership of government, the tourist industry, and non-profit organisations (38), Jenny Holland would like to introduce a similar albeit voluntary levy system whereby the tourist agency federations would agree to deposit a small percentage of their income into a fund earmarked for research on making tourism more environmentally and socially sustainable.

**5. Loans from institutions and others.** While some have tried to avoid credit, for others it has been a *sine qua non* of their existence. Did those who applied get credit easily? How satisfied were they? "It wasn't a problem. We have taken out several loans for purchasing buses. We now have a loan from the Royal Bank of Scotland, with stable interest rates and a five-year repayment rate," Bill O'Sullivan of **Trans-Fife Community Transport** told me. Similar satisfaction with high-street banks was expressed by Sue Prince of **Beechenhill Farm** ("We needed a loan to buy cows - got it the next day") and several others, both in Britain and the Czech Republic. The key was often property or land ownership. As Camille Dreissler of the **Isle of Eigg Trust** said, "It wasn't a problem - we have the island as an asset!"

Others turned to less mainstream institutions. The **Strathfillan Community Trust** as a new non-profit organisation would probably not cut ice with a bank.

Luckily, they got a loan from Investors in Society ( see **Charity Bank**) for buying properties for local affordable housing. After several years they will have acquired a track record and will transfer to a high-street bank. The Luxembourg Alterfinanz credit initiative lent money for building the Czech **Hostetin apple-juice plant** after a partner organisation in Luxembourg guaranteed the loan. (In both cases, the loan was only a minor part of a total funding package comprising mostly grants.) **The Phone Co-op** obtained part of its seed funding from ICOF (Industrial Common Ownership Finance), a multi-million pound community development fund. "This is government money and share issue from the public who are not interested in a big return," explained Vivian Woodell, the **Phone Co-op** managing director. According to Naomi Kingsley, who set up the pioneering **London Rebuilding Society**, there are quite a few non-mainstream credit organisations in Britain and the potential membership of the Community Development Finance Association, a recently formed umbrella group, is close to a thousand. (See also **6, 12,13,21** and **43**).

Ivan Karbusicky, the man behind the **Hutzul Farm** in the Krkonose National Park, had not been able to get a bank loan when he wanted to buy land, which the farm had already been using, from the government land authority<sup>5</sup> : "Luckily, the authority agreed to lease the land to us and we have paid for it in instalments. The interest was 12% on the reducing balance." This helped the farm survive the difficult transition from annex of the local state farm to independent business.

"I got all my start-up money from friends as zero interest loans," Ivo Stehlik of **Stehlik Publishers**, farm, publishing house and book distributor, told me over a home-grown home-made meal in the old family farmhouse, cooked by Jitka, his wife and partner in all undertakings. "I think I would not have received credit from a bank and if I had, I would probably be bankrupt by now." When Kardien and Clare Gerbrands were not able to access bank credit for setting up the **Made in Stroud Shop**, they borrowed money from their parents. Private loans as well as donations were important for the start-up of the **Tablehurst and Plawhatch** farms, while loans from members - the organisations who had become clients of the **Phone-Co-op** were an important factor in its early success. "All the loans have now been repaid or changed to withdrawable share-capital, " its managing director told me. The line between shares and loans, like the line between loans and family help and support (see items 8 and 10) is fuzzy.

Box 2 tells the story of the **Stonesfield Community Trust** (introduced in section 2.1.1), which over the years has built 12 houses for local lower-income residents in rural Oxfordshire, and shows how wisely used credit combined with grants, donations and in-kind support can help create a thriving rural social enterprise.

### **Box 3 The financial strategies of Stonesfield Community Trust<sup>6</sup>**

It all started in 1983, when three friends became concerned about the lack of affordable housing in Stonesfield village for young local people, and decided to do something about it. In 1983 they founded a Charitable Trust, one of them donated land and the company of another donated £3,000 to pay for setting up the trust and for architects' fees.

"The trust obtained planning permission for four houses. This drove up the value of the land from £3,500,- to £150,000,-! We took it to the bank as security and took out a loan. We also got a loan from the Quaker Housing Trust and other small loans. Another loan came from the grandmother of a family already living in one of the houses, who had sold her flat elsewhere and wanted to come and live with them. We added on a granny flat, secured her money on it and paid her 10% interest, which more than covered her rent until she died, aged 97, seven years later," Tony Crofts, one of the three who started the charity, told me. Tony, who describes himself as a cross between a liberal democrat and an anarchist, still lives in Stonesfield and actively participates in the trust he helped found twenty years ago.

"We ran the building operations ourselves instead of hiring a building company, saving 30% on costs. Local craftsmen donated their work at special rates, and 15- to 18- year-olds from the local school helped as well. We got the buildings completed by the skin of our teeth in 1989."

"By now there were six dwellings, as we had added the granny flat and divided one house into two flats. We were paying off the loan from the rent. Then another plot of land became available, and the Oxfordshire County Council Education Department was going to sell it by sealed bid. We explained to the District Council that we needed the land for affordable housing, and asked them to help. They did, and lent us £80,000 interest free for 12 months. We were thus able to buy the land. Later, the council reduced our debt to £70,000 and extended it for another 6 months while we built.

"We had the land but the challenge was to find money to build the houses. We obtained it by thirds. The first third as a grant from a large charitable trust and local government agency, the second third as a loan from **Triodos Bank** (then Mercury Provident) and the Ecology Building Society, and the third as loans and donations from local people and from Quakers both locally and nationally."

The trust advertised in a Quaker magazine and asked people for loans. "We pledged to pay them a fixed interest and pay back the capital after twelve years," he explained. "This fixed our finance costs and brought the lenders, who were often elderly people, a guaranteed income. The scheme has worked well, one couple even told us they got more from us than from government bonds. In addition to

this, we suggested that local residents pledge to pay us the price of one pint of milk per day. Twenty-five people covenanted to give us £7.50 per month for four years, this meant a total of £500 from each, including the tax recovered on their charitable giving."

The trustees also sent out mailings to hundreds of local Quakers and spoke at Quaker meetings. "Quakers as far as Derby raised money for us, the National Council of Voluntary Services made leaflets for us. Many local people were committed to the project and many supported us from the outside," Tony, a Quaker himself, says when asked about the ingredients of success of the project.

Within a few months, the money was in place. Five new houses, this time built by a builder as prices had gone down, were finished in 1993 and cost £134,000. Then one of the original founders died and left his house to the trust. "We now have twelve dwellings and have decided it's enough," Tony says, "We have a waiting list, but people don't wait long. Most people move in, stay two or three years, have children, then move on as they become eligible for council accommodation."

The third instalment of the story unfolded as we walked through the village to Glover's Yard. Formerly a small silk-screen factory, it is now converted to a post-office, pre-school, tele-cottage and two houses, and owned by Tony and his wife, Randi Berild: "We took out loans and accessed a government grant to create workspace, converted the property and are now repaying the loans from the rent payments. We have already repaid part of the loan and the bank released its charge on the pre-school so we donated it to the trust. We plan to keep the houses, with the rent for our pension. When we die, they will go to the trust as well."

When the trust is out of debt, around 2007, Tony would like to see the rental income used for improving the social services in the village: "In the eighties, the council provided home carers for elderly people. My mother could live and die in dignity. Perhaps we could return to such a high standard, this time paying for it ourselves instead of having it handed down from government. I believe in devolution and local democracy...but we have a long way to go yet."

**6. Direct selling and adding value.** These strategies were an important factor in the success of **Growing with Nature** (box scheme) and **Tablehurst and Plawhatch farms** (farm shop and added value). In the second case however, a substantial investment (£ 50,000) was needed to make one of the farms viable. With **Radford Mill Farm**, which has a box scheme and sells produce through farmers' and other markets, the financial bottom line was less clear and a new organisation (see section 2.1.3) was being set up to deal with the issue. Farmers' markets (see **20, 24, 33, 46**) are a new phenomenon: in 1997 there was one in Britain (started by **Envolve**), in 2002 there were over 450. As James Pavitt, then co-ordinator of the **National Association of Farmers' Markets (NAFM)** told me, about half of those selling at farmers' markets are small and medium farmers (up to about 200 acres), the rest is a

range of small businesses. From various discussions on the subject, I gathered that the farmers' markets have indeed made a substantial difference and helped the survival of small farms, though in some areas strict rules and high fees were perceived as a disadvantage.

In the Czech Republic, such innovative trends do exist, but they are few and far between. What direct selling there is tends to be done on an informal basis through relatives and friends and often as part of the shadow economy. One Czech farmer told me: "I sell about twenty of my sheep to local acquaintances each year, but though I cull them, officially they are sold as live sheep. I am legally allowed to cull sheep only for my own use." Another organic farmer I know does the same with his cows, giving compassion with the animals as the main reason, as there are no abattoirs nearby. A unique Czech example of adding value is the **Hostetin apple-juice plant** (see sections 2.1.1 and 2.2.1 ). However, despite their pronounced localist ethos, they have had to bow to circumstances and sell a large part of their produce through a supermarket chain.

On the other hand, it must be said that some Czech towns and cities at least have retained an unbroken tradition of "farmers' markets". There are two within 20 kilometres of my village. The larger one (in the city of Ceske Budejovice – see map in section 1.3 ) sells fruits and vegetables, herbs and flowers, tomato and other seedlings, eggs, dried mushrooms, honey and grave wreaths. Much of this is seasonal and produced and sold by locals: "The market is held Thursday and Saturday mornings in a small square in the centre. The town hall pays a pensioner, who arrives at 5 a.m., two hours before it starts. He makes sure only agricultural produce and food products, etc. are sold. Yes, this has gone back as far as anyone remembers. No, there are no other rules. No stalls, people bring their own folding tables and chairs, or come by car. Yes, there is a charge, but you would have to ask the economic department about that. I only oversee the organisation," Mrs Marsicova, town hall employee, told me in a short telephone interview.

Although such vestiges of a bygone day remain, no one as yet thinks of them as harbingers of the future. The local gardeners' association had its own store in the city, which marketed its own and bought-in produce. It closed down.

**7. Marketing and buying groups.** Since at least the days of the Rochdale Pioneers, an important strategy for small sellers and buyers has been forming groups to make

up for their small size on the market. Of the two established small local marketing groups I interviewed (26, 27), both were working well, with members' contributions and voluntary work an existential mainstay. Other interesting local and organic small marketing co-ops were forming on the periphery of my vision, supported by two unusual enabling organisations, **Somerset Food Links** and **West Dorset Food and Land Trust**.

The only buying co-op I interviewed, the **Seven Y Rural Service Network** in Herefordshire, was named after the rivers Severn and Wye. It started from the kitchen table twelve years ago and by the time I came to do an interview, it had grown into a farmers' co-operative with 550 members and a £1 to £2 million turnover.<sup>7</sup> It served its members in many ways besides being a buy-and-supply centre. While the co-operative was prospering, manager Julian Morgan did not try to hide his disenchantment with the situation of farmers in Britain today: "The pressure on farmers is terrific. The prices of wheat and potatoes are at an all-time low, but costs have gone up fivefold." He attributes this to global competition, where British farmers are at a disadvantage because of much cheaper land prices in other countries. "Farmers are desperately trying to reduce costs. Many may soon not be able to afford the commission charge for our services. I see that as our major problem".

There are obviously other marketing groups out there, for big farmers as well as small. Maidencastle Farm in Dorchester (1,400 acres), a non-organic farm supplementing its income with a B-and-B, sells its milk through a farmers' co-operative with 1,400 middle- and larger-sized members. However, the co-op, which has its own milk transport and employs 35 people, still sells most of its milk through middlemen, thus losing a large part of the profits. From the farmers' words, the battle cry seems to be similar to that of the smaller farmers: "We are looking to 'cut out the middle', by making cheese and other end products ourselves."

In the Czech Republic, the large **Borovany Co-operative** depends on three regional organisations whose roots probably go back to Communist days. These sell the co-op's meat and milk, buy inputs for them and help with building plans and permits. While two are nominally co-operatives, I have not been able to find out their true structure. The **Hruska Family Farm** co-operates with another post-Communist enterprise: "It is a limited company, and we depend on it for artificial insemination and for the sale of meat. I phone up the person in charge of our area. I tell him how many animals I need culled. He rings abattoirs in the whole country, chooses the best



price. He organises the transport personally, and gets a small provision per kilogram of meat. I don't think they can get rich on it, but it works," Jaroslav Hruska told me. Two of the sheep farms (**47, 70**) do sell their sheep and wool through a members' association and a co-operative, respectively. "Local" is not a consideration, though: the meat goes to Italy and the wool, unbelievably, to Britain.

**8.Share issue.** For some projects, shares from members (or shareholders in the case of **11** and **56**) have been a crucial source of capital funding. This was true especially of some of the larger organisations (**6, 10, 11, 19, 28**), which could either be expected to make a profit (**10, 11, 28**), or where the shares went into a revolving ethical loan fund (**6,19**). In the unique Czech **Firemen's Insurance Company (56)**, which is registered as a public limited company, 86% of shares are owned by firemen's organisations, and in 2002 had a practice of donating its profits to local fire brigades<sup>8</sup>. The fire brigades, which survived Communism and have a more than 100-year history in many small villages, are a local mainstay, and the importance of this unobtrusive and effective funding for rural culture cannot be overemphasised. A very unusual Czech share-issue project, with members' loan-shares secured on sheep (**70**), is described in section 2.1.1.

Moving from Bohemia to the Scottish Highlands, another example of self-financing for a good cause is the small **Port Appin Community Co-operative**. Shares have been a centrepiece of its financial strategy, or rather survival strategy, because it was the survival of the village shop that called it into being. "Without the shop, the heart goes out of the village, " said Ian McNicoll, pointing to the many hidden social functions (positive externalities) of a village shop. The local people contributed a total of £18,000 in shares. This was matched by another £18,000 from the (former) Highlands and Islands Development Board, enabling the co-op to buy the shop and still have £15,000 left over. They deposited this in a post-office account and drew a yearly interest. The shop soon showed a profit<sup>9</sup> as well, leading to the creation of a community trust and enterprise (see section 2.1.3).

"Our members' shares have a fixed value of £50 each," explained Ian, "though many people own more than one. In practice this means that, although the shop is thriving and the value of the co-op has thus gone up, so that the actual share value is several times higher than the original £50, the shareholders can claim back only the original value of their shares. The shares are also non-withdrawable, and this means

the management committee is obliged to agree to a withdrawal if you either die, move away, or claim hardship. Other than that, you have the right to claim your share, but the management has the right to refuse it. However, if the co-operative ever disbands, the members have the right to divide the assets among themselves." The system has worked very well in Port Appin. Is this because its heart is just where it ought to be?

**9.Shrewd business sense** I was impressed with the business acumen of the British social entrepreneurs. For example, Alan Schofield of **Growing with Nature** distributes his veggie bags only to people who live in close proximity to each other. "If someone lives in an area which is not on the way, I twist their arm and ask them to become a drop-off point for others if they want a home delivery," he explained. Although the **Chipping** village hall is a charity, it is run like any other enterprise, with precisely formulated charges for using the meeting room, hiring the kitchen, etc., for different user groups. The examples of blending a social and environmental ethos with a clear-headed business approach are many and inspiring. Obviously, a shrewd business sense is a good survival strategy for social enterprises, and is useful even for predominantly grant-funded ones.

Having said that, let me hand the microphone for a moment to Renata Vaculikova and Milan Drgac, who work in one of the few Czech enabling organisations, the **Kopanice Development Information Centre**. The Czech Republic has its share of sophisticated townies, shrewd entrepreneurs, even idealistic reformers. But the Kopanice region in the White Carpathians (a total of 1500 residents in four villages) is a remote mountain area, and its values are different (see Box 4).

#### **Box 4 Kopanice: A different world**

*Milan:* We had an American Peace Corps volunteer here, her name was Anne. She set the centre up. She could find money for anything...she was very competent. She tried to get the people involved. Sent out invitations to a meeting, but only two local drunkards showed up. She was unhappy

*Renata:* I was born here. We have a small field and some sheep...I studied French and psychology before I came back to work here.

*Milan:* Anne was always trying to produce leaflets. I told her: "These people aren't mentally adapted to attending meetings. Let's go and pay them a visit instead. We'll walk across their garden and then they'll come out, shout a bit and then they'll tell us what their problems are."

*Renata:* The people here have different values. They have always tilled the soil.

But not for profit. Rather, it is something basic to their existence.

*Milan:* Everybody still has a garden, a field. For how long? The old people are dying out

*Renata:* The locals have their peace, their serenity. This is more important to them than the entrepreneurial spirit, which is in vogue now. These people are afraid of entrepreneurship, it is not in their nature.

*Milan:* Anne tried to start up a craft shop. The people here know how to make baskets and other things. But it didn't work. They would have had to register as entrepreneurs and maybe lose their benefits. Besides, they were used to making the things for each other rather than for sale.

*Renata:* Our friends, the environmentalists from the city, come with fresh ideas. They come up against what they feel is indifference, indolence. But it is just a different view of life, a different language almost. Custom is important here, it has more force than ideas from the outside.

**10. Financial and other support from family, friends, locals and like-minded others.** In the Czech Republic, the support of the family tended to play a larger role than it did in Britain, though this may have been because there were more small and rural projects among the Czech interviews. In one case, the entrepreneur's as-yet-unmarried brother agreed to waive his half of the inherited family farm and settle for unbuilt land, on the promise that his brother would later help him build his own house on it. Parents tended to become involved more often, contributing money and unpaid work. On the other hand, British projects were more likely to be members of supportive umbrella groups, and to obtain help from enabling organisations. **The Strathfillan Community Development Trust**, for example, was helped at its inception by the Corrom Trust, which was on the lookout for active community councils and had money and expertise to help them start up a trust, while the Scottish Council for Voluntary Organisations provided legal advice and training.

Several respondents in both countries named a network of friends as very important for their work. Locals and neighbours were another pool of help and advice. Then there were the like-minded others, such as the Quakers in Box 2. In some cases, there was a fuzzy line between "friends" and "like-minded others": **Laurieston Hall**, for example, was able to buy land thanks to a request for funding to friends/former participants on their summer events.

In other cases, a like-minded miracle donor appeared out of the blue. During the public campaign by the **Isle of Eigg** community to buy their own island, an unflattering article in *The Guardian* appeared describing the drunkenness of one of

the trustees on the morning after a ceilidh. This touched the heart of an English millionaire, who ended up donating £ 1 million to the trust, enabling the buy-out to take place<sup>10</sup>. A similar miracle funding story concerns Lida Chrastanska, who single-handedly organised the attendance of 1 600 people at the Transpersonal Conference in Prague. When an American participant learned that she had managed this without even direct access to a telephone, he volunteered a substantial donation that enabled Lida to buy the farm (with telephone) that has since housed her social enterprise (65).

**11. Internal cross-subsidies, property and other commercial activities as source of income.** Several projects used income from one part of their activities to finance another. "Our priority is breeding Hutzul horses," Ivan Karbusicky of **Hutzul Farm** explained. "We support this with income from tourist accommodation, horse-riding and subsidies for grazing and cutting grass in the National Park."

The **Stonesfield Community Trust**, as we have seen, may use rental income from houses it has built to enhance social services in the area. The **Glastonbury Trust** also owns property or, more precisely, owns a limited company that is the landlord of the property. This property, called The Glastonbury Experience, is a building with a courtyard in the centre of Glastonbury, with nine shops and a café on the ground floor. In addition to using income from the property to fund educational and religious projects, the trust also differentiates between market rent, which it charges the shops and café, and subsidised rent for non-commercial enterprises on the top floor.<sup>11</sup> Other organisations which use or plan using commercial activities to subsidise the non-commercial include such varied projects as the **Isle of Eigg Trust**, **Port Appin co-operative**, **Hostetin Apple-juice Plant**, the **Firemen's Insurance Company** and the **Gemini Farm and Workshop**.

On the level of enabling and umbrella organisations, co-operatives such as the **Oxford, Swindon, and Gloucester Co-operative Society** contribute a percentage of their income from commercial activities (dividends) to funds for co-operative development and other causes, and Tim Crabtree of **West Dorset Food and Land Trust**, though emphasising that research and enabling organisations aren't as a rule financially self-sustaining, proposed the interesting idea that, by and by, the commercial organisations they have incubated and launched might help support the Trust financially.

**12. Ethical landlords, subsidised rent and land in trust.** Several projects in the study benefited from a less-than commercial rent. **Made in Stroud** are charged only two thirds of the market rent by an ethical landlord. The Southside Food Co-op in Bath, a project of **Envolve**, benefits from the support of the local council, who lets them use a shopfront one day per week rent-free. Similarly, the **Kopanice Development Information Centre** uses the premises of the village council in Stary Hrozenkov. Sharing premises with other organisations tends to keep costs down (5), and the **Ethical Property Company** specialises in providing affordable properties for groups of non-profit and social enterprises. The idea of land and assets held in trust by the community rather than in private hands ( 2, 17, 29, 35, 36, 37, 39, 45, 59) is an old and powerful one (see also sections 1.2.2 and 2.2.3).

**13.Sweat equity: Work-share, the volunteer ethos, low-paid and hard work.** Two organisations used the term "work-share" to describe unpaid work: In **Laurieston Hall**, members regularly worked on the maintenance of the hall, in **Made in Stroud**, they spent eight days a year selling their goods in the shop. In these organisations working on a co-operative basis and sharing the risks and rewards of their work, "work-share" was a better word than "volunteering", Kardien and Clare Gerbrands explained, though members of the **Made in Stroud Shop** sometimes did not see it that way. The **Bioclub** is a good Czech example of a micro-workshare project.

As mentioned at the beginning of section 2.1.2, several founders subsidised the start-up of their organisations with unpaid or low-paid work (28, 32, 51). While some organisations have turned fully professional, most continue to rely to a smaller or greater extent on volunteers. Both British transport projects (34,41), for example, have volunteer drivers, and **Radford Mill Farm** in Britain and **Hutzul Farm** in the Czech Republic rely strongly on volunteers. The British volunteer ethos was the stronger, at least as far as active board and management group members were concerned. **West Mendip Credit Union** (21), with 240 members and £40,000 in savings (members' shares) in 2002 is one of several British projects run entirely on a volunteer basis and proud of it. Having said that, the Czech yearly **Traditional Market in Valasske Klobouky** is a miraculous feat of volunteer activity, with 450 on-the-spot organisers, who do everything from cooking the 900 litres of traditional cabbage soup to clean-up afterwards, and many unpaid local groups adding flavour with traditional music.

Many social enterprises were obviously subsidised not only by voluntary work and DIY, but also by hard work and long hours put in by staff. On British farms especially, hard work coupled with low pay seemed to be a problem, and two respondents said that if surplus were available, the farmer's pay would be raised.

**14. Low-cost operation as a complex strategy.** Jaromir Hosek, manager of the **Chotebor First Credit Union**, told me that they had a conscious strategy of cost-minimisation: "The members put together an initial sum of £5,000 and since then, we have been concerned with spending as little as possible. In the first two years I drew no salary and the credit union paid no rent for its small office in the building of our family business. Today we continue to have low overheads, which translates into a better financial deal for members." A similar philosophy was expressed by Matthijs Bierman of **Triodos Bank**, when asked how they can lend to ethical projects with low return rates and still make a profit: "Our secret is: we offer normal interest rates to our members - and make smaller profits ourselves."

In some cases, while low cost was not a verbally expressed strategy, it was still implemented in practice, with surprising results: **Radford Mill Farm** became organic by default, simply because inputs were too expensive.

**15. Subsistence, barter and reciprocity as alternatives to the monetised economy.** The members of **Laurieston Hall** need less money, because they produce much of their food and fuel themselves, and do most of the repairs of their spacious home through DIY. According to the original philosophy of the co-op, this is more than a "lifestyle decision". "For us, the personal was political and the way to change society was to change yourself," Lesley Vine explained.

In an ad-hoc case of Czech local barter, Petr Novak of **Agrica Tour** gives his wool to a factory and gets finished blankets in return, which he then sells directly to clients who come and stay at his farm.<sup>12</sup>

In-kind help can be another path out of the money impasse, and tends to be more stable if it is oiled by a local money system (which I did not come across) or long-term friendly relations and reciprocity. In the White Carpathians, Rostislav Travnicek, a staff member of the Kosenka non-profit organisation, described to me one way the **Kosenka Environmental Land Trust** goes about its task of managing valuable mountain meadows: "Early in the spring, the meadows need to be harrowed

to remove last year's grass. The other day a local small organic farmer rang up and asked me to come and help him get his papers in order, as he was expecting an inspector from the certification authority. I spent the morning with him, going through his questionnaires. As I was leaving, he said: "When the weather is good, I will harrow the nature reserve for you."

Not all is as rosy out there as it might seem from such cameo portraits, however.

### 2.1.5 A threat to the small? The perceived challenges

Though I have in places touched on the problems my respondents were facing, the risk remains of painting an unrealistic picture with few shadows. The shadows were there of course, and the problems of social enterprises were many.<sup>1</sup> Erratic, hard-to-access and inadequate funding was a problem with most projects dependent on outside resources, and "too much to do, too little time" was another refrain, despite the fact that many people enjoy their work and say so. Some problems were specific for the projects concerned. "Who will work-share when we get old?" was an issue in **Laurieston Hall**, while James Pavitt (24) was a bit tired of questions like: "Why can't you sell Harry Potter toothbrushes at farmers' markets?"

National and local government was both praised and criticised, with British local government near the positive end of the continuum and the Czech national government close to the other. "There is no feedback or consultation process, all is top-down, and there is a perverse trend to scrap whatever seems to be working," a Czech local councillor told me. "DEFRA speak another language than anybody else in the universe, " a British farmer sighed, describing stacks of forms filled in triplicate. Another British government critic cut deeper: "We have a government elected by an urban majority, and Tony Blair views farmers as the enemy. We have been called 'the forces of conservatism'! Rural people feel misunderstood and oppressed."

Economic and global issues appeared again and again in interviews. Late payment of bills ("nobody pays anybody"), corruption, and highly taxed human work making employment difficult were specifically Czech complaints. Advertising of junk food was identified as a factor undermining the work of the **Edinburgh Community Food Initiative**. When asked what their main problem was, Kate Allport of **Radford Mill Farm** answered without hesitation: "competition in the global economy". A globalised free market was indeed the common thread linking such complaints as the crash of the Czech wool market (including infrastructure) and producers' dependency on world milk prices, as well as bitter comments on the situation of agriculture in both countries. "It can't be worse than it is now," a Czech small farmer said, when asked if he felt any fears of imminent Czech EU membership. "I've been in the United States," Milada Bockova of the **Borovany Agricultural Co-operative**, told me.



"They just dig a hole in the ground to get rid of their dung-water. We have so many environmental regulations. How can we compete?"

A localisation that we take for granted in my country was a distant dream in Tyndrum and Crianlarich. According to Sue Wyllie (36), children from these Highland villages have fifty miles to go to secondary school, the same distance needs to be covered if you need a dentist or have a sick pet. "People take their cars and drive fifty miles to Oban once a month for shopping," she said. "But what if you are old, or don't drive?"

The pervasive issue of scale cropped up again and again in the interviews and both countries scored equally on this one. For lack of better words it could be described as "a threat to smallness". But what is it really? It seems to be everywhere, yet is as hard to grasp, contain and define as the Nothing in the Neverending Story. Let us look at some of its manifestations to see if a common thread can be found.

Unless you own a helicopter or a private yacht, the only way to reach the Hebrides is by ferry. When I visited the **Isle of Eigg** in 2002, the ferry stopped in the bay, we crossed on to a smaller boat and this took us to the pier. Once in the smaller boat, the sea seemed much more real, and my landlubber's soul brimmed with excitement. However, I soon found that the days of the small boats were numbered. New large piers were being built on Eigg and other islands to comply with EU regulations which stipulate that, for safety reasons, changing from a big to a small boat offshore is not allowed. Ferries must come to the pier. "One lady did hurt her ankle many years ago crossing, but she was soon well again," a local reminisced, explaining that the new pier would be big enough to accommodate the even bigger ferry soon to replace the current one. Local people feared that while the small boat had been agile enough to negotiate almost any weather, the big ferry was likely not to risk landing when the sea was rough. By then the people manning the small boat will have lost their jobs - a precious asset on the islands - and perhaps their expertise. Who will then come to meet the ferry?

"As a large buyer, we get a 16% reduction on fertiliser, seeds, pesticides and chicken feed," Milada Bockova of **Borovany Co-operative** said. "And while small farms might need smaller machinery, the only machines on sale are the big expensive ones. I'm really sorry for the small guys. Another thing is, they can't weather the fluctuations of the market for long. I think they haven't got a chance." "The local agricultural co-operative has 11,000 acres," said Roman Carek, mayor of Cizova and

chairman of **Cizova Housing Co-op**. "It is gobbling up the smaller agricultural enterprises and getting even bigger. Centralising production, scrapping cow-farms in the villages. The problem is, cow-farms were all that remained there. So now there is nothing."

"The Disability Discrimination Act will come into force in 2004," John Bailey of **Chipping Village Hall** told me, explaining why they had decided to build the new hall instead of refurbishing the old one. "It would have been too expensive to install the large aerial in the ceiling that people can tune their hearing aid into, and other implements to enable equal access for the disabled. The Act is a threat to small rural communities: if public buildings such as cafes, shops or pubs don't comply with this law, which may well happen for financial reasons, they will be closed down."

When I first discovered the **Chotebor First Credit Union**, based in a small Czech town, I was overjoyed. Finally a true co-operative, with an ethical approach, low overheads, a common bond policy and a democratic governance system! But my joy turned to dismay on finding that this was in fact a threatened species due to a proposed Czech law, based on an EU directive<sup>2</sup>, stipulating a minimum capital requirement way above the reach of small co-ops. (See Box 2 in section 1.2.4). According to Brussels finance expert Christophe Guene<sup>3</sup>, this EU banking directive is a threat to British credit unions as well. Although they, like their Irish counterparts, have obtained an exemption, the British authorities, under subtle pressure to comply with the EU rule, have been pushing small credit organisations (such as **12, 13, 21**) to comply with ever stricter requirements. British credit unions are now regulated by the Financial Services Authority (FSA), the institution governing banks and building societies. Rosemary Britten of **First Dorset Credit Union** comments: "While there are some advantages, such as an insurance policy, our new voluntary board members will have to fill in 24-page forms with some intrusive and personal questions. It may make them change their minds about applying."

"We've quintupled the sale of fruits and veg in this village. But recently we got hassle from Environmental Health. They said we had to grade fruits and put names on them. I think everybody can tell an apple is an apple, don't you? This imposing of European rules designed for large supermarkets is out of place here!" Ian McNicoll of **Port Appin** told me. "The computer has been a double-edged sword, too. Putting a bar code on each item including each newspaper takes time. Each time the price changes, you have to change the bar code. Work is more skilled so it is harder to

employ casual labour. And since we have been marking debts on the computer, instead of writing them in a book where everybody could see them, credit has exploded. So now we've had to start sending out bills."

While the small social enterprises are threatened the most, the bigger ones are not always immune. Jogging in the woods some time ago, I met Vaclav Zizka from the **Firemen's Insurance Company**. He is not only a voluntary fireman himself but also a member of another important rural network, the Hunting Association<sup>4</sup>, and disappears into the woods for long walks on some mornings. We started chatting about threats to his enterprise, which has 116 staff, a capital of £5 million, and 300,000 clients. "It is a disadvantage to be small," were his words, "there is always the danger of being bought up by a much larger company. So far we have been able to refuse all such offers. We can afford to, as we are surviving well. But we may be pressured into it if, for example, the re-insurance companies raise their rates from 0.5% to, say, 1%, and we lose our price niche in the market. We might be forced to look for a financially strong foreign partner. Then, of course, we would stop being the Firemen's Mutual Insurance Company."

The litany goes on: Vaclav Nemeč (64): "Milk sale conditions have been getting stricter. If they find micro organisms, body cells...we get 4 p instead of 16 p per litre. Better to pour it into the drain in that case." Douglas Murray (1): "The Highlands and Islands Council has a contract to repair faulty items in schools. One school on a small island needed a light bulb changed. The contractor lived on the mainland and had to cross by ferry. He had to comply with health and safety regulations, which meant extra insurance. Altogether, it cost the council £ 250,- to have that light bulb changed." Lenka, Zahradky course participant from the village of Strmilov<sup>5</sup> (71): "I used to keep a small general store in Strmilov. When the supermarkets came, my turnover went down by 50%. Besides, I was pressured to buy a new freezer because new regulations stipulated that vegetables, meat, and ice-cream all had to be in different compartments. I couldn't afford it. Had to close shop." Sue Prince (26): "Our small B and B marketing group accessed an EU grant for Internet development, capital development, and a publicity campaign. I was in charge of the administration. It was out of all proportion! I spent most of my time on it. All the participants said they would not do it again." Renata Vaculikova (63): "I will never bid for an EU Phare grant again. Everything in six copies. I spent half a year writing it, but we didn't get it anyway. Forty pages, and you had to keep rehashing the same old thing.

It was not normal!" Ian McNicoll (29): "We set up a door-to-door car service. People booked at the surgery, and drivers were volunteers. All they got was the petrol money. It ran for seventeen years on an informal basis. It collapsed when the Red Cross took it over, arranged regular hours and started paying the drivers. The drivers disappeared!". A staff member of the local government tax authority in a small Czech town<sup>6</sup>: "It is not clear how long we will keep the institution viable. This is an agricultural region with few small businesses. And the bigger companies have merged with larger ones and no longer pay taxes in the area." Yvonna Gaillyova (59): "Last year, we had organic and non-organic apple juice. The non-organic one was cheaper, tastier, and more environmentally friendly, as it was pressed from the traditional varieties owned by small local growers. They were organic, too, but not certified, so we could not sell them as such. The certification process was too cumbersome and expensive for them." Jane Burnham (42): "We don't stock organic milk at the moment. A lot of organic milk is produced here in Wales, but it gets processed in a factory in England, and the logistics of getting it back to Wales are forbidding."

I have intentionally listed these many examples gleaned from my interviews to the point of tedium,<sup>7</sup> because I believe such "threats to the small", though everybody may know about them, go unnoticed because we usually don't see them as linked, as part of one trend or concept. Many appear to us as strange paradoxes which make us laugh, but then we let them be, muttering something about "bureaucracy", "economies of scale" or "the global economy". They are, however, linked in at least two ways: First: they always threaten the "small" and they often threaten the "rural". Second: They are intimately connected with power. The power of the faceless, the power of the seemingly unavoidable. These are reasons enough not to cast them off with a shrug.

How have the people in this study been dealing with them? Sometimes with anger, sometimes with resignation. And sometimes (yes, in both countries) with a little bit of **benign cheating**:

"The national government put into operation restrictions on multiple occupancy. We would have had to make big investments we were not ready for. But we've found ways around it by splitting into different households."

"The government hasn't considered small enterprises. To continue to do our work, we are meant to have a licence but its cost is prohibitive to us. So we haven't applied for it, and we continue to do what we are doing. We are breaking the law, though!"

"We have put some rooms in for guests and we cater for them. But the law doesn't make a difference between cooking one lunch and a thousand. The regulations have become prohibitive. If we registered, we would need special very expensive water faucets. So we used a trick - when applying for the building licence, we said the extra space would be just for the family. If we had been honest, we would have gone bankrupt."

"We sell everything at the market, but we aren't allowed to sell the hard drinks. So we 'give them away' - for a stipulated voluntary contribution."

Another approach to counter the big and intractable is to **co-operate**. The last three remaining Czech insurance companies, including the **Firemen's Insurance Company**, are offering some products on a joint basis. The **Kosenka Environmental Land Trust** would like to help the small apple growers get certified as a group. Community and village councils link up in Scotland (**1**) and also in the Czech Republic (**67**): „The idea of our association is to help the members join forces and work on some things together. For example, we might hire one person to do our waste agenda for us. In addition, we co-operate with a sister association on the Austrian side of the border,“ Stanislav Malik, chairman of the Czech **Rose Association** of local councils, told me.

On the borders between south Bohemia and south Moravia, fifteen small municipalities have pooled their woodlands in a forest co-operative (*lesni družstvo*). The **Borovna Forest Co-operative** is a rare breed in the Czech Republic: it carries on the tradition of another co-operative which existed in the same place in the past: „I was manager of a forestry company in Telc. Then in 1992 the last manager of the old forest co-operative, which had been quashed in 1959, came to see me. He was 74. He said: ‘Why don't you start it up again?’ and gave me all the files and the old co-op's statutes. So we did.“ Rostislav Cermak, manager of the **Borovna Forest Co-op**, beamed at me, as we sat in his spacious office in a former forester's lodge in the middle of the forest.

At first sight, his enterprise is little different from a business. It owns 2000 acres of forest as well as several buildings and fishponds, and employs 60 people. The difference is communal ownership: The co-operative is owned by fifteen towns and villages in the area, and the proceeds go to these communities, to be used, hopefully, in the best interests of their citizens.

Co-operation is an important weapon to counter the "Nothing". If an association or co-operative gets too big, however, it may go from being a solution to being a problem:

"ABCUL is a trade association of credit unions. When an association reaches a certain size, small members become a burden. As a small credit union, we weren't very happy with ABCUL. We felt they had been pressured into adopting the 'supermarket model of finance' where business objectives have over-ridden social aims. We joined another umbrella group: The Association of Independent Credit Unions, " Terry Clay of **West Mendip Credit Union** told me.

We are back at the question of scale again, and of large organisations in danger of losing their soul. KG Fruit is a large successful British marketing co-op, which sources strawberries all over the country and delivers it to supermarkets. According to Desai and Riddlestone (2002: 65), it is a good model of bioregional sourcing, because it delivers the strawberries to the closest available supermarket, thus saving food-miles. On the other hand, it will only consider growers with a turnover of more than £100,000 for membership, and soon expects to displace other smaller strawberry networks, thus becoming a monopoly or a near monopoly<sup>8</sup>. One big marketing group of big growers selling to one big supermarket chain?

Though the **Hostetin** project sells part of its products through the Carrefour supermarket chain by default, other producers interviewed have opted for different strategies. **Growing with nature**, it seems, is small enough to be able to **opt out of the prevailing system**:

In the eighties, Alan and Debra Schofield of **Growing with Nature** used to practice large-scale vegetable growing and sell their produce to supermarkets. However, they became disenchanted with the food miles, length of time before the produce was sold, and, perhaps most importantly, the wastage: "We lost up to 82% of all fruit and veg," Alan told me. Finally, they changed their marketing technique, selling direct to local customers, and their land and lifestyle started changing with it. Other British social enterprises (20, 30, 42, 46) also expressed a dislike of supermarkets, on similar grounds. **WyeCycle** is even working on a campaign against them. According to Antonin Michal (54), supermarkets are making inroads into the diversity of small shops in South Bohemia: "Two or three bakeries have become supermarket suppliers and the rest are losing profits."

Besides cheating, co-operation, and opting out of the system, **preferential treatment and special support of the small**, a kind of positive discrimination, seems to be another way forward. In the Czech Republic, **Kopanice Development Information Centre** helps small farmers through the maze of government subsidy questionnaires. In Britain, Environmental Business Solutions, a project of **Envolve** which helps businesses comply with EU environmental standards, plans to continue to subsidise small businesses through lower charges even after bigger firms graduate to paying market rates.

In a way, the **social enterprises themselves** are a solution. As many of them actively strive for a localised economy, they present a tangible alternative to a globalised desert of giant companies and faceless bureaucracies. In Tyndrum and Crianlarich, **Strathfillan Community Trust** has started a nursery for toddlers and have found quarters for a new village policeman. "People love the policeman!" Sue Wyllie told me, a strange-sounding sentence still to someone coming from a former police state. In **Chipping** village hall, the trustees are careful not to take business from the local pubs and B-and-Bs, opening the bar for special events only and not providing accommodation in the hall. Bill O'Sullivan of **Trans-Fife Community Transport** sees his enterprise as an employer, actively supporting the local economy. **West Dorset Food and Land Trust** and **Somerset Food Links**, rural enabling organisations from the Southwest, actively help create new small and localised food and farming infrastructure in the teeth of the "Nothing". Other examples of support for the "small" abound throughout this report.

If small rural organisations and groups are at risk from what seems to be an ever-expanding bureaucracy and a merciless global economy, what about growth? Do they want to get bigger? While a minority, especially the larger British projects, do see themselves as expanding substantially in the future<sup>9</sup>, most wish to grow slightly or not at all: Richard Boden of **WyeCycle** told me: "We don't want to expand. We get more enjoyment operating on a community level." "We have adopted a strategy of regionalism from the beginning. In practice, this means that we stick to Chotebor and the near surroundings," Jaromir Hosek of **Chotebor Credit Union** emphasised. Robert Blizenec of **Gemini** sees it this way: "They say that a business which isn't growing is dead. I don't believe it. I don't want to grow forever. I don't have the ambition of being the only producer of park benches in the Czech Republic." In ten years Tony Crofts would like the **Stonesfield Community Trust**"...to be about

where it is now. I don't want to turn it into an octopus, with tentacles all over the place. We have a personal relationship with all our tenants. No property stands empty and we get repairs done quickly. A small landowner is more efficient." And Jenny Eaton and Janet Davies present a thoroughly biological vision of the future of the **Full Circle Fund**: "In ten years, we wouldn't like to see more people in our organisation, but rather many small organisations like us all over the place."

Such responses bring to mind the thinking of Erazim Kohak, a Czech philosopher who tried to forge a vision of what economic system the Prague Spring would have led to if not crushed by Russian tanks in 1968 (Kohak 1978). He felt that it would certainly try to protect the very basic right people have to ownership. But in his interpretation, true ownership does not come about by buying shares in a distant enterprise. It is a two-way relationship of mutual belonging. It is brought about not by purchasing, say, a farm or a workshop, but by actually working there and becoming connected with the soil, with the instruments, the factory, by forging a relationship with them through one's own effort, work, activity. This may be activity on behalf of the enterprise as well. Only then is the person really the owner, in the sense of the enterprise becoming his or her "own". They then belong together.

On the other hand, as discussed in sections 1.1 and 2.1.3, if social enterprises are destined to either remain small or lose their „soul“, they might permanently be relegated to the role of outsider in the economic world. Even E.F.Schumacher, in his influential book *Small is beautiful*, has emphasised the importance of different-sized structures, big and small, for different purposes (ch. 5). A large minority of the social enterprises interviewed were prepared to grow. Vivian Woodell, chief executive of the **Phone Co-op**, sees it thus:

**There is general agreement in The Phone Co-op that we want to move in the direction of being a "mainstream" telecoms provider, and in the process change the nature of the mainstream economy a little. In other words, we don't see co-operatives or The Phone Co-op as existing exclusively for people who already understand the importance of the alternative economy, and we think that if we are only seen as a "niche player" we won't be fulfilling our real potential. Our job is to influence the thinking of people who have never thought about these things, by demonstrating in a practical way that businesses can be run sustainably when they are based on human values rather than on exploitation and greed.**<sup>10</sup>

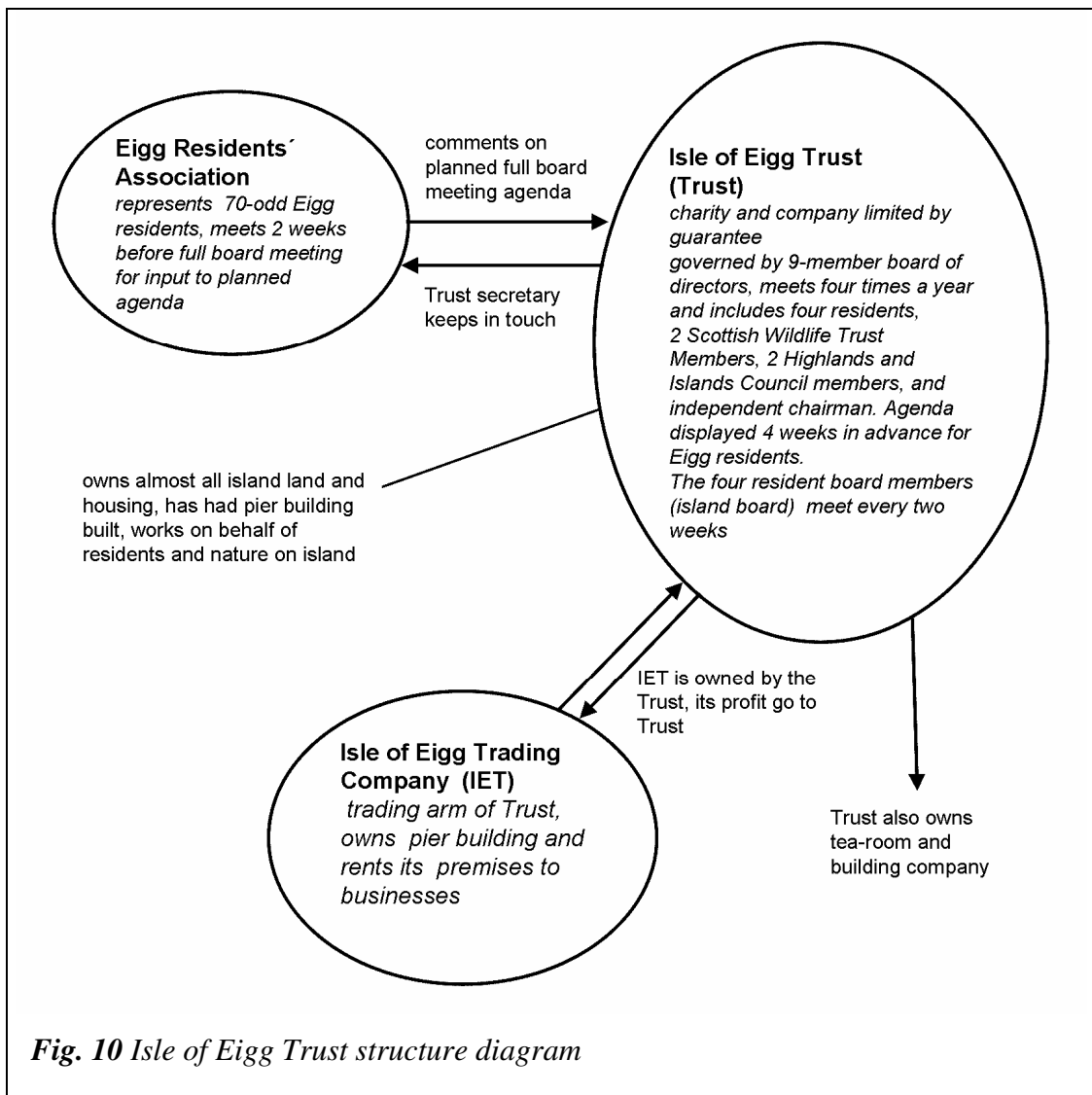


## 2.2 Discussion

### **2.2.1 Differences: learning from each other**

In this section, I concentrate on the distinctions, or complementarities, between the two countries, as they emerged during my interviews with British and Czech respondents. Each country has a different natural, political, cultural and economic history and climate, and there are thus bound to be differences in value systems, land and asset ownership patterns, types and roles of institutions, degree of commodification, etc. On a hypothetical scorecard then, which country would score highest in terms of favourable conditions for the nurturing of rural eco-social enterprise? Or, to put it more broadly, which might be the strengths of each country when it comes to fostering a localised, democratic, and eco- and community friendly economy?

It is certain that Britain would score much higher than the Czech Republic in many respects. Both staff and volunteers in Britain tended to have a surprising theoretical and practical awareness and knowledge of both the rules explicit and the ethos implicit in the governance and running of their organisations. Intricate organisational structures were often set up to ensure transparency, accountability and the democratic participation of stakeholders in the decision-making process. A very good example is **The Isle of Eigg Trust**. The people living on this lovely Hebridean island were able to assume ownership of its land, previously held by a laird, after a celebrated buy-out in 1997<sup>1</sup>. Despite a population of less than 80, they evolved a sophisticated governance system. In addition to an island board which meets every two weeks to discuss ongoing problems and projects, there is a residents' association, which meets two weeks before a full board meeting that takes place four times a year. The residents are given information on the planned agenda of the full board meeting two weeks before their own meeting to be able to think things over in advance and to contribute meaningfully to the planned full board agenda (see Fig 10)<sup>2</sup>.



As discussed in section 2.1.3., some larger co-operatives, such as the **Oxford, Swindon and Gloucester Society** and the **Phone Co-op**, were successful in including a very large membership in decision-making through strategies such as distance voting, members' groups which influence co-op policy, newsletters, a freephone hotline for members, and positive discrimination of new board candidates.<sup>3</sup> Also, British legal and governance structures tended to be more flexible and adaptable to members' needs<sup>4</sup> than Czech ones, yet strict regulation (coupled with a sense of basic honesty, integrity and trust) ensured the absence of corruption, which is more than can be said for my own country<sup>5</sup>.

In order to get a licence, the founders of the small rural *West Mendip Credit Union* were legally obliged to attend a seventy-six hour course in legal, governance and financial skills<sup>6</sup>. This stands in sharp contrast to the ad hoc establishment of

credit co-operatives in the Czech Republic in the mid-nineties, where the qualification requirements for new board members were nil (see Box 2 in section 1.2.4). Predictably, current Czech legislation has gone to the other extreme, with extremely onerous requirements for future board members<sup>7</sup>.

A long and uninterrupted tradition not only of voluntary work and the ability to self-organise, but also of hard-headed, pragmatic and beneficial entrepreneurial know-how was strongly in evidence in the British interviews.(see e.g. item 9 in section 2.1.4 ).

Networking was another British skill from which Czech social entrepreneurs might benefit. Practically all the projects interviewed in the UK were members of one or more umbrella organisations or networks if they were not umbrella organisations or networks themselves. In contrast, few of their Czech counterparts were inter-linked (the White Carpathian groups are an exception in this respect - see section 2.1.1). Like the Czech rural co-operative tradition (Box 2 in section 1.2.4) and the voluntary and entrepreneurial ethos and skills, the will and skill to form networks appears to be a casualty of the 50 years' pulverisation of authentic bottom-up initiative in this country. Yet such an attitude renders Czech social enterprises isolated and vulnerable, especially vis-à-vis the "threat to the small" problem mentioned above.

Besides umbrella groups and networks, an important factor in the success of many British social enterprises was an important institution which I have designated as „the enabling organisation“. Those I have interviewed personally include **Engolve**, **REAP**, **Somerset Food Links**, **Sustainable Tourism Initiative**, **ViRSA** and the **West Dorset Land Trust**. In addition, I have been told by respondents about many other social enterprises, charities, partnerships and agencies whose remit is to strengthen local economies and foster nascent social enterprises. Some emerge spontaneously from below, others may be linked to statutory bodies or other institutions. Quite often, the role is taken on by umbrella groups as well - there is no clear dividing line, as evidenced by **ViRSA** and others. In the Czech Republic, such enabling organisations are few (e.g. the **Kopanice Development Information Centre**) and their importance seems very much underestimated.

Ethical (or social) finance institutions are another hidden asset which British social enterprises can draw on. The **Stonesfield Community Trust**, for example, received a loan from **Triodos Bank** and from the Ecological Building Society to

build affordable and environment-friendly housing. Such alternative credit institutions tend to be more approachable and flexible in their collateral requirements than high-street banks, waiting time to approve a loan is usually short, loans can be small and lower interest rates or longer repayment rates may be possible. The **Ethical Property Company** helps to fulfil another important need of small social enterprises and other groups by offering them affordable office space. I interviewed nine ethical finance institutions in Britain (see Appendix 1) and there are many more. In contrast, there is no ethical bank or registered micro-lending facility in the Czech Republic (but see project 66 in Appendix 1), although the **Firemen's Insurance Company** has re-cycled its profits as grants to local firemen's organisations.

At the same time there remain, unnoticed and unmarked in the current scramble to emulate the West, important positive assets in the Czech Republic and its countryside which seem to have vanished in Britain long ago as a casualty, not of Communism but of Capitalism, extreme urbanisation and even such long-ago traumas as the enclosures and Highland clearances. In my dialogues with my British respondents, I was repeatedly struck by the fact that many of their activities appeared to be sophisticated efforts to coax into existence skills, activities, ownership patterns, services and institutions which in many cases appeared to be still alive if not well in my own country.

For example, while a strong movement is underway in Britain calling for a return to local food, Czech citizens urban and rural, who have for the most part never heard of such a campaign, quietly continue to produce in gardens, allotments and second homes 40% of their own potatoes and eggs and 60% of fruits like apples and plums<sup>8</sup>, as well as large amounts of vegetables (Kunstatova 1999). There is an unmapped „community economy“ of direct buying and selling or reciprocal exchange of agricultural products.<sup>9</sup>

Similarly, while we have no publicised farmers' market movement, markets selling local agricultural produce, uncelebrated and taken for granted, thrive in many Czech towns and cities (see item 6 in section 2.1.4). Czech farms often produce feed for their animals and manure for their fields in a closed-loop system (though this is changing), and rural dwellers maintain a link with their land not only through gardens and allotments, but often through ownership of small woodlots whose wood they sell or utilise themselves.

To take another example: while formalised networks of agro-tourism services are slow to form and often tend to serve either the emerging upper class or visitors from abroad, many ordinary urbanites maintain country links based, as often as not, on ties to relatives, and middle- and working-class people frequently have second homes in villages, often maintained with DIY, and take an active part in village life.

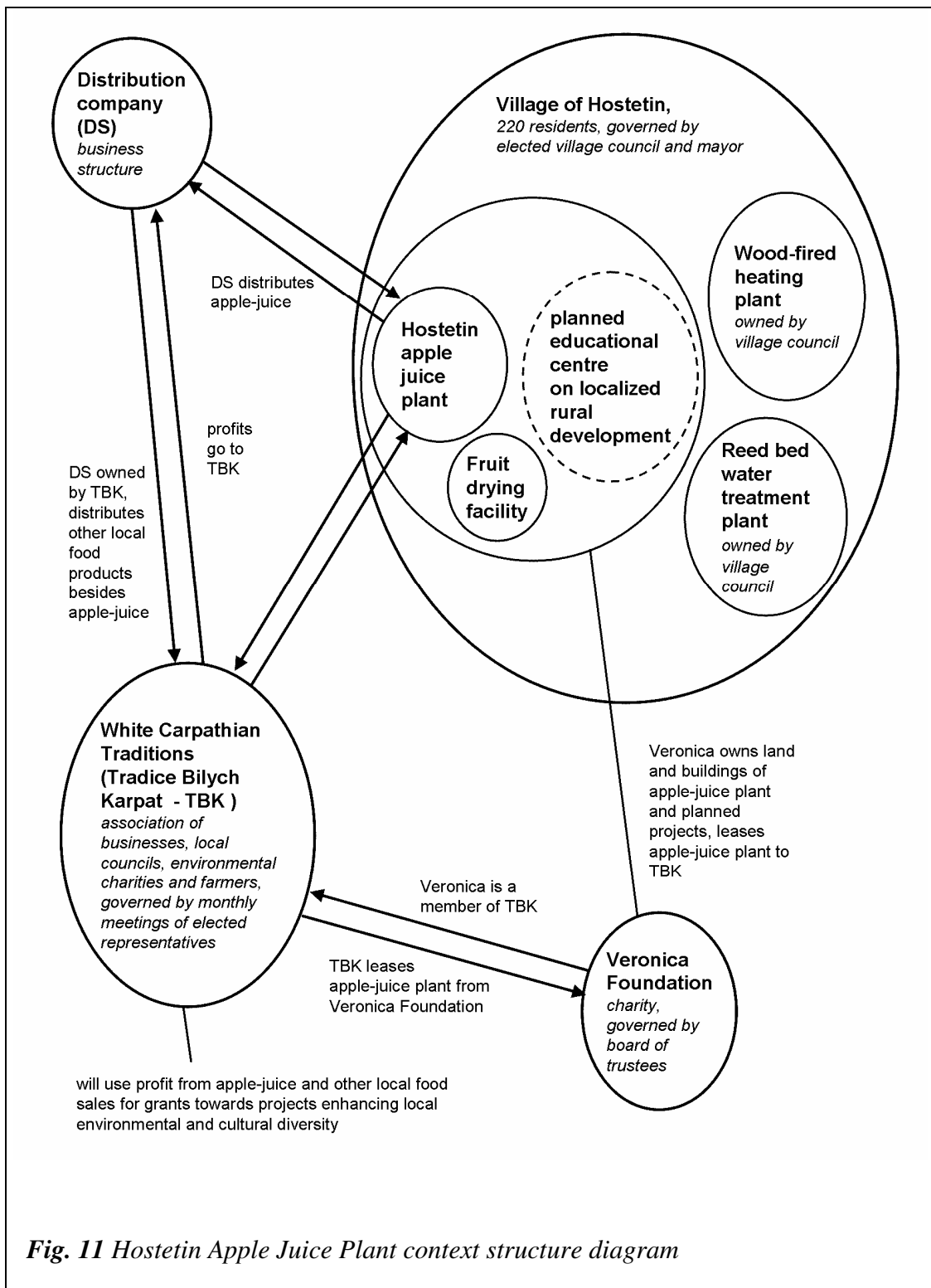
If local production loops and links between country and city are stronger than in Britain, so are long-term connections with places. Compared with British respondents, the Czechs I spoke to had often lived in the area where they worked for a considerable length of time. Some were even born there. To borrow an old Scottish expression, Czechs are more likely to "belong" to a place, i.e. they usually "come from" somewhere - from a distinct place with a flavour of its own. Mobility is lower in the Czech Republic and, as a result, ties to place, neighbours and family tend to be stronger. From a neoclassical economic perspective, this is a drawback: should not people be ready to move where work beckons? From a psychological and spiritual perspective, this is an advantage: aren't long-term relationships to people and place an important part of what gives our lives meaning? Arguably, they are also a factor in creating social capital.

Other spheres where the Czech Republic seems to score better than Britain are rural skills and craftsmanship. At least in some of the Czech regions, using local resources to produce beautiful products remains a living art. A local products catalogue recently published by the White Carpathian Traditions, the association responsible for running the **Hostetin apple-juice plant**, could double as a local economics textbook: the region is replete with meadows, fruit orchards, and cow and sheep pastures and it produces herb teas and honey and beeswax candles (from the meadows), apple juice and dried fruits (from the orchards), and locally-packed meat, sheepskins, leather and felt slippers (from the pastures). Wood from the forests is used for kitchen utensils and for traditional woodcarvings, and other local craftspeople, some of whom exhibit and sell their products at the annual **Traditional Market in Valasske Klobouky**, produce baskets, barrels, wooden field implements, straw Christmas decorations and many more carefully crafted products. Links to traditional culture are robust in other Czech areas as well, as evidenced by Hana Duskocilova from South Bohemia (58), who learned her art of Easter egg decoration from a grandmother who baked her own bread in a bread oven and spun her own yarn

on a spinning wheel. In Britain, I did not come across a similar link between local nature and local crafts products in the British projects surveyed.<sup>10</sup>

Traditional farming architecture emerged as a presence in my research in the Czech Republic. Of the projects interviewed, seven or more are linked to ancient farm buildings which often include a barn, loft, yard, stables, etc.<sup>47</sup> The subtle influence of such buildings, made of local wood or stone and clay, blending gracefully into the landscape, inviting you to be not only a consumer but a producer as well, is hard to pin down. It does exist though, and a new, environmentally and socially friendly economy seems easier to achieve if you tune in to the old farms' timeless message of local provisioning and co-operation. A case-in point is the **Hostetin apple-juice plant** project.<sup>12</sup> It stands on the grounds of an old farmhouse in the village centre. Though the farm had been too dilapidated to save, the plant was built from its sun-dried bricks, the old fruit-drying shed on its grounds has become a communal facility and the old orchard has returned to life with the new demand for its old apple varieties.<sup>13</sup>

The **Hostetin** project symbolises another positive aspect of Czech rural culture - the existence of numerous small village councils with a right to own land and assets, employ staff and, to a certain degree, to exercise the right of self-rule as opposed to state rule. Hostetin village itself, which has only 220 inhabitants, owns and manages a village reed-bed water treatment plant and wood-chip fired heating plant on behalf of the community, and this is seen as nothing exceptional and unusual. A British community or local council would probably need to form a development trust or co-operative in such a case, as British communities (**17, 29, 35**) indeed have done. In a way then, all Czech villages small enough to form a true community could be termed "social enterprises". The ownership and financial patterns in the **Hostetin** project are detailed in Fig. 11.



As indicated above, not only local councils, but also ordinary citizens in the Czech Republic tend to own the houses they live in as well as bits of farmland or woodland. Although mortgages are becoming the norm in the Czech Republic, many houses remain mortgage-free. There is a tradition of free access to (privately owned) land and a vestige of „the commons“ remains in the aforementioned national pastime

of mushroom- and berry-picking in forests and woodlands. Taking all this into account together with the lower mobility mentioned above, we could perhaps say that labour, land and houses, at least in rural areas, remain less commodified in the Czech Republic than in Britain in the sense of Polanyi (2001)<sup>14</sup>. Harking back to section 1.2.1, we might say that on many levels, „the rural“ as opposed to „the urban“ has a more distinguishable presence in the Czech Republic.

In my book *Living in the Cracks*, I conclude this section by saying that *while the Czech Republic has a lot to learn from Britain, surprisingly it may also have a lot to give*, and that the identified factors, namely: *equitable asset and land ownership (in economic jargon more people owning their own means of production) lower mobility of labour and land, and rural skills and traditions conducive to potential greater independence on a volatile economic system* can be seen as the *potential seeds of a future more equitable, independent and environmentally more sustainable economy*.

Mike Gordon (2005) in a review of my book somewhat sceptically suggests that some of the differences I perceive between both countries *are more the results of the relatively short length of time for globalisation and other effects fully to have worked their way down to local level since the collapse of Communism in Czechoslovakia, or for new behaviour, institutions and traditions to have developed*. He brands my approach as nostalgia for an inevitably vanishing world, akin to that of the Elven lands in *The Lord of the Rings*.<sup>15</sup>

His view is difficult to dispute given the vague definition of *globalisation* and still more of *other effects*. However, it reveals a pre-analytic vision which we could characterise as „a linear view of history“, or „the inevitability of progress“ (see section 1.1, also Bronk 1998). In this view, heavily coloured by the Enlightenment utopia, history marches in a linear direction with countries like Britain, for better or worse, at the head, and the rest following in single file. The agent of change may be development, progress, globalisation, or *other effects*, but the emphasis is on the *inevitable*.<sup>16</sup>

I disagree with this perception of history, for reasons outlined in section 1.1 and in other parts of this study. Given the parable of *The Lord of the Rings*, I would say that the metaphor relevant in this case is rather that of *the ring of power*, and the assets I have identified in both countries are for me tools which might help us break out of the rings of economic power which have impoverished both nature and rural communities (see sections 1.1 and 1.2.2). A kindred approach is espoused e.g. by the



Finnish village action movement, looking to *unhook itself from a dependence on and vulnerability to the global economy by defending, diversifying and boosting their local economies* and preserving *real skills and knowledge of how to live in harmony with the natural world* (Pietilä 1997).

In a recent book describing successful bottom – up rural initiatives in several Central European regions, focused on renewable energy, local food, and sustainable tourism, Griffiths et al (2004: 9), similarly suggest that *it is time to learn from Central Europe*. Summarising their findings, they say:

**The experience of the White Carpathians, Debrzno and other rural areas in Central Europe suggests that there are ways of preventing the negative patterns of unsustainable development seen in many rural areas of Germany, the United Kingdom and other EU countries being repeated in Central Europe. The lesson is that people living in rural areas must be seen not as the problem, but as the solution. (p.10)**

What Ivan Illich (1981) calls *the vernacular economy* played an important role in many of the projects described in the book. This is how McIntosh's (2001: 29) interprets Illich's term:

**This is, he says, like our vernacular, or mother tongue. It is a way of doing and being that is learned, effortlessly, through our culture. Often we do not realise what we have until it goes. However, it would seem to me that if such principles can be communicated afresh, they could be of value to community groups everywhere that are trying to develop what Schumacher called „economics as if people mattered“.**

### 2.2.2 Common themes

As discussed in the previous section, the two countries and their social enterprises display some marked differences with regard to each other, rooted in a different historical and geographical context. However, they could also be said to be similar in many ways. In this section, I would like to look at these similarities and their implications.

In one of my questions<sup>1</sup> I explicitly inquired about the motivations of the interviewees for setting up or working in social enterprises. As elaborated in section 2.1.2, most of the motivations given were not of a financial nature. People in both countries gave answers such as personal enjoyment, but they also mentioned making a difference, connecting with roots, applying personal ethical principles, and fulfilling social needs. Such answers do not comply with the neoclassical economic view that work motivation is primarily based on self-interest. This is supported by Westall et al. (2001: 9), who cite research indicating that people running businesses (not social enterprises) do so for many complex reasons, including independence and wishing to pursue or develop an idea. The motivations of small firm providers of residential care in one study these authors mention were autonomy, professionalism and meeting clients' needs, with profit not given as a prime motive. Cato's meticulous research (2004: 138) found job satisfaction in South Wales related to job security as well as work paying „a living wage“, with greatest job satisfaction manifested by workers in a co-operative and the least job satisfaction manifested by those in the private sector.

Without much grounding in empirical research (Daly and Cobb: 91-92, Sen 1987: 25-26), economic theory has assumed „rational“ behaviour as standard behaviour for humans, and this is usually equated with behaviour motivated by self-interest (Sen 1987: 2-28)<sup>2</sup>. This in turn tends to be narrowly defined as immediate and material personal gain (Daly and Cobb: ch. 4). The assumption has become pervasive in our society and has grave social consequences. For example, it may influence actual behaviour away from community-regarding patterns towards selfish ones (Daly and Cobb 1990: 92). At the same time, the argument that all human behaviour is motivated by self-interest is difficult to refute, because, as moral philosopher Kohak (2000: 75) puts it: *All who act in any way act by definition in their own interest – they have an interest in what their behaviour is leading up to. Otherwise, they would have no reason to act.*

For Kohak, therefore, the crucial question is: how *wide* a person's self interest is. Does it encompass the interests of his family? His town? All of humanity? The non-human world as well? In this perspective, the schism between self-interest and altruism is bridged (see also Sen 2000: 27).

The „triple bottom-line“ definition of social enterprise is perhaps attractive to many because here, too, the schism between the profit motive on one hand and social and environmental motives on the other is bridged. As mentioned in sections 1.2.3 and 1.2.4, this aspect makes for the „fuzziness“ of the sector and constitutes its promise, since it can supply a model of provisioning society which does away with the arguably false dichotomy of for-profit and non-profit of neoclassical economics (Laville et al.1999: 10-11).

However, as discussed in section 1.2.4, the social enterprise discourse centers on their ability to benefit their human rather than their natural communities. Despite the writings (and practical activities) of authors like Douthwaite (1996), Crabtree (2005, 2006) or Davey (2007), most social enterprise theorists, if they mention environmental benefits at all, tend to see them as a subsidiary of the social. Green values may be sporadically invoked (Bengtsson and Hulgård 2001: 79-80), but for the most part, the mainstream social economy thinkers do little to integrate such values into their conceptual frameworks. „Ecological firms“ are sometimes distinguished by their prevailing type of activity (e.g. recycling enterprises), though surprisingly I have not come across an organic farm thus classified. Most often, even thus narrowly defined „ecological firms“ are not found in the typologies I have come across (e.g. Smallbone et al. 2001: 17, Borgaza and Defourny 2001: 18-20).

The reality in both countries, it seems, is ahead of theory in the sense that many of the social enterprises surveyed had not only a social, but an explicit environmental remit as well. For example, the **Stonesfield Community Trust**, whose main goals were social, nevertheless built its second set of houses to a high environmental standard. They used organic paint, ground-up newspaper treated by borax for insulation, double-glazed doors and windows, thermally efficient walls and good roof insulation. An „eco-social synergy“ developed here as the running costs of these well-insulated houses for tenants are, predictably, very low. This approach tallies well with Davey's (2007) injunction that an ecosocial enterprise should aim for lower throughput of energy and materials (p.81). Other social enterprises with a green remit in both countries are described in section 2.1.1. In addition, both Davey and I (1.2.3,

1.3) have suggested that a green or eco- social enterprise should aim for economic localisation and try to be site-specific. Again, many of the projects studied lived up partly or wholly to this precept (2.1.1).<sup>3</sup>

Besides enterprises which have a remit both social and environmental, there obviously exist those whose aims are predominantly or wholly environmental. There is a growing and influential body of literature (e.g. Stead and Stead 1996, Hawken et al. 1999) which concentrates on the „green“dimension of business (or on the „environmental bubble“ in the „triple bottom line“ diagram, Fig 1 in section 1.2.4). In the Czech Republic, a recent education project (Ekoinkubator 2007) has drawn together economics and environmental humanities students to teach them the know-how needed to start an environmental business such as a wind-farm, etc. While these approaches<sup>4</sup> are useful and important, they leave aside problems of profit distribution, social impact and democratic governance (the „social bubble“ in Fig 1, section 1.2.4), and they often leave aside the „economic bubble“ (Fig 1) as well, except in its most superficial sense of long-term economic viability. Thus, in parallel to many of the less radical texts on social enterprise, they have a pre-analytic vision which has partly opened up to environmental concerns, but not to the disturbing implications of the neoliberal paradigm as a whole. This involves the issues discussed in section 1.1, including the debt-based economy fostering a forced economic growth, growing disparities between rich and poor, the race to the bottom, externalisation of costs and, crucially, the issue of scale.

The issue of scale has wound its way through this study on many levels. On the most basic level: *When something grows, it gets bigger!*“ (Daly, 1996: 57, quoting Kenneth Boulding). As both Daly (1996) and Boulding (Boulding 1997, Kohak 2000: 100-101) have emphasised, with the focus on economic growth in the last half century, the scale of the monetised economy and the throughputs of materials and energy it has spawned have grown immensely and are threatening the very fabric of our being. This concern has been a backdrop of the whole text, though not always appearing in the foreground.

As remarked on page 34, the growth of GDP is intimately linked with the growth of the monetised or commodified sector in the sense of Williams (2005). This has negative implications for the non-commodified sector (Ekins 1992:20-21, Henderson 1999:11), exacerbated by the fact that so far, only the commodified sector has an assured existence as producer of goods and services on the pages of economics

textbooks (see e.g. two-sectoral diagrams in Holman 2000: 8 or Fuchs and Tuleja 2003: 170). Making the non-commodified sector visible, including the not-for-profit or not-only-for-profit, has accordingly emerged as one of the goals of this study.

Connected with the rapidly growing scale of the economy and its de-regulation successfully orchestrated in the last few decades (Korten 1995: 69-86, Madron and Jopling 2003: ch. 3, Gorelick 1998, Gray 2002) is the problem pointed out by Korten (1995) and many others, which I mention on p. 36 and 66: Unchecked economic competition in a rapidly growing world economy may lead to technological advance and cheaper goods, but it also leads inevitably to the emergence of ever-larger and ever less-accountable companies and finally, despite the half-hearted attempts of the anti-monopoly authorities, to a monopoly economy. Economic theory however, including its heartland, general equilibrium theory, lives and dies with the assumption of a competitive market comprising many small buyers and sellers. While economics has acknowledged and studied the existence of monopolies and oligopolies and attempts to regulate them (e.g. Samuelson and Nordhaus 1991: 566- 635), it has not drawn the conclusion of the invalidity of its core theories. Nor has it paid much attention to the links between scale and economic power.<sup>5</sup>

In the realm of the „rural“, the growth in scale on many levels has been inescapable. As discussed in section 1.2.1, most farms in Czechoslovakia were still very small in 1948, with 12 acres (5 hectares) or under (Feierabend 1952: 10).<sup>6</sup> Today the average size a farming enterprise is around 2400 acres (1000 hectares). In Britain, farmer Hilary Hoskin (Dorset) told me: „Twenty years ago you could raise a family on a 100 acre farm...now it is different.“<sup>7</sup> Similarly, the scale of the farming technology has gone up. Feierabend spoke of the appropriate small-scale technology, such as small tractors, which Czech factories produced for the farmers between the wars (p.46). Today, as my interview with the economist of the **Borovany agricultural co-operative** revealed, small-scale farming technology is unavailable. Sustainability Institute (2003) have identified consolidation (an euphemism for enlargement of the bigger in tandem with buying out of the smaller) of primary commodity (forestry, agriculture, fishing) producers as a systemic result of the farmers' treadmill unless specific measures are taken to combat it.

„A threat to the small“ emerged in my interviews as the single most pervasive problem felt by respondents in both countries. At the same time, more than half refuse the obvious solution: to get bigger (see section 2.1.5). The issue of economies of

scale (or how big is „big enough ?) is complex and deserves more space than it can be given here. There can be such a case as „too small“. In the small Czech villages of **Hostetin** and **Svaty Jan** for example, both of which have only a few hundred inhabitants, their community woodchip heating plants have struggled with high overheads and a relatively small number of customers. Some potential customers in Hostetin preferred other heating sources such as local wood in their own furnaces, which they could use for cooking as well as heating, thus saving costs. Perhaps these villages were simply too small to build expensive heating infrastructure and should instead have supported individual wood heating schemes. Similarly, during my stay in Britain a project was underway to merge small credit unions in Birmingham so that they could professionalise and serve a larger number of people. This was acknowledged to pose both opportunities and threats<sup>8</sup>. In section 2.1.3 I have highlighted the approaches of two enterprises, **The Phone Co-op** and the **Oxford, Swindon and Gloucester Co-operative society**, who appear to have been able to reconcile the two poles of large-scale and ethical/member-led.

Another often suggested and taken path, evident even in my sample, is mutual co-operation and association. In the Czech Republic projects **50** and **67** can serve as examples (section 2.1.5, see also item 7 in section 2.1.4), and I have mentioned the numerous umbrella groups in Britain in the last section. In the lost world of pre-war agricultural co-operation in the Czech Republic (Box 2 in section 1.2.4), the small and seemingly powerless individual farmers set up buying, warehouse and selling co-operatives on a district and national scale which successfully took on not only local middlemen, but even global markets. However, the latter may not have been possible without the Czechoslovakian grain monopoly system. This system, reacting to the „farmers’ treadmill“ (see section 1.2.1) on global markets in the early 1930s, attempted to *combine a state monopoly with private ownership, and central planning with individual initiative* (Feierabend 1964: 350). Essentially, it was a private share company, whose owners were the national umbrella groups of the main farmers’ and consumers’ co-operatives as well as commercial traders. The aim of the project, in which the government had certain defined rights a duties, was to balance the rights of farmers, cosumers and traders vis-a-vis world markets. The main architect of the project, Ladislav Feierabend (1964), candidly describes the shortcomings of the complex system, such as grandfathering (allocation of trade on the basis of past export trade of individual producers, which discriminated against newcomers), but

asserts that the system, started in 1932, was working well by 1938, when unfortunately the Munich agreement and its aftermath, World War II, changed the entire political and economic landscape.

The Czechoslovakian grain monopoly system was designed to limit economic power, keep agricultural production down, prices up, and farmers on the land. It worked on national scale and was unique in that both the state, the co-operatives and the private sector contributed to the effort.

In the pre-war United States, as in pre-war Czechoslovakia, growers formed co-operative associations to counter the middlemen who bought their crops. In an interesting case study documented by the Sustainability Institute (2003: 31-37), tobacco growers in the Southeastern United States were able to successfully negotiate fair prices with buyers for 70 years thanks to a collective co-operative agreement which was set in place in the 1920s - 1930s. This system of price supports in exchange for production controls, honoured by all the producers and enforced with penalties, has kept tobacco production down, prices up, and farmers on the land until the 1980s and beyond.<sup>9</sup>

However, today the system is under stress and collapsing because of growing tobacco imports into the U.S.A. since the 1970s. As opposed to the Czech government between the wars, the U.S. government, bound by international trade agreements, is unable to protect its tobacco farmers from foreign competition. As U.S. cigarette makers turn to cheaper overseas tobacco, the tobacco growers' associations are forced to either relax their price floor (minimum price demanded for their tobacco), or keep an ever-rising percentage of unsold tobacco in their warehouses.

As the authors remind us, *no price floors or production limits exist in the global tobacco market.* (p. 36). The farmers' treadmill had been progressing unabated outside the U.S. borders throughout the 20th century, and once the U.S. government is no longer able to protect its tobacco growers, the result is a renewed race to the bottom:

**Tobacco [is now] grown in South and Central America and in parts of Africa. It is grown in places where land and labour costs are much lower and environmental regulation is less stringent. And those producers, not united in a co-operative with U.S.growers, sell to the very same large buyers as the U.S. tobacco co-operatives. So far U.S. growers do not see any way to salvage their [collective agreement](p. 37).**

Despite a cogent and systemic analysis of the economic, social and environmental traps inherent in the global de-regulated system of food production, the authors seem shy of suggesting a re-regulation of national economies, calling instead for global (collective) agreements on food commodity prices and production, which, as they acknowledge, are next to impossible to implement. Once we declare state intervention in the movement of goods and capital across national borders to be off-limits, we have acquiesced to the destructive reinforcing feedback loops called race to the bottom, farmers' treadmill, or commodity systems traps. One of these traps, as Sustainability Institute (2003) has pointed out, is the squeezing out of smaller producers. This is the root cause of the „threat to the small“. As one of my respondents perceptively commented: „Our greatest problem is competition in the global economy“.<sup>10</sup>

Returning to mutual co-operation and association at a national level: In a globalised and de-regulated economic environment, farmer associations can become too large to serve their smallest members, as in the case of the KG Fruit marketing co-operative, discussed in section 2.1.5. Similarly, in Western Europe after 1945 (and partly in the Czech Republic after 1992), there has been pressure on co-operative organisations to grow larger, more profit-driven, and for smaller organisations to lose independence to their umbrella groups. According to Huncova (2004: 148), most Czech consumer and housing co-operatives (which had been subsumed by the Communist state rather than liquidated in 1948 like the authentic agricultural co-operatives) are today little different from business enterprises. Similarly, the sister organisations of the Czech pre-war *kampelickas*, Austrian Raiffeisen banks, have seen a dilution of member loyalty and a loss of the autonomy of the primary co-operative banks (credit unions), whose decision-making power has increasingly been vested in their powerful umbrella organisations that, however, have lost their commitment to the co-operative ideal (Josef Stampfer in Guene and Mayo 2001:103-108). Although, as Stampfer<sup>11</sup> notes, the original financial co-operative ideals were *free will*, *subsidiarity* and *the principle of regionality*, subsequent decades saw the weakening of the latter two in Western Europe. In the case of the Rabobank, which is the descendant of the umbrella groups of the Dutch Raiffeisen banks and the second largest bank in the Netherlands, the localisation principle has been relaxed as the bank moved abroad together with its clients. Today it is still debating on how to implement its co-operative ideals in its operations abroad



(Jeucken and Krouwel in Guene and Mayo 2001: 124-131). However, according to the authors, the bank has retained its ideals and has even been developing ways of contributing to sustainable development (although how this accords with its purported substantial role in agribusiness financing is not clear). The Rabobank, thanks to its low interest rates for its members and clients, has been instrumental in keeping down interest rates on money borrowing in the whole country. Interestingly, the authors discern similar patterns elsewhere: *Rabobank discovered that the average interest margin of banks in countries with a sound co-operative banking system is much lower than in countries which do not have one* (p. 129). This is encouraging and seems to show that the pre-war West European co-operatives, despite their growth in scale and accompanying commercialisation, still retain a positive influence, though it may remain unnoticed.<sup>12</sup>

Nevertheless, it is clear that co-operative, non-profit and other social economy structures are not immune to economic power concentration, especially as they grow in size and influence. Here, as in the world of the for-profit share company, competition and a plurality of umbrella groups may be the key to retaining economic democracy and freedom for the small. A case in point is the **West Mendip Credit Union**, which found that the most prominent British credit union association, ABCUL, appeared to be losing its co-operative soul. Fortunately, they had the possibility to join another umbrella group (section 2.1.5). The importance of the democratic right of authentic association (see also principle no. 4, Appendix 1) cannot be over-emphasised here. Interestingly, the legal violence of the Communist regime, which destroyed a maze of independent and authentic bottom-up co-operative federations in one fell swoop in Czechoslovakia and in other Communist countries, and created top-down agricultural collectives (Box 2 in section 1.2.4) which gave the co-operative movement a bad name in these countries for decades to come, did not appear to arouse much comment among the leaders of the Western co-operative movement, judging from texts by Margaret Digby, who eulogised the new Communist agricultural collectives, with only small, rather startling pragmatic asides such as the following (1963: 67):

**The most obvious disadvantage of the commune or collective is that ...it is almost always disliked by those who take part in it. This may in part reflect the fact that at least in some countries the system was introduced by force and followed by much suffering and loss of life.**

It is clear that Digby did not share Gandhi's views about violent means being off-limits in achieving desired ends (section 1.2.3).

The links between scale and power concentration and the importance of a plural system of economic checks and balances appeared to go unremarked by other co-operative actors in the 20th century as well. For example, a 1921 resolution of the major Czech federation of consumer co-operatives called for *one co-operative in one state* (Smrcka et al. 1992: 33).<sup>13</sup> This happened with a vengeance only after the Communist takeover.

According to Smrcka et al. (1992: 149) there were already in 1918 areas in Czechoslovakia where a farming family bought all their inputs from their co-operative and sold all that they produced –again – through their co-operative. While this is clearly much preferable to e.g. the situation in the U.S. today, where a farmer might be buying all his inputs and selling all his products via one trans-national corporation - Cargill (Dyer 1998), we are left wondering whether there was not a monopoly/power concentration situation there. In fact, however, due to the political split in the agricultural co-operatives' organisations, there were often two buying/warehouse/selling co-operatives in the same town, one patronised by Agrarian party members and one by Christian party members<sup>14</sup>. Was this economic inefficiency? Or was it economic democracy?

I have repeatedly mentioned the shadow of disrepute which the co-operative concepts and ideals had fallen under after several decades of the existence of the Communist pseudo- co-operatives in the Czech Republic. Surprisingly, there appears to be a subtle analogy with the British situation. The current *eager blether around the rediscovery of social enterprise and the social economy* (Gordon 2001:1) in Britain is accompanied by a silence or only muted murmurs regarding the co-operative movement, which appears to be, in Britain as in the Czech Republic, tainted by an association with „socialism“. <sup>15</sup> An interesting instance of this shift in perspective in the 1980s/1990s in Britain is illustrated by the fact that new *community co-operatives*, which were being incubated since the sixties by the Highland and Islands Development Board and of which the **Port Appin** project had been one, were called *community enterprises* after 1985 (Gordon 2001: 14).

As indicated in sections 1.1 and 1.2.4, such cutting off of the concept of social enterprise from its roots (which go even deeper and also wider than the co-operative layer) may sap the strength of the social enterprise/social economy movement,

leaving only its superficial, pragmatic, „social-inclusion“ face visible. Meanwhile, as Snaith (2001) has shown, over the 20th century the International Co-operative Alliance has more clearly articulated community development goals and ethical objectives in its recommendations and principles (Appendix 1), bringing co-operatives ideologically closer to other organisations in the wider social economy. In my opinion, the co-operative movement is an old, strong and inspiring European tradition which, like socialism (section 1.2.3 ), needs to be reclaimed rather than denied.

In the preceding text, I have attempted to articulate aspects of the „threat to the small“ stemming from a global economic system as well as the possibilities and dangers posed by association and enlargement of the social enterprises themselves.

However, looking more closely at the responses in section 2.1.5, a substantial threat to the „small“ and the „rural“ appears to come also from government and EU legislation and funding patterns. Regarding the legislative threat, what seemed to emerge from my interviews was that, in fact, de-regulation is a myth. While governments increasingly de-regulate to support the „big“ (or trans-national capital and corporations) in accordance with neoliberal ideology, they are forced to increasingly regulate to protect the consumer. A casualty of this process is frequently the small rural entrepreneur.<sup>16</sup> According to Czech researcher Milan Kozeluh: *Food, hygiene and entrepreneurial legislation either does not support [ localised small-scale and farm-gate food selling] or directly forbids it. This in itself is enough to cripple the development of local food links* (Rosa 2006: 11). Aside from global pressures, there appears to be insidious government discrimination against the „small“ in the Czech republic. Within Czech tax legislation, the less residents within a municipality, the less re-distributed tax money from the government *per head* it gets. Another problem small entrepreneurs face are very high obligatory social security and health insurance payments and an obligation to pay a certain level of income tax even if they had not had any profit in the fiscal year.

Onerous organic certification and EU funding rules remain a reality in the Czech Republic. EU and other money does not flow easily to the „small“ and „rural“<sup>17</sup>, as these Czech authors, hardened by years of battling for sustainable regional development, make clear:

**It would be useful to compare [with money spent on a new motorway] the economic benefit for South Moravia of a programme geared to support the**

**tourism services of local entrepreneurs (incl. wine-growers). Such a programme would aid the sensitive repairs of historical buildings, including wine cellar alleys, would help improve local services, Internet connections and add needed cycle path stretches. Very probably such an investment would be more productive economically [than the same amount of money spent on a segment of the Vienna motorway]. ... But nobody is preparing such a programme, because it straddles individual government departments and is *much more complicated* (hundreds of small projects) than building one industrial zone or a piece of motorway, often, in addition, on “strategically”<sup>18</sup> purchased land. (Gaillyova et al. 2006)**  
(emphasis mine)

This text points to the disadvantage of the „small“ in accessing funding, a disadvantage equally pertinent on a world scale (World Bank) as in south Moravia. To overcome this disadvantage, concrete policy objectives and operational targets (Lang and Caraher 2000: 6,8) need to be put in place and integrated across government sectors to redress the balance between the small and the big in favour of the small – in effect, policies for localisation. The call for economic localisation has an important dimension of „scale“: in many ways it can be seen as a call for the rehabilitation of the „small“ in economic thinking and policies.

The subject of policies for „re-localisation“ has been approached by a few authors from differing perspectives (Hines 2001, Lang and Caraher 2000, Sustainability Institute 2003). So far policies supporting “the small” have been few and far between.<sup>19</sup> In the absence of relevant policies, as Douthwaite (1996) has emphasised, community and social enterprises have to fend for themselves. One way to look at this issue is to consider the concept of “capitals” in a new light. In the next section, I will attempt to categorise the survival strategies of the enterprises interviewed from this perspective and look at ways in which “capitals” are being and can be put in place to support the emergence of an environmentally, economically and socially sustainable economy.

### 2.2.3 Reclaiming the vision: Social enterprise and radical reformism

One of the most important questions which propelled my study was the issue of the economic survival of the social enterprises studied. How did they make a living? In a conventional economic perspective, they should have been severely economically handicapped since they did not externalise their costs (Korten 1995:ch 5) but instead produced positive externalities – which is another way of expressing the „triple bottom line“ characteristic. In addition, many were small and not narrowly specialised, adding perhaps to their economic vulnerability. In section 2.1.4, I have tried to group the answers regarding survival strategies into fifteen categories. In this section, I will attempt to collate the categories identified to link them up with some of the theory discussed in this text, especially in the closing part of section 1.2.3.

According to Richard Douthwaite, Jules Pretty and other authors (see p. 67-68), one important bundle of strategies enabling eco-social enterprises<sup>1</sup> to survive economically involves *short circuiting* and/or *taking back the middle*. So far prominent especially in food production, this has involved taking a short-cut from producer directly to consumer and processing products so that the producer receives more or all of the value of the product. This approach is closely allied to the economic localisation concept. In my sample, this strategy was utilised by several projects (see strategy 7 in section 2.1.4), including **Growing with Nature, Tablehurst and Plawhatch farms** and **Radford Mill Farm**. Essentially, it worked, although in one case a substantial investment was necessary. An element of *short-circuiting* was present in other projects as well, such as the **Communal Heating in Svaty Jan** (short-circuiting energy), **Wyecycle** (re-using local garden waste for compost and supporting local direct food selling) and **Chotebor Credit Union** (short-circuiting money).

This approach could also be dubbed as *opting out of the system*. (And perhaps regaining economic freedom – see section 1.2.2.) Alan and Debra Schofield (15) opted out of the commodified system of „supermarket finance“ with their eyes open: they had been appalled by the food miles and wastage involved in distribution via large retailers. **Radford Mill** opted for organic by default: they had no money for artificial fertilizer.<sup>2</sup>

Still others in different corners of the world opt out of the global commodity economic system (or „farmers’ treadmill“) to ensure the basic survival of their communities and ecosystems. A good example is the *Nayakrishi andolon* movement („new agriculture“) in Bangladesh (Anonymus 2006). As it illustrates several points I want to make, I will describe it in more detail here.

In 1988 a group of farmers approached the non-government organisation UBINIG in the town of Tangail in Bangladesh. They asked for financial support to buy hybrid seeds and chemicals, washed away by a flood. Instead, the organisation called a series of meetings to explore alternatives to single-crop chemical-dependent farming. As the meetings revealed, Westernized farming had had severe negative health, environmental and economic impact on the local communities. Health problems included miscarriages and skin diseases. Fish, water and wild plants were unfit for consumption because of chemical residues. Soil fertility eroded and farmers, having jumped on the farmers’ treadmill, faced debt, bankruptices, and exodus to the cities.

The meetings sparked the nationwide *Nayakrishi* movement, which, according to Anonymus (2006), is now practiced by 65 000 Bangladeshi households. Its basic principles are intercropping (instead of one cash crop – sugar cane – farmers grow seven, such as onion, garlic, potatoes, radishes, lentils, pumpkins and sweet potatoes, with sugar cane still an option „in between“) and organic agriculture: nitrogen is fixed by legumes and compost is made from banana leaves, water hyacints, rice paddy straw and cow dung.

The results are heartening and include nutritious food leading to renewed health and a soil which has regained its softness and fertility. As already mentioned, the *Nayakrishi* farmers, as in Gandhi’s *swadeshi* concept, include the non-human world in their understanding of *the household*. The *Nayakrishi* movement thus looks for food security not only for humans, but for all life forms, and indeed their fields teem with life. According to the author, the concept is more complex and inclusive than organic farming. UBING has established five *Nayakrishi* centers in different parts of the country, which hold workshops for farmers and co-ordinate knowledge sharing between villages. Knowledge – such as when to plant paddy rice seedlings, when to put in banana trees, when not to cut the bamboo – is essential in this kind of localised knowledge-based agriculture. So is co-operation between households and villages: Households have their own seed banks and every community has a shared seed

centre. In addition, there is a regional seed bank in each *Nayakrishi* centre. An unexpected side-effect of the *Nayakrishi* approach has been higher esteem for women:

**There´s an immense skill in keeping seed – in knowing exactly which conditions to keep it in and how long to dry it in the sun after harvesting. It´s knowledge which has been traditionally kept by women, increasing their status in the community and household. „We get much more respect because we are the ones keeping the seed,“ says Sharbanu Banu in Nallapara. „It really binds the family and community together.“ She smiles. „Sisters, keep seeds in your hands. That´s our slogan.“ (Anonymus 2006: 7)**

Other less glowing reports also indicate that for marginalised third world communities, localised self-supporting, often non-monetised strategies using local resources are working better than conventional attempts at drawing them into a monetised economy (Hunt 2006, Pouliotte 2006).

We may regard these people as the „ecosystem people“ of Guha and Martinez-Alier unable to compete in the global system (section 1.2.1) or as marginalised communities gauging their real needs and producing locally for local consumption as advocated by Gandhi (section 1.2.3). Importantly, they are telling us that for communities and ecosystems like theirs, just as for American or European farmers and ecosystems, the global economic food production system, based on de-regulation and production maximisation, has not worked. The Vermont think-tank Sustainability Institute (2003), having analysed that same system in terms of systems thinking, and having identified the positive feedback loops leading to global production growth, environmental erosion and disappearing rural livelihoods (section 1.2.1) has also concluded that it does not work. As solutions, it has suggested collective agreements (such as that of the tobacco growers described in the previous section), certification, and government taxes and payments internalising externalities. As mentioned above, it admits that in a globalised economy, these measures are not very effective. Regarding *short circuits, going local, or opting out of the system*, it remains sceptical and is inclined to see such strategies (examples given include farmgate shops, farmers´ markets and markets for handcrafted wood products) as marginal and „niche“ solutions.

They put forward the following arguments:

1) Commodity systems currently dominate world agriculture, fishing and forestry.

- 2) Not all raw materials/foodstuffs can be marketed directly. Examples of such „undifferentiated raw material“ include soyabeans or pineboards.
- 3) Areas such as Iowa will always be net exporters of food while cities like New York will always be net importers.
- 4) Coffee, cocoa and tea will never be local crops for much of the world’s people.

What we really need, they suggest, is

**...a new kind of natural resource economy, something in between ...niche markets...and the industrial monocultures focused solely on low-cost high-volume extraction of materials from the earth. ... As far as we can tell, such natural resource economies do not exist anywhere, yet.**

Looking at these arguments from the perspective outlined in this thesis, I would ask:

(Regarding argument 1): Given that commodity systems truly do dominate world agriculture, forestry and fisheries, should we ask *why* this is so and *when* it has started? Systems models, like the models of neoclassical economics, do not have a time dimension. Yet if we look a mere hundred, or even perhaps forty years back, we may find many functioning resource economies. Why were they working? What has happened since? Was it economic globalization? What is it? Is it inevitable? What are the power relationships and who gains and loses by the ideology of free trade? How can transnational companies be controlled? How dependent is free trade on cheap oil? Perhaps the systems models need to be supplemented by a historical, sociological and energy perspective?

(Regarding argument 2): It is true that not all raw materials/foodstuffs can be marketed directly. But, as discussed in section 1.2.3, there is a vast spectrum of scales between the farmers’ market and the global market. Could we devise policies which would encourage an economic subsidiarity, or sourcing as locally as possible? Could we support small, local food-processing, wood-processing, fish-processing plants, such as the **Hostetin apple juice plant**? Could we tax products from far afield, tax aviation fuels? Could we support mixed farming to avoid farmers feeding their cows with soya cakes while meadows overgrow with forest?

(Regarding argument 3) Given that cities will always be net importers of food and places like Iowa net exporters, could we devise or renew food links between cities and their rural hinterlands? Is there a possibility to expand community gardens and allotments? Can municipalities opt for local food procurement to supply their offices,



schools and hospitals, providing a market (no longer „niche“) for local food producers?

(Regarding argument 4): While coffee, tea and cocoa will never be local crops for most of the world's people, these form only a small part of today's globalised commodities. In the Czech Republic, products which we could easily produce ourselves, such as garlic or flowers, are flown in from China and Kenya. These markets were local until very recently. They were not part of „niche“ markets, but of ordinary local, regional, or national markets. This, I believe, is the true problem we must look at. How do we change the system so that it pays once more to produce carnations in the hothouse down the street? Until such truly local, rather than „niche“, markets are once more reinstated, it will be hard to devise a sustainable resource economy. How do we change the system so that Czech garlic is cheaper than Chinese garlic in the Czech Republic? And in a globalised economy, is there any other solution but government quotas and tariffs? The latter seems to be a taboo in this and other more mainstream texts, perhaps due to the ever-present neo-liberal model.

When the *Nayakrishi* farmers in Bangladesh *went local* and *opted out of the system*, they did not aim for a „niche“ market, but prioritised their local non-monetised economy. Can „going local“ be more meaningful in Bangladesh than in America? Can it be more meaningful in most of the world than in America? Could we change our perception of the world and see the *Nayakrishi* model as a natural resource economy we could learn from? Here, nature changes from „commodity“ to „partner“ or household member. Of course, I can see that such a model would be difficult to implement in Iowa or Chicago. We could, however, see it as the ideal. Our perception would then perhaps shift and we would see that it is such pockets of resistance to the „commodity economy“ which we should not dismiss, but treasure and emulate.<sup>3</sup>

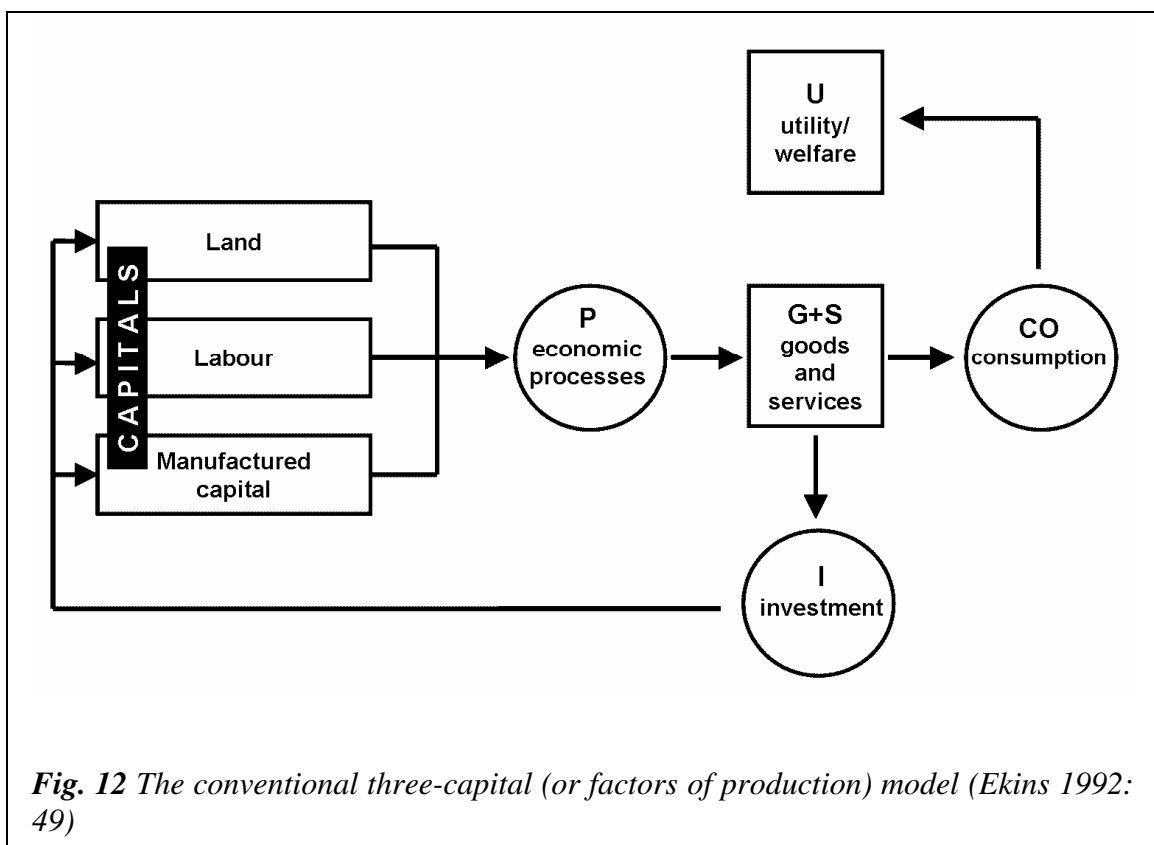
Another project in my study, the **Laurieston Hall Housing Co-op** (e.g. section 2.13) is also an example of *opting out of the system*, and in some ways can be seen as an analogy to the Bangladeshi case study. There is a strong dimension of mutual co-operation present, including shared space. The members produce much of their food and fuel themselves and have to an extent de-hooked from the monetised economy. Like the Bangladeshis, they have developed multiple skills and links to their local environment.

In his review of my book *Living in the cracks*, Gordon (2005) has commented:

**One suspects (particularly from the nature and location of much of her UK sample) that several projects are the lifestyle choices of people who have access to resources. Nothing wrong with that – they are beneficial, often bringing significant local improvements and addressing local needs –but hardly likely to threaten the pillars of capitalism.**

This is an interesting comment. Was **Laurieston Hall** meant? These people certainly have a different lifestyle from most of their compatriots. They are not rich, although the original buyers had access to property in London which they sold in order to buy the hall. In this way, they were able to gain access to natural resources (such as garden and woodland) which, thanks to their lifestyle, enabled them to opt out of the system. However, I chose to portray this project in greater detail because not only a different lifestyle was involved, but an intricate legal and governance structure developed organically to go with it.<sup>4</sup>

As evidenced by the comment above, the term „resources“ is often equated with wealth and with money. However, as mentioned at the beginning of section 2.1.4, quite a lot can be done without money. As we continue our analysis of survival strategies, a wider understanding of resources, linked to the concept of *capital*, (discussed already in sections 1.2.2 and 1.2.3) will accordingly be introduced here.



In mainstream economic production models since the day of Adam Smith, *land*, *labour* and *capital* (usually subsuming *manufactured or fixed* - machines, buildings etc. and *financial*) were seen as the factors of production. Today, while all three of these factors of production have sometimes been dubbed *capitals* (Ekins 1992: 49, Fig. 12), and there have been other marginal changes in their perception<sup>5</sup>, the model has remained essentially unchanged, and from the point of view of a human- and nature centered economy has retained several basic caveats. For example, although the factors of production are today often called *capitals*, natural capital, especially, is treated as income rather than capital in economic theory and practice (Ekins 1992, quoting Hicks: 48-49). Development is equated with growth in manufactured capital (and technology for more efficient production, which however may mask unacknowledged externalities), and therefore economics does not seriously look at the depreciation of other capitals. The conventional understanding of capitals, as of other concepts in mainstream economics, is also often limited by the (not always acknowledged) operation of economics solely in the realm of the monetised economy.<sup>6</sup>

Paul Ekins (1992: 48-61) has attempted to update the economic production model, expressly broadening the meanings of the three capitals and adding a fourth (social and organizational capital). He also added new nodules (such as *environmental services*) and feedback loops which highlight the essential interconnectedness of the whole system. However, neoclassical economic textbooks do not appear to have taken up this challenge (Frankova 2007).

In an important contribution to the discussion, Karl Polanyi (2001: ch. 6) has criticised the *commodification of the factors of production* in economic theory and practice: the creation of markets for financial capital, human labour and land. He calls these *the fictitious commodities*:

**...They could, of course, not really be transformed into commodities, as actually they were not produced for sale on the market. But the fiction of their being so produced became the organising principle of society. Of the three, one stands out: labour is the technical term used for human beings...All along the line, human society had become an accessory of the economic system (p. 79).<sup>7</sup>**

As discussed in section 1.2.2 Williams (2005) has attempted to show that, despite more than two centuries of industrialisation and commodification, the monetised economy has not been able to enter all the spaces of provisioning in society, even in

the so-called advanced countries, and that goods and services are often obtained in a variety of ways in what he calls the non-commodified economy. However, Williams concentrated on commodified and non-commodified goods and services rather than commodified and non-commodified factors of production, or fictitious commodities in the sense of Polanyi.

As we have discussed in the closing part of section 1.2.3, Douthwaite (1996) and others have suggested that non-commodified (in the sense of Williams, e.g. not-for-profit or not-only-for-profit) capitals could be an important factor of support for the emergence of a new economy. Looking at the survival strategies of the social enterprises studied (section 2.1.4), to what extent are they based on non-commodified or not-fully commodified factors of production, or capitals?

Taking *financial capital* first, we may see that, while a part of the interviewees pursued a *personal savings and no-loans approach* (item 1), and some took out commercial loans (item 5), others accessed *ethical loans* from ethical finance, government or co-operative institutions or turned to friends and family for *zero-interest loans* (item 5). *Start-up grants* were a sine-qua non for projects such as the **Hostetin apple-juice plant** or the **Strathfillan Community Trust** (item 2) and a diversity of *less formalised contributions* helped many others (item 10, Box 4). Finally, co-operative share-issue not requiring interest was an important source of financial capital for the **Port Appin Community Co-operative** and other projects (item 8).

Regarding *fixed and manufactured capital* (i.e. premises, etc.) and *land*, which in our case often went together, item 12 summarises the non-commodified support which the projects studied had access to. Besides two cases of private ethical landlords, there were two main sources of non-commodified support in this respect: village councils in the Czech Republic and Trusts (including Development Trusts, the **West Dorset Food and Land Trust**, and **Stonesfield Community Trust**) in Britain. During my research it became more and more clear to me that *land* and *asset ownership* or at least secure access to non-commercial land and assets was a powerful factor if the social enterprises concerned were to gain financial independence while still fulfilling their aims. Land and asset ownership enabled the projects to access mainstream loan finance, to have a steady stream of income and to cross-subsidise activities which they saw as a priority (eg. projects **14**, **17**, **35** and **59**).

A similar conclusion was drawn by Gordon from his research on Scottish co-operatives (2001: 5).

My results concerning *non-commodified labour* as a source of support for the social enterprises studied confirm Douthwaite's (1996:37, 43-46, section 1.2.3) suggestion that people might feel justified in accepting lower wages for work which they feel is meaningful for them and their communities. The title of item 13 in section 2.1.4 (*Sweat equity: Work-share, the volunteer ethos, low paid and hard work*) expresses both the lights and the shadows of this specific survival strategy. Volunteering, work-share and even low-paid work accepted voluntarily can be seen as an upwelling of the ancient community spirit, of the non-commodified economy, and of the self-help ethos. It can be liberating for those caught in the trap of a system which had marginalised them and rendered them powerless by withholding meaningful paid work. Describing the movement to reverse rural decline in Finland, Hilikka Pietilä (1997: 178) has highlighted this aspect of voluntary work for a shared purpose:

**One of the most obvious difficulties was that there was practically no money available, but this was overcome by the highly motivated and very skilful people involved. They reactivated an old Finnish tradition of voluntary teamwork called *talkoot* as their secret weapon. Since the beginning people have devoted millions of hours of voluntary work to achieve their goals. This voluntary work turned out to be an effective substitute for the money that was not at their disposal. What is more, it turned out to be psychologically very rewarding.**

As mentioned in note 17 to section 2.2.2, Pietilä (1997:181) has even expressed fear that outside funding of these activities may cause a decline in the social capital and empowerment the people have come to feel.

While some respondents in my sample were running on a totally volunteer basis and proud of it (**West Mendip Credit Union**, item 13 in section 2.1.4), Alan Schofield of **Growing with Nature** was equally proud that he could offer good living wages to his four full-time employees, young men who could thus access a mortgage and support a family. From a similar standpoint, but on a more general level, Gordon (2005) sees the dependency on volunteers and poorly paid employees which my research has pointed to as detrimental to the self-sufficiency of the social enterprise sector.

Obviously there is a continuum between two poles here, born partly out of conflicting core assumptions of what constitutes a social enterprise. The term itself

was born in Britain with its traditions of co-operative self-help (espoused e.g. by the **West Mendip Credit Union**) and its equally valid and valuable entrepreneurial ethos. However, other European countries retain vestiges of older and equally valuable mutual aid traditions, as evidenced by Pietilä's article. Box 4 speaks of a similar tradition of non-commercial links to the land and to each other in a remote corner of the Czech Republic (see also Douthwaite 1996: 62-63 and Johanisova 2005: 25-26). Will the new social enterprise movement commodify these shadow traditions, or will it help to bring them out of the shadow? This is a question which may have no clear answer, but would merit further discussion.

Returning to the survival strategies of the social enterprises studied, it is obvious from the above that to a smaller or greater extent, many of them do rely on non-commodified capitals. If we embrace a purist version of the entrepreneurial ethos, we might decry this as a less-than-level playing field, as unfair subsidising, market failure and unfair competition for the for-profit sector. However, if we define social enterprises as working for the public benefit (ESC 2000) and of thus producing positive externalities, or if we are aware that the market economy itself has in many ways been a failure, as discussed elsewhere in this thesis, we may take the opposite approach and start searching for ways in which social enterprises can access non-commodified or non-market capitals, in order to ensure their better development and financial security.

While the mainstream economy has to a greater or lesser extent emphasised the role of capitals as inputs, instruments or factors of production of goods and services, the word *capital*, when it first appeared in 1611, was synonymous with wealth<sup>8</sup>.

What then is wealth? Adam Smith saw wealth as the commodities produced by a society, aided by specialisation and investment of financial capital into labour and manufactured capital (Heilbroner 1986). Three hundred years later, Daly and Cobb (1990: 38) still define wealth as produced goods. For Paul Ekins (1992:44) however, wealth is both material and non-material, and includes non-measurable values such as love and friendship. This is close to the views of the indigenous people of the Nilgiri Hills in India (Thekaekara 2004: 99) for whom wealth is synonymous with *the earth, forests, water, our culture, our unity, our songs, our children*. In these broader and perhaps wiser interpretations wealth draws closer to the *capitals*, including those not usually seen as such in economic practice: *natural, social, human and cultural*. We have come full circle to the 1611 definition.

The concept of *capital* thus broadly defined and equated with wealth is useful, because it can help us to emphasise the crucial importance of capitals in the three (or four, or five) capitals model (Fig. 12). If capitals equal wealth and our goal is to enhance wealth, the goal of the production process need no longer be only the goods produced. Instead, the investment arrows, returning from the production process to the capitals, will gain in importance in our perception. Investment in capitals will then truly be investment in wealth. The drawback is that „capital“ in this wide sense, i.e. all the monetised and non-monetised resources we can draw on for producing goods and services (or, in non-economic parlance, in provisioning society) are hard to quantify. For example, Ekins (1992) defines *social and organizational capital* as, among other things, *structures* [such as] *trade associations, co-operatives and trade unions*, but also *household and family relationships, and in community and voluntary organisations of all types*. What is more, he indicates that it is not only the numbers of these structures that matter, but their quality: *organizations are not just sums of individuals. They have their own habits, norms, procedures, traditions, memories, and cultures. They are communities*. The concept of *community*, like *rural* and indeed like *social enterprise*, is notoriously hard to define (Day 2006), much less to quantify. The same is true of *natural capital* and of another type of capital which I believe is important: *cultural capital*, which puts on the map the cultural differences between societies and communities born out of a „localised past“: the hundreds and thousands of years in which communities co-evolved with their ecosystems and were shaped by their unique histories.

Fortunately, my aim is not to strictly define, much less quantify, the different kinds of capitals, or wealth, which emerge as we attempt a more holistic look at the economy. I will instead attempt a more inductive and intuitive approach, giving examples of capitals existing in several societies and then looking at ways in which capital for rural social enterprise can be re-built in countries like Britain and the Czech Republic.

If we see as our goal the re-building and empowering of a whole economy according to Crabtree (2006, section 1.2.3), we can think of all of the economies (*householding/self-help/DIY; mutuality/reciprocity/volunteering; market; public provision and redistribution*) as needing a capital hinterland. Harking back to the ecosystem people of Guha and Martinez-Alier (section 1.2.1), we may now see them as a people who still have a non-market capital base to fall back on. The traditional

commons is a form of such a non-market capital, as mentioned in section 1.2.2. In the case of the Bangladeshi adherents of the *Nayakrishi* movement, they have non-market capital in their land, in their know-how and skills, in their community and household seed banks, and in the support and networking provided by the UBING centres. The know-how and skills, the fertile soil and, most importantly, the multiple seed varieties adapted to climate and traditional growing techniques<sup>9</sup>, are capital (*cultural and natural*) handed down by their elders who created this wealth in partnership with nature, bringing to mind Gandhi's pre-analytical vision of the human being as debtor both to the natural world and to human society.

If we broaden our outlook to include access to non-market capitals as a component of wealth, we are better placed to understand the concept of the ecological class of *ecological refugees* as defined by Guha and Martinez-Alier (2000: 12, section 1.2.1.) These are communities which have lost their natural and cultural capital, including non-market or non-commodified skills of self-provisioning and non-monetised exchange. These might be indigenous people deprived of their common land, but equally well they might be Scottish Highlanders after the clearings. According to McIntosh (2001: 91), *many of the Highlanders' descendants live in poverty in British cities to this day*. This would be the deeper poverty of loss of capital, of inheritance and of belonging, a poverty not only primary but secondary.

According to Williams (2005: ch. 6), more affluent social groups in Britain and elsewhere in the „advanced“ countries tend to be more active both in the market (paid work) and in the non-market sphere (self-provisioning and self-help activities as well as organised voluntary activities) compared with less affluent income groups including the unemployed. The less affluent groups come across as less skilled and less socially connected and active than the affluent. This does not comply with my own experience in the Czech village where I live. Here people who are poor in money terms can be said to be rich in terms of natural and manufactured capital (own house, storage and workshop space, garden, poultry, etc.), cultural capital (cooking, preserving, growing, house-repair, wood-cutting, etc. skills) and social capital (embeddedness in local community and engagement in reciprocal unpaid services and gifts). Poverty here is primary but not secondary. In the sense of Guha and Martinez-Alier, these people are omnivores who have retained a link to their ecosystem. They are still to a certain degree ecosystem people, though the connection is becoming tenuous in the younger generations (Johanisova 2006c).



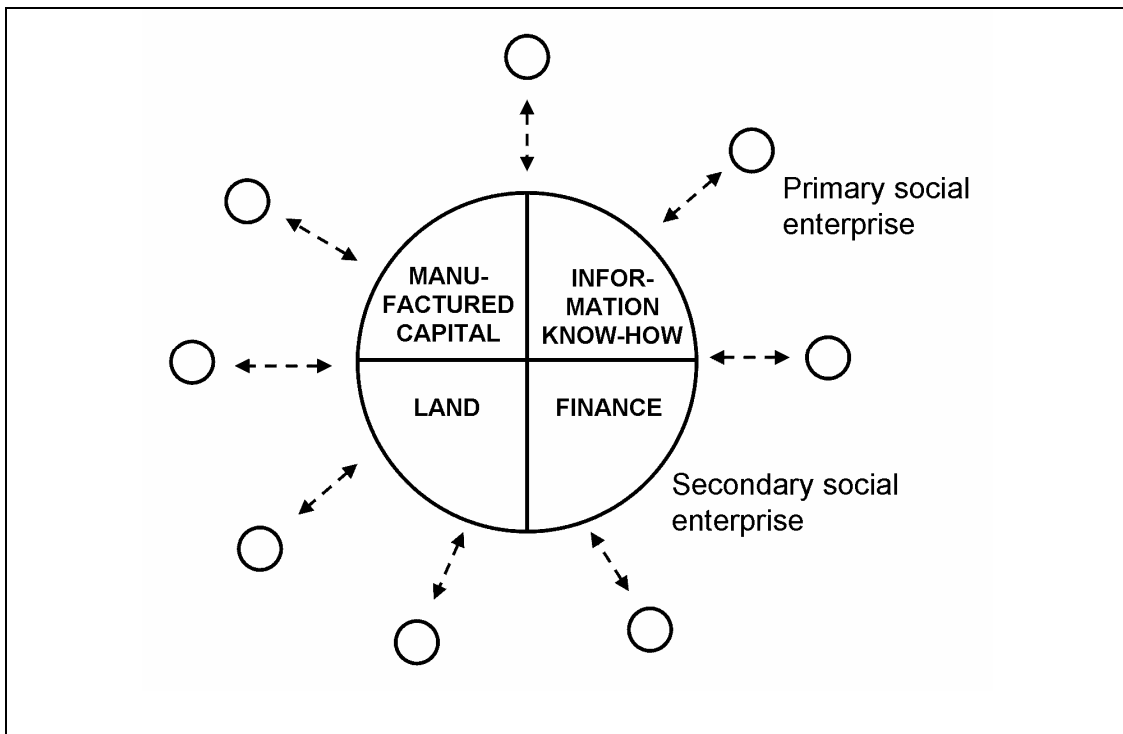
Such an access to the bedrock of knowledge and natural resources has eroded strongly in Britain and perhaps even more in the U.S., which might explain the lack of enthusiasm of the Sustainability Institute (2003) for a localised economy. Alarming, Lang and Caraher (2000: 7-8) identify a continuing process of de-skilling in the art of cooking in Britain, leading to declining public health and food security, higher secondary poverty but also higher incomes for retailers.

Capitals can erode, diminish, be lost. However, different kinds of capital can also be created, re-built, accumulated. It seems that practical, mutual, non-profit activities (such as LETS or community regeneration activities) help build not only organisational and knowledge capital, but also social capital in the sense of mutual trust and friendship (Douthwaite 1996:79, Pietilä 1997: 178). Conversely, communities with a strong social capital will be more successful in nurturing social enterprises than those in deprived areas (Amin et al. 2001, 2002).

The best example that I know of building social, organisational, financial, knowledge and manufactured capital from the ground up to serve a vulnerable group were the agricultural co-operatives in pre-war Czechoslovakia (Feierabend 1952). As described in Box 2 (section 1.2.4), beginning in the late 19th century, small Czech peasants started associating in various types of co-operatives and had by the 1920s and 1930s built up an intricate system of many thousands of co-ops that were able to support influential professionalised umbrella groups. These, in turn, developed strong trading arms which provided marketing and buying services for their members. The warehouse co-operatives, usually covering 15 to 25 villages or small towns, built warehouses for their members, giving even the small farmers access to non-market manufactured capital (warehouses). Manufactured capital (factories and processing plants), enabling farmers to process part of their produce, and thus *take back the middle*, was built by both the warehouse and the producer co-ops. Cheap and easy to access, although not long-term, financial capital was available via the local trade unions (*kampelickas*). Knowledge capital, including auditing services, was accessible through the umbrella groups, which kept their member co-operatives up-to date on legal, accounting and other matters, through many periodicals and through the warehouse co-operatives, some of which employed an agricultural expert. In addition, the co-operatives owned two agricultural colleges for co-operative employees. All this, as Feierabend asserts (1952: 12,14) meant not only

*economic freedom* for the Czech peasants, but, we might say today, it also enhanced their *social capital*:

**Through co-operative activity the Czechoslovak peasant also learned to feel sympathy for the difficulties of a neighbour ... and to recognise his responsibilities in the community. Co-operative activity provided an antidote for his inbred mistrust of others. It nurtured his desire for knowledge and helped him to satisfy that desire, both culturally and vocationally.**



**Fig. 13** *New/social economy model according to Tim Crabtree. Inspired by the work of Jules Pretty, the Institute of Community Economics (USA), and by the Mondragon Co-operatives (Spain), Tim Crabtree(2006) and colleagues have been actively promoting the creation of mutually dependent and democratically governed primary and secondary social enterprises in West Dorset.*

As mentioned in section 2.2.1, an important insight which emerged from my research was the importance of enabling and umbrella organisations for the development of the British rural enterprises studied. In the Czech Republic local councils sometimes fulfilled similar roles. Seen from a *capitals* standpoint, such organisations were often able to provide capital, such as organisational knowledge, grant access, ethical loan finance, legal advice or premises, either free or at lower-than-market rates.

One of my respondents and co-creator of the **West Dorset Food and Land Trust**, Tim Crabtree, has since suggested a model of a new (or social) economy (Fig.

13, see also end of section 1.2.3), in which primary (local, on-the ground social enterprises) providing basic goods and services which meet local needs are owners of (or represented on the boards of) secondary social enterprises. These secondary social enterprises provide secondary business services as well as non-market capitals: land, manufactured capital, financial capital and knowledge. An important principle here is democratic governance: the secondary social enterprise is democratically governed by the primary social enterprises. Often, the primary social enterprises are members of the secondary enterprise. It is also financially supported by them: the services of the secondary social enterprise to its members are not free, but are carefully calculated to ensure the financial viability of the secondary enterprise. The primary and secondary social enterprises thus support each other. Essentially, this is a mutual aid model, with organisations rather than individuals as the main protagonists.

The model fits in very well with the pre-war Czech co-operatives, which were independent of state funding<sup>10</sup>. The member co-operatives, such as the *kampelickas*, paid their umbrella groups certain stipulated (but lower than market) rates for auditing, legal advice, etc., which kept the umbrella groups financially viable. The umbrella groups also earned money through bulk sales and buying for their members. Thus emerged a powerful, democratically governed and financially independent entity representing farmers which was finally able to influence the government to establish the grain monopoly system to protect them from the farmers' treadmill (see p. 167).

Like the Mondragon bank, the *Caja laboral* (section 1.2.3), the pre-war Czech co-operative umbrella groups took an active role in creating new co-operatives (Feierabend 1952: 31-33).

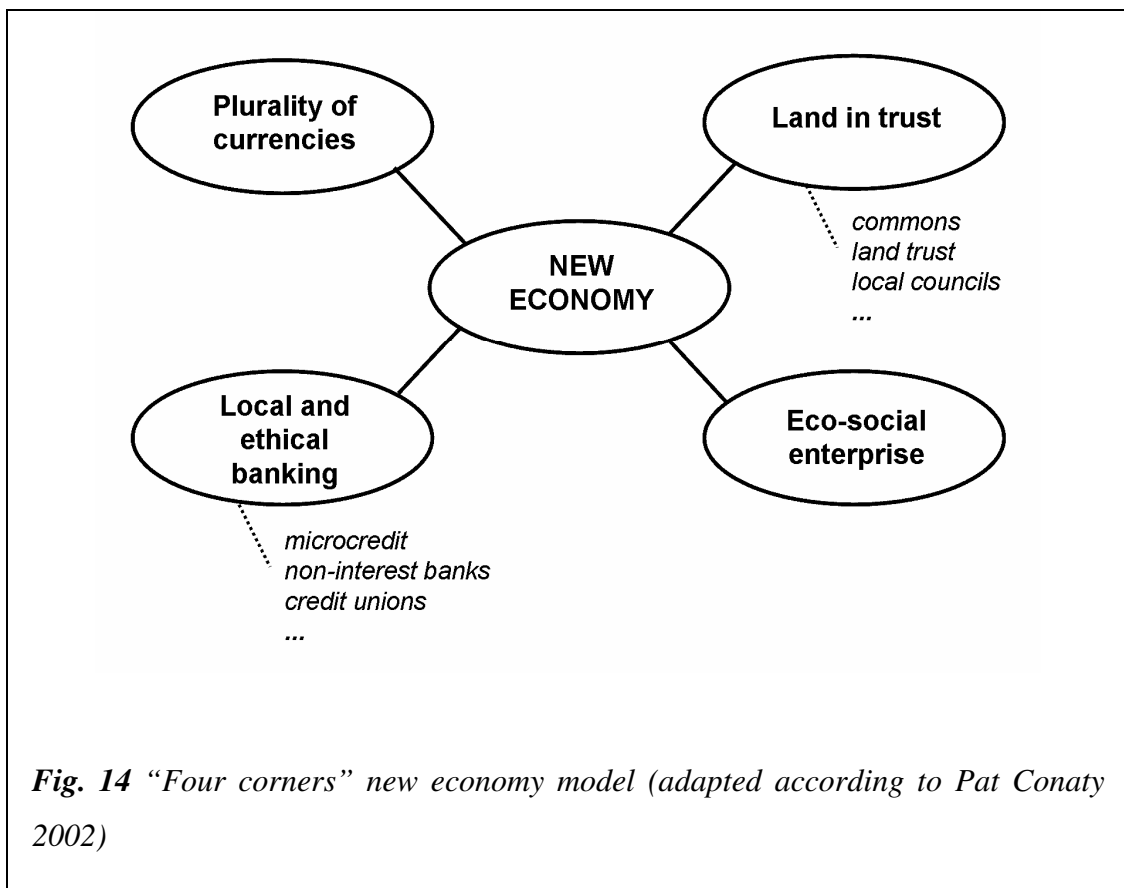
One respondent in my sample, Paul Sander-Jackson of the enabling organisation<sup>11</sup> **Somerset Food Links**, discussed with me his strategy of creating new social enterprises, inspired by Jules Pretty (1995) which he called *promote and float*. The idea was that the new organisations, when full-fledged, are pushed out of the nest and fly by themselves. However, the organisations he has helped create have been in touch with each other, resembling kinship groups in human societies, and are taking part in the creation of broader, *tertiary social enterprises* which are being created in Wessex (Crabtree 2006).

Desai and Riddlestone (2002: 45) have described a strategy similar to Crabtree's Fig. 13 model. However, it lacks the democratic governance principle, relying instead on a share company model. Their charity, the BioRegional Development Group, has helped at the inception of a local enterprise, Bioregional MiniMills Ltd., which they expect to spin off as a successful company. However, BioRegional Development Group is a major shareholder in MiniMills, and so will receive part of the profit and thus gain funding for further projects.

In the Czech **Hostetin** project, a similar system is in place (see Fig. 11 in section 2.2.1). The local non-profit association, *White Carpathian Traditions (TBK)*, owns the distribution company, a business, whose profits go to *TBK*. This then uses them for public interest purposes. This trading-arm approach was successfully used by other projects in my sample (e.g. **17** and **29**, see also section 2.1.3). However, the Hostetin project is more intricate because it involves a third-tier organisation, the Veronica Foundation, which owns the land the apple-juice is situated on and the apple-juice itself. Veronica Foundation has also been instrumental in obtaining most of the funding for the project. In effect, it has supplied basic capitals: land and finance. There is a two-way financial stream here as well since Veronica Foundation receives rent from *TBK* for the apple-juice plant and as a member of *TBK* it can participate on decisions about the uses of sales profits. In addition, the diagram indicates the important role of the local municipality, as discussed in section 2.2.1.

In the South West of England, considerably more sophisticated primary, secondary and tertiary social enterprises have been springing up, based on the work of social entrepreneurs Tim Crabtree, Paul Sander-Jackson, Pat Conaty and many others. They have all emerged within the last several years.

In the terminology of Fitzpatrick and Caldwell (2001), these people would definitely be called *radical reformers* (section 1.2.4). They are grounded in a concrete place, concerned with the practicable and the doable, and produce research reports full of data, feasibility studies, business plans for local and regional government bodies detailing the reasoning behind projects, step-by-step implementation procedures, and reports on their functioning. At the same time, these projects are not top-down. They have grown out of research which has detailed local needs and out of many meetings with stakeholders, who are actively engaged in the processes of change.<sup>12</sup> At the same time, these *radical reformers* are well-versed in more abstract principles and ideals of an equitable and environmentally sane society.



For example, Pat Conaty, basing his work on Morehouse (1997) and other sources, has advocated a four–corners model of a new economy (2002b): to support emerging social enterprises and make them viable in the long–term, we need to prioritise a combination of banking and monetary reform as well as land reform. His *four corners* of change thus include the creation of social enterprises, new banking institutions, community land trusts and new approaches to currency creation. The new banking institutions such as credit unions and local reinvestment trusts would channel local money back into local areas and make credit accessible to social enterprises (Conaty 1996). Monetary reform would decouple the functions of money as a medium of trade and as a store of value, and attempt to limit the role of banks in creating new money (Douthwaite, 1999). This in turn would limit the growth of the world money supply, one of the engines behind the unsustainable growth of the world economy. The “four corners” can also be seen as four paths to economic democracy as discussed in section 1.2.2.

Some tools already being put in place to make this vision at least partly real include community land trusts such as the *Bridport Community Property Trust* (to

counter the problem of affordable premises and housing for locals), education and internship programmes in local social enterprises for young people to counter their exodus from rural areas, reinvestment mechanisms channeling local savings into secure local enterprise and asset-based projects, such as the *Wessex Re-investment Trust* (Conaty et al. 2002). All these can be seen as capitals (land, knowledge, finance), and secondary or tertiary social enterprises can act as „trustees“ of such resources, for the benefit of the community, or act as a co-ordinating body which accesses such resources to support secondary services or direct provision (Crabtree 2006:6). They can also be seen as de-commodified capitals in the sense of Polanyi (2001), or as economic democracy in practice.

To conclude: in the face of the threat to the „small“ and to the environment, the growing power of transnationals and the growing convergence between left and right, political democracy, though a necessary sine-qua-non, feels increasingly like a rather shallow ideal. More discussion is needed on the ideals of environmental safety, economic democracy and true liberty and on how they link up with the safekeeping, enhancing and distribution of capitals. Do we need new freedoms: a „freedom to be small“ and a „freedom from the big“?

Gordon (2001:22) has suggested that, mainly due to a confusing variety definitions and overlapping terminology, social enterprise *continues to be viewed as a marginal and esoteric symbol of unfulfilled potential*. But perhaps it can never be truly defined, as defining it would mean containing it. According to Fitzpatrick and Caldwell, key political concepts, such as liberty, equality and democracy, remain contested (2001: 44). Daly (1996:2) has similarly suggested that terms such as democracy, justice, welfare and sustainable development *are more dialectical than analytic, in the sense that they have evoving penumbras which partially overlap with their „other“...All important concepts are dialectically vague at the margins*.

Perhaps *social enterprise* can never be defined, but can take its place next to true democracy, liberty and sustainable development as ideals to strive for.

The question remains about the direction to take in this striving. How do we help social enterprise, or more precisely rural eco-social enterprise, to flourish? While the answers will be specific for each country and region, and depend upon many factors, here are seven general ideas which have emerged from this study:

- 1) A return to the roots, or, in the terminology of McIntosh (2001), digging where we stand. These could be co-operative roots, the roots of an older vernacular tradition, local capitals heretofore unremarked as such.
- 2) An acknowledgement and nurturing of the whole, not just the monetised economy.
- 3) Thinking of ways to re-embed the economy in place: this will pay dividends in social capital and economic multipliers.
- 4) Discovering ways of safekeeping or creating non-market capitals (land, financial capital, knowledge, assets) to counter market failures such as unaffordable housing, lack of local food-processing facilities, exodus of young people, lack of local re-investment opportunities.
- 5) Promoting policies to help the small, even if it seems inefficient. It is probably producing positive externalities and enhancing local capitals.
- 6) Looking at already existing organisations such as small farms or local associations. Can they be re-framed and supported as social or eco-social enterprises?
- 7) Looking for a replicator, a secondary network or structure which may already exist and which could act as an engine of support for nascent social enterprises. In Britain, these might be development/community land trusts and other structures as discussed in this study. In the Czech Republic, these might be existing co-operatives or local village councils and municipalities.

## SUMMARY AND CONCLUSIONS

My main goal when embarking upon this study was to compare rural social enterprises in Britain and the Czech Republic with the aim of learning about their activities and structures as well as understanding their survival strategies and the problems they face as small, ethical and rural entities in a globalising and urbanising world. I was especially interested in those which had both a social and an environmental remit. I hoped to gain insights which might help to devise an environment in which they could more easily be born and survive or even flourish. Another goal was to look at the theory which might help in understanding the constraints they face and place them in a larger context historically and economically.

In part 1.2 (*Theoretical background*) I therefore first focused on the „rural“ (section 1.2.1) looking for definitions of the term, the history of „the rural“ and the reality which rural regions face today, with an emphasis on both the countries studied. It turns out that there is no clear definition of „the rural“. Although it has often been idealised by urban dwellers, the prevailing approach to the „rural“ has been one of disparagement. A recurring theme is the antagonism between the urban and the rural, expressed most eloquently by authors Guha and Martinez-Alier, who contend that urbanisation and development processes often rest on an exploitation of the „rural“. They see this as a clash between two „ecological classes“: „ecosystem people“, dependent on the natural resources in their locality, and „omnivores“, those able to utilise resources from a much wider catchment area.

Rural areas in both countries appear to be in crisis. Both are suffering from economic decline characterised by a demise of local services and a farming crisis, with continuing consolidation of farmholdings leading to a weakening of the backbone of the „rural“: agricultural production. Recent Czech agricultural history is briefly discussed and an attempt is made to explain the workings of the *agricultural treadmill*, a process linked to the global economy which is seen as the main reason for the farming crisis.

Section 1.2.2 (*Economic democracy, economic freedom and resistance against commodification*) begins with a discussion of economic power and tries to define its components. Economic power is seen as emanating both from anonymous markets and from large corporations, including banks, which gain a hidden subsidy by creating money. Modern development can in a radical perspective be seen as an



economic power shift from ecosystem people to omnivores, from women to men, from communities to corporations, from South to North and from rural to urban.

Next I attempt a definition of the concept of *economic democracy* as „a system of checks and balances on economic power, and the right of citizens to actively participate in the economy regardless of economic status, gender, etc.“ The strands of economic democracy identified include democratically governed enterprises (such as co-operatives and social enterprises), the institution of the „commons“ (land or another communal resource held in stewardship), democratic money creation such as community currencies, and democratic equity: the equitable distribution not only of income but also of capitals. Redistribution re-emerges as a crucial issue in a world in which economic growth has led to wealth concentration and to grave environmental and other consequences. Historically, a non-violent redistribution e.g. via co-operatives was advocated by Christian social teachings, by utopian socialists and by distributists. In the remainder of the section I discuss the concepts of *economic freedom* and of *commodification*.

The next section (1.2.3 *New visions for old: Swadeshi, localisation, short circuits and non-commodified capital*) is the longest. It starts with a discussion of utopias and looks at the historical underpinnings of the concept of *socialism*. It tries to disentangle the term from its Marxian connotations and looks for its original meaning which seems close to a bottom-up non-violent socio-economic reform. The co-operative movement appears to be a child of this less-known branch of socialism. Next I look at the ideas of André Gorz, Murray Bookchin, Gandhi and Ivan Illich, radical critics of the conventional economic development model, and try to weave from their ideas a coherent conceptual framework to embed a more radical vision of social enterprise. I concentrate especially on their models of a new economy. A common thread winding through their thinking is a vision of a de-centralised system of production and people as both consumers and producers, meaningfully linked to place and to each other through co-operative forms of production and consumption.

In the second part of the section, drawing on Douthwaite, Hines, Galtung, Shuman and others, I examine the term *localisation*, its definitions and its purported social, economic and environmental benefits. I also discuss the different understandings of localisation by different authors and look at some of the criticisms which have been levelled at it. I then continue my search for the underpinnings of a new economy via a discussion of *what* it should produce, *where* it should produce and

*how* it should produce. Regarding the first question, a call for satisfying basic needs seems to be prominent in the discussion. The second question involves a discourse on what is the right scale for a localised economy and what economic structures and networks are best suited to satisfy localisation aspirations. Here I draw on Crabtree and others to define the sectors of a *whole economy*, which is rather complex and includes both the monetised and the non-monetised sphere. The last part of this section, inspired by Crabtree, Douthwaite and Pretty, looks at survival strategies of social/community/localised enterprises, including *short-circuiting* and *taking back the middle* as well as access to capitals (land, finance, labour, knowledge) at non-market or less-than-market rates.

The last of the theoretical sections (1.2.4 *Embedding the concept of social enterprise*) looks at definitions of social enterprise. In the broadest sense, these are organisations which have an entrepreneurial ethic, democratic governance, and social aims. However, definitions are ambiguous. I try to link the discourse around social enterprise with the thinking about a new economy outlined in the previous section. Social enterprise has two faces. One of them, a shallow stop-gap one, aims to plaster over the cracks in the economic system via a process of social inclusion, essentially accepting the status quo. The other more radical approach sees social enterprise as a bridge to a more equitable and sustainable economy, superseding the status quo. In my understanding, to be truly radical, proponents of social enterprise need to explicitly criticise the neoliberal paradigm and, in addition, broaden „social inclusion“ to include nature as well as people. I then look at some ideas on what such a social enterprise might look like, including Davey’s concept of an „ecosocial enterprise“, which would internalise an „energy descent“ business model. In the last part of this section, I make an attempt at re-connecting nascent Czech social enterprise to its roots by providing a potted history of Czech rural co-operative history before World War II and give two examples of the liquidation of co-operatives by excessive regulation: one under Communism and one under Capitalism.

In part 1.3 (*Methodology*) I summarise the methods used in the field study. In 2002 and 2003 I conducted semi-structured interviews (for the most part face-to-face) with 46 social enterprises in Britain and 25 in the Czech Republic, chosen by the snowball technique. Maps in Figs. 5 and 6 show the locations of the projects interviewed. Questions used in the interviews are in Table 1. Brief annotations of all

the projects including contact details are in Appendix 1. However, a large part of them have not been updated since the interviews.

Part 2.1 (*Results*) is divided into five sections. In the first, (2.1.1), I attempt a classification of the projects studied. First I introduce some projects with a combined social and environmental remit, such as **Wyecycle** and **Mendip Vale Recycling**. Next I try to classify the projects according to their proximity to the charitable, business and public/municipal sector. Three different clusters do emerge, although some projects, such as the **Borovna Forest Co-operative**, are not easy to pigeonhole. Table 2 lists all the projects interviewed according to five criteria: *formal co-operative structure*, *true co-operative structure* (i.e. according to the co-operative principles, see Appendix 3), *conscious ethical goal*, *a localisation ethos*, and *all or large part of income from own resources*. I look at the caveats of such a classification and then concentrate on the projects with a pronounced localised ethos, including **Radford Mill Farm, Tablehurst and Plawhatch Community Supported Farms**, the **Treehouse**, and several others. In addition, some practical problems encountered by the **Hostetin Apple-juice plant** and the **West Dorset Food and Land Trust** in their attempts at fostering a local economy are discussed.

In some areas social enterprises seem to be more numerous than in others, including parts of the South-West in Britain and the White Carpathian region in the Czech Republic. The **Hostetin Apple-juice Plant**, which supports local production, employment and biodiversity, is located here, as well as an innovative shareholding arrangement with loan-shares secured on sheep called the **White Carpathian Sheep Partnership**. The complex interaction between the White Carpathian projects is described, and some links within another Czech group of projects are touched on.

Section 2.1.2. explores the motivation of respondents (men and women of all ages) to work in social enterprises. A marked tendency towards co-operation was observed within and between local projects, groups of friends and families. In seventeen projects, marital or live-in partners figured in prominent or more subtle ways. Respondents worked full-time or part-time, were paid or unpaid, of the paid only three expressed money as an important motivation. Based on their answers, I identified the following broad motivation groups, given in order of receding frequency of replies: enjoyment of work, importance of place, tradition, family, connection with past generations and with children, importance and usefulness of the work itself, visions of the future, a perceived need, motivation by friends and

colleagues, disenchantment with the status quo, inspiration by a book. Inspiration by ethical belief systems and radical movements was often obvious though not always explicitly stated.

The subject of section 2.1.3 are legal structures and governance systems, with an emphasis on British projects. Table 3 gives an overview of legal forms chosen by social enterprises and Table 4 summarises the actual legal forms of all the projects interviewed. In Britain, an Industrial and Provident Society (or Friendly Society), charity, and company limited by guarantee plus charity were the most common. British legal structures as opposed to Czech ones are flexible and can be adapted to members' needs. While some social entrepreneurs found a charity structure less constraining, others preferred to be incorporated, although this entailed more administration. The combination of charity and incorporated structure was chosen by some because of better access to charity funding and tax rebates combined with limited liability and, in some cases, the possibility of a co-operative structure. The structures of three projects: **Made in Stroud** (Fig. 7), **Port Appin Co-operative** (Fig. 8) and **Laurieston Hall** (Fig. 9) are described in more detail. The structures tend to be complex, with trading arms and trusts added on and linked with the main bodies through ownership, shareholding or covenant agreements. They seem to work well. The issue of scale and its influence on member participation in governance structures is discussed, with the positive example given of the **Oxford, Swindon and Gloucester Co-operative** and the **Phone Co-op**, which have managed to remain in touch with their members despite their large size.

In section 1.2.4, I look at the survival strategies of the social enterprises studied. Although the social and economic environment is different in both countries, the strategies chosen by the interviewed social enterprises to stay afloat in an uncongenial economic environment are broadly similar. Risking oversimplification, they can be divided into 15 categories, which however overlap in some cases: *1. personal savings and no-loans approach, 2. drawing on grant support, 3. government procurement, 4. landfill tax and other levies, 5. loans from institutions and others, 6. direct selling and adding value, 7. marketing and buying co-ops, 8. share issue, 9. shrewd business sense, 10. financial and other support from family, friends, local and like-minded others, 11. internal cross-subsidies, properties and other commercial activities as source of income, 12. ethical landlords, subsidised rent and land in trust, 13. work-share, the volunteer ethos, low-paid and hard work, 14. low-cost operation as a*

*complex strategy, 15. subsistence, barter and reciprocity as alternatives to the monetised economy.* Examples are given of each, and Box 3 describes the case of the **Stonesfield Community Trust**, which combined strategies 2, 5 and 11 to create a financially viable social enterprise. In Box 4, parts of an interview with social entrepreneurs from the Czech White Carpathian region is transcribed (62), giving a different perspective on approaches such as "shrewd business sense".

Section 1.2.5 looks at the problems which the interviewees in both countries identified. These include specific problems as well as issues mentioned by many respondents. Czech government and to a lesser degree British government was criticised. Economic issues were a common theme and included complaints such as a dependence on global prices and the "race to the bottom" effect. Problems of small-scale and a "threat to the small" were common and entailed excessive bureaucratic and regulation demands especially from the EU and governments, which were perceived as more detrimental to small enterprises than to large ones. At the same time, they often appeared as senseless or counterproductive when applied on a small scale. The other main "threat to the small" were economies of scale and large companies, including supermarkets, playing an ever more powerful role. Many examples are given in the text. Social enterprises and enabling organisations try to deal with this threat to the small by: benign cheating, co-operation and umbrella-group forming, opting out of the system, and preferential treatment of small enterprises. Most social enterprises can themselves be seen as solutions to this problem. Although it is difficult to be small, most of the enterprises interviewed do not wish to grow substantially in the future.

The last part, 2.2 (*Discussion*) tries to generalise the findings presented in part 2.1 (*Results*) and link them up to some of the ideas in the *Theoretical background* (1.2)

The first section (2.2.1 *Differences: learning from each other*) looks at the differences between both countries and asks which would score higher in terms of favourable conditions for nurturing ecosocial enterprises. Britain scores higher in entrepreneurial know-how and governance skills. The intricate governance pattern of the **Isle of Eigg Trust**, devised by the islanders themselves, (Fig. 10) is given as an example. Another strength on the British side is the ability of networking and the existence of numerous enabling organisations as well as ethical finance enterprises.

However, the Czechs have other advantages: a stronger link to the land is manifested in more people growing their own food, traditional produce markets

remain in some places, mobility is lower, family ties stronger and rural skills and traditions live on in regions like the White Carpathians. Fig. 11 details the structure of the **Hostetin Apple-juice plant** which highlights the more prominent role of local councils, able to employ staff and own land, in the Czech Republic. The chapter concludes with a polemic against the inevitability of the disappearance of such “vernacular economies”.

In the second discussion section (2.2.2 *Common themes*), I look at the implications of the non-profit motivations identified in section 2.1.2 for economic theory and its view of „rational“ motivation identified with narrow self-interest. Next I return to the issue of an „ecosocial enterprise“ and, drawing on the wealth of material in my sample, I make the point that many ecosocial enterprises do exist and reality is thus ahead of theory.

A central theme of this chapter is *scale*. The scale of the economy is growing and so is commodification. Unchecked competition leads to ever-larger companies, to power concentration and, in a rural setting, to ever-larger farms and ever-fewer people on the land. While many rural social enterprises do not want to grow, they have to consider the issue of scale (how big is big enough?). Social enterprises can deal with the issue of scale by association and collective agreements. A good example of this is an American tobacco growers’ association, which successfully countered the farmers’ treadmill trap for many decades. However, global competition since the seventies has undercut their efforts. A sophisticated attempt to counter the farmers’ treadmill in the pre-war Czech Republic (the grain monopoly) is discussed.

In a world of unchecked competition and ever-larger scale, associations of social enterprises can get too big to serve their small members well. Examples are given of marketing and umbrella groups becoming too powerful and „losing their soul“ in Britain and Austria. One solution is to join another umbrella group and here I emphasise the crucial right of free association, denied under Communism. However, the Communism which reigned in East and Central Europe is not identical with the socialist ideal. I suggest that the latter, together with the co-operative ethos, is something to be reclaimed rather than denied if the social enterprise concept is to keep its strength.

The „threat to the small“, identified as the main problem of social enterprises in section 1.2.5, comes from government and EU regulations as well as from a globalised market. The last part of the section focuses on this issue and suggests that

de-regulation leads to re-regulation in the sense of legislation to protect consumers which backfires on small producers. Some tentative re-localisation policies are discussed.

In the last section (2.2.3), I discuss some of the survival strategies of the social enterprises studied. The approach which can be described as *short circuiting, going local* or *opting out of the system* is further illustrated on the Bangladesh *Nayakrishi* (organic agriculture) movement. The Sustainability Institute is sceptical of this approach and I put forward arguments to counter this scepticism.

A core theme of this section is the issue of capitals. The conventional neoclassical model of production (Fig. 12) featuring three „capitals“: land, labour and manufactured and financial capital, is put into the context of new economics thinking. Polanyi has suggested that these capitals should not be monetised (commodified), since they are not true commodities (they cannot be produced). Douthwaite, as discussed in section 1.2.3, sees non-monetised or not-fully monetised capitals as an important factor of support for the emergence of a new economy. My results indicate that the social enterprises studied did rely on non-commodified capitals such as ethical loans, volunteer work and premises at non-market rates.

I discuss the ambiguities of volunteer and low-paid work as a subsidy for social enterprises and its connections to ancient traditions of mutual aid, still alive in countries like Finland. Then I return to the concept of capital, broaden it to include cultural and social capital, and tentatively equate capital with wealth. I suggest that non-market capital is the basis of non-market wealth, and give examples of such non-market capitals in the *Nayakrishi* example and in my own village. I link these concepts with secondary and primary wealth and poverty, and with the ecosystem people and omnivores of Guha and Martinez-Alier.

In the pre-war Czech co-operatives, non-market capital was created through association. Similarly, Tim Crabtree suggests (Fig. 13) that primary social enterprises should associate and create their own secondary enterprises which will then supply them with non-market capitals. This model exists to a degree in **Hostetin** and is being put into practice on a larger scale (including tertiary enterprises) in South West England. Pat Conaty's „four-corners model“ (Fig. 14) adds the dimension of money creation to the model of the new economy envisaged by Crabtree. It can be seen as a path to economic democracy as discussed in section 1.2.2.

In the conclusion I try to answer the question: How do we help rural eco-social enterprise to flourish? Seven ideas are presented:

- 1) *A return to the roots. These could be rural or co-operative traditions, or „capitals“ previously not seen as such.*
- 2) *An acknowledgement of the whole, not just the monetised economy.*
- 3) *Thinking of ways to re-embed the economy in place.*
- 4) *Discovering ways of safekeeping or creating non-market capitals (land, financial capital, knowledge, assets) to counter market failures.*
- 5) *Actively promoting policies to help the small.*
- 6) *Can already existing organisations such as small farms re-framed as eco-social enterprises?*
- 7) *Looking for a replicator, a secondary network or structure which may already exist and which could act as an engine of support for nascent social enterprises.*



## NOTES

### 1.INTRODUCTION

#### 1.1 Pre-analytic vision and research questions

1 Daly illustrates the concept with a story of how he asked the then-chief-economist of the World Bank, Lawrence Summers, if he felt that the question of the size of the economic subsystem relative to the Earth ecosystem was an important one, and whether economists should be thinking about the optimal size of the macroeconomy relative to the environment. Summers replied: "That's not the way to look at it". In Daly's interpretation, he had a pre-analytical vision which abstracted from the Earth ecosystem, and thus for him the maximum size of the global economy was not an issue. Approximate synonyms are "analytical framework", or "paradigm" in the sense of Capra (1984:11-12), though not in the original meaning of Kuhn (1972). For a review of the discussion about objectivity in science, see Cato (2004: 10-19). Sociology has been debating the issue since Weber (1998).

2 For example, in a struggle to prevent a four-lane freeway going through a residential district, each side had its own expert on transport, with opposing views on the subject.

3 For a review of the growing sociological/economic body of literature criticising the de-linking of economics and ethics and formulating the implications for distributional justice, see Morawski (2005: 237-253)

4 In his influential article *The tragedy of the commons*, American biologist Garret Hardin (1968) saw traditional commons, such as a communal pasture, as a free-for-all where every herdsman tries to maximise his gain by adding ever-more animals, thus in the end causing a collapse of the common resource through overgrazing.

5 In chapter *Development as enclosure: the establishment of the global economy* (p. 131), the authors unequivocally state their radical position: *The modern nation state has been built only by stripping power and control from commons regimes and creating structures of governance from which the great mass of humanity (particularly women) are excluded. Likewise, the market economy has expanded primarily by enabling state and commercial interests to gain control of territory that has traditionally been used and cherished by others, and by transforming the territory – together with the people themselves – into expendable "resources" for exploitation. By enclosing forests, the state and private enterprise have torn them out of fabrics of peasant subsistence; by providing local leaders with an outside power base, unaccountable to local people, they have undermined village checks and balances; by stimulating demand for cash goods, they have impelled villagers to seek an even wider range of things to sell. Such a policy was as determinedly pursued by the courts of Aztec Mexico, the feudal lords of West Africa, by the factory owners of Lancashire and the British Raj, as it is today by the International Monetary Fund or the Coca/Cola Corporation.*

6 A similar concern has been voiced by left-wing thinker Ulrich Beck (2002: 211). This assumes the continued availability of relatively cheap fossil fuels, especially oil. Recent assertions that oil production will be peaking within the next several years (see e.g. Campbell 2003, <http://www.after-oil.co.uk/>, Kunstler 2005a,b) add a new twist to the whole debate. Expecting sky-high oil prices, the eco-philanthropist Doug Tompkins is already replacing tractors with horse-drawn vehicles on his Chilean farms (Graydon 2006: 34). For more on the viability of replacing tractors with horses, see Pinney 2003 and Trainer 1995: 25).

7 I was already familiar with the race to a Communist heaven. I had been deeply opposed to the system of state socialism, with its mixture of moral and material corruption, lack of basic human freedoms and environmental destruction. While I was later forced to accede that the system did have its good points (such as full employment, generous public transport subsidies and curtailed advertising), I have remained a strong adherent of the ideals of political pluralism and democracy.

**8** See e.g. Munasinghe and McNeely, 1995, or in contemporary Czech context the texts of Ivan Rynda.

**9** The book summarises the results of a four-year international research project analysing the emergence of social enterprises in the pre-accession EU countries, carried out by EMES – the European Network on Social Enterprises. The text focuses almost exclusively on social enterprise as addressing social concerns, especially social inclusion and employment. Neither *the environment* nor *nature* is to be found in the index. When an environmental organisation is mentioned (as being part of the social economy), it is defined as “providing a service to the whole community” (*Greenpeace*, in the Introduction, p. 3).

**10** See e.g. Commission of the European Communities, 1995. The term *social exclusion* itself does not have one accepted definition. According to Levitas (1998) it may be associated with low income (the Anglo-Saxon “poverty” approach), the US “underclass” approach, or the European “integrationist” approach stressing re-integration through paid employment. Jentsch and Shucksmith (2004) suggest a broadening of the European approach, which they find the most useful of the three, to include re-integration not only into market processes, but also into voluntary, family and friends, and state systems. There is no mention of the liminal zone of social enterprise.

**11** For example, O’Hara (2001: 163) in a text on the Irish social economy, freely uses phrases like *...as economic growth continues and job opportunities in the Irish economy generally continue to improve...* or *as Ireland becomes an increasingly prosperous society*. For a fuller discussion on “commodification”, see section 1.2.2

**12** This is the basic argument of Polanyi’s important book written in 1944. It is expressed succinctly on page 3: *Our thesis is that the idea of a self-adjusting market implied a stark utopia. Such an institution could not exist for any length of time without annihilating the human and natural substance of society; it would have physically destroyed man and transformed his surroundings into a wilderness.* Fred Block’s invaluable introduction to the 2001 edition gives a condensed outline of Polanyi’s main arguments.

## **1.2 Theoretical background**

### **1.2.1 The “rural”: definitions, projections and realities**

**1** Rural areas are defined by population density and built environment by the Countryside Agency (2002:5). In the Czech Republic, villages are accorded regional government grants from the Countryside regeneration programme (*Program obnovy venkova*) if they have no more than 3000 inhabitants. Czech demographic statistics define a settlement as “rural” if it has less than 2000 inhabitants (Librova, 1997: 28). On the other hand, the Countryside Agency (2002: 88) also seems to include market towns (most of which have populations of up to 10 000) under the heading of “rural”. These differences may mirror the more pronounced existence in Britain as opposed to the Czech Republic of large sub-urban or semi-urban areas, blurring the town-country divide. However, the question of where to draw the line between town and country for research purposes was a complex one even in the early 20<sup>th</sup> century in the Czech Republic, as the size of a settlement was not always congruent with its rural character. Rural character was then often equated with “agricultural” (Kubes 2000).

**2** Lower mobility is however characteristic of Czechs as a whole: in the early nineties 46% of the Czechs lived in the same village, town or city they were born in, and 66% lived in the same district (*okres*), i.e. within a radius of approximately 30-40 kilometres (Librova 1997:29)

**3** In the scenic Sumava (Bohemian Forest) region, much valuable land in villages is owned by speculators, and there is an increasing income gap between the often absentee owners of prosperous hotels and other locals, hit by a decline of primary and secondary industries (Kerles, 2006). In the attractive but environmentally fragile Krkonoše mountains, large numbers of houses are built and sold to non-local owners for second homes. In the case of the

town of Harrachov, the absentee owners of such dwellings (numbering 1122) will outnumber local residents (Flousek 2006:5).

**4** For example, in the social sphere, intimate relationships within the community may lead to excessive social control and to passive aggression (gossip). In the environmental sphere, Librova (1996: 291) points e.g. to the historical tendency of peasants to push back the wilderness and to the reserved approach of many of their modern-day descendants vis a vis organic agriculture.

**5** A few points summarising the impact of my own encounter with the rural between 1994 and 2006 and a description of a local communal custom in my village dating from pre-Christian times are in Appendix 2.

**6** Invocations of rural values and traditions have been criticised as ahistorical in some Czech polemic texts, ie. as collapsing the “rural” of many centuries right up to the nineteenth into one mythical, unprecise and unverifiable vision (Hlavaty 1998, Sadlo and Pokorny 2004: 399-400). Such a criticism loses its bite if we acknowledge the power of such mythical constructions (be they modernist or “ruralist”) in shaping human perceptions, activities and pre-analytical visions.

**7** In this it can be likened to the image of “woman” in historical Western male perception (de Beauvoir 1949). Interestingly, the Indian poet Tagore has likened the country/city dichotomy to woman/man and contended that a balance of give-and-take needs to be achieved in both types of relationships. In India, modernity had shattered the original harmony between town and village (Tagore: *City and village*, 1928, quoted in Guha and Martinez-Alier 2000). Gandhian economist G.C. Kumarappa sees women as central to building a new, decentralised village economy (1960: 165)

**8** This rural Nazi mysticism was connected with “green” thinking, such as a belief in organic agriculture ,etc. Totalitarian thinking in radical ecological thought is a disturbing issue to this day (see e.g. the statements of Rudolf Bahro in Palmer 2001: 272)

**9** This distinction is somewhat similar to Bauman’s classification of people as “locals” and “globals” (Bauman 1999: 117). Bauman’s locals might in this perspective be seen as a combination of “ecosystem people” and “ecological refugees”.

**10** An echo of this view is apparent in industrial countries today. Wendell Berry speaks of the American countryside as a colony of the city/nation (1988: 15, 2001). British authors Desai and Riddlestone discuss the urban-rural divide in Britain, with rural areas unable to share in the prosperity of London (2002: 76). American bioregionalist Kilkpatrick Sale (1991: 65) speaks of the large cities as colonizers, *grand suction systems drawing their life everywhere from the surrounding nation [and world]*. Czech researcher Zdenek Kucera (personal communication, 12.3.2003) speaks of more going out of a Czech rural region (*Lipno*) in terms of material and human resources than comes into it, likening it to the exploitation of a third world country. Historically, the privatisation of the commons and the Highland clearances in Britain can be seen as a clash between omnivores and ecosystem people (Neeson 1993, McIntosh 2001: 76-97). See also Wilkinson (1973) for a similar perspective. In my own sample, one of the respondents expressed similar views (beginning of section 2.1.5).

**11** According to a British Social Attitudes Survey in 1999 (Countryside Agency 2000:15). Only 18% of the respondents actually lived in the country. However, it seems that such sentiments in Britain are not of recent date: According to Halfacree (1997), a Gallup poll in 1989 found that 72% of British adults said they would rather live in the country than in the city, up from 61% in 1939.

**12** New economist James Robertson (1990: 51) comments on disproportionate financial flows to cities in today’s “developed” world despite the changing character of the “rural”: *In industrialised countries the economic, social and cultural conditions of “rural idiocy” to which Marx drew attention in the 19<sup>th</sup> century are now disappearing, as a result of modern*

*technologies and better communication and access to information. It is urban idiocy now which is becoming harder to endure, as cities become less pleasant and less economic places to live in and work in, and as city people become more conscious of their exile from the real world of earth and sky and seasons...And yet financial resources...continue to be channelled into economically unsustainable cities...to increase the already excessive property values and traffic congestion there.*

**13** According to new economics foundation (nef 2002a: 12): *Since the 1940s, around 100,000 small shops have closed, and every year their number drops by approximately 10%. Between 1995-2000, independent fresh food specialists – including bakers, butchers, fishmongers and greengrocers – saw their sales drop by 40%, as supermarkets consolidated their grip over the food retail sector. Fifteen years ago there were 47,068 independent grocery retailers in Britain. Today, that figure has been reduced to just 28,319...The Rural Shops Alliance estimates that there are fewer than 12,000 rural shops left in Britain, and, according to The Grocer magazine (31 March 2001), we are losing them at a rate of 300 a year.*

**14** The closure of a primary school may start a reinforcing demographic feedback loop as young families, not wanting their young children to commute long distances, settle elsewhere. In the long-term, the absence of primary schools and kindergartens in a village weakens the local community in many subtle ways culturally, socially and economically.

**15** I put the terms “developing” and “developed” in quotes because I see them as growing out of a progress/development/economic growth paradigm to which I do not subscribe. “Developing” implies a temporary state to be abandoned, “developed” implies a state to be reached. However, perhaps the industrial countries are “over-developed”, the third world countries mal-developed, and what we really need is a “counter-development”, as described by Norberg-Hodge (1991: 157-166). In a similar vein but from another perspective, Williams (2005: 5) equates “development” with “commodification” and shows that in this sense, development may be neither progressing as charted, nor is it necessarily desirable that it should do (for more on Williams’ work see section 1.2.2).

**16** As evidenced e.g. in the work of the historian Barrington Moore, Jr., who remarked that the peasant rebellions of early modern Europe represented the *dying wail of a class over whom the wave of progress was about to roll* (*Social origins of dictatorship and democracy*: 505, quoted in Guha and Martinez-Alier 2000: 81)

**17** American writer Joe Sherman, who described the modernisation (or destruction) of the Vermont countryside in the last forty years in his book *Fast lane on a dirt road* and who has worked on rural and environmental issues in the Czech Republic, has told me (May 2006) of his efforts to find financial backing from publishers to write a book about the story of the Czech farmer, Jan Rajter, who first had his farm (forcibly) taken from him by the Czech government during the collectivisation in the 1950s, and then, when he had saved up for another, had his farming land ruined by the (illegal) establishment of a multinational automobile plant in his immediate vicinity in the 21<sup>st</sup> century. The publisher refused on the grounds that “another hard-luck farming story” is just not something people want to hear.

**18** “Feeding animals with the crushed fat and spinal cord of other animals is a form of cheap, industrial, cost-effective management”, a British Civil Service source said to O’Hagan (2001). Certainly it would not have been technically (preparing the feed) and perhaps ethically (forcing a herbivore to eat animal products) possible on a traditional farm. Foot-and-mouth disease is not a mortal or dangerous illness and the reason for the mass cullings etc. was an effort to contain the disease so as not to lose access to foreign markets.

**19** Only in 2003 was a law passed which enables Scottish crofters to buy their land out even if the owner disagrees (the 2003 Land Reform Act).

**20** The Czech Republic was a part of the Austro-Hungarian Empire until 1918. In 1918-1938 it was part of Czechoslovakia which comprised Bohemia, Moravia, Slovakia and Ruthenia

(the Carpathian Ukraine). In 1945-1992 it was again Czechoslovakia but without Ruthenia. Since 1993 it has been the Czech Republic comprising Bohemia and Moravia only. To make things less clear, the word *cesky*, "Czech", sometimes stands for both "Bohemian" and "Moravian" and sometimes only for "Bohemian."

**21** A Czech book published as late as 1985 and entitled "The Rebirth of the South Bohemian village" fails to take into account that this forced rebirth meant the death of the family farm and the many existing authentic marketing and processing co-ops. Photographs from the fifties show villagers carrying flags and marching to the tune of a brass band to the fields where "tearing out the hedges" was to take place in order to usher in a new era of "socialist production relationships" (Pesek 1985).

**22** In her example of the modern replacement of yaks (who were able to utilise grass from highland pastures in Ladakh, transmuted later into food and energy for the people) by jersey cows, who had to have specially cultivated fodder, Norberg-Hodge (1991:112) shows how efficiency in a narrow economic sense (jersey cows give more milk than yaks) can disrupt efficiency in a more holistic sense (highland grassy areas remain unutilised, jersey cows do not provide labour and hair from which blankets can be woven). Highland pastures, like other ecosystems the world over, are left unutilised as part of a global economic intensification process leading to the creation of *artificial scarcity* (Norberg-Hodge 2001: 244).

### **1.2.2 Economic democracy, economic freedom and resistance against commodification**

**1** In his analysis of the race to the bottom, left-wing Czech sociologist Jan Keller (2005: 46-47) comments on the paradox of increasingly "free" markets leading to an increasingly shackled state, pressured to dismantle welfare benefit systems. The cultural backdrop of a globalised economy seems to be a renaissance of social darwinism, preaching the survival of the fittest. It is the most mobile who win in this struggle. They can then dictate to the less mobile, more sedentary, stabilised, bound to one place. This ability to dictate, to mete out doses of uncertainty, is the most condensed variety of power. The government can never win this game, since it is rooted in one place and its function is to help guard against uncertainty, not mete it out. At the same time, influential right-wing journalists welcome the pressure to dismantle the welfare state, calling on it to stop treating the Czechs as children and get on with the overdue scrapping of free education, medical care and subsidised housing. (Tabery 2006).

**2** It can be argued that besides concentrating power in the state and in large corporations, modernity has fostered the development of a manipulative science, whose main purpose is power over nature (Capra, 1989:211-216, 223-225, 1983: 38-46). For more detailed explorations of the link between science as power and its exploitation of nature, of the "feminine" and of pre-modern cultures see Merchant 1980, Sheldrake 1990, Norberg-Hodge 1991)

**3** Money is created by commercial banks by a mechanism called the multiplied expansion of deposits. Based on the system of fractional reserve banking, banks lend out or invest a large part of their deposits, but retain these as assets on their books. Thus each time a bank lends out money, which is taken from its pool of money on clients' accounts, and lends it to a client, new money is created. This process can go on practically indefinitely, leading to a system which is hard to control and liable to reinforcing feedback loops which threaten its stability.

**4** A view of modern history as a multiple trend towards centralisation of economic power is controversial and unpacking all the arguments for and against might fill volumes. It has most often been espoused by left-wing and radical thinkers and anarchists (e.g Kropotkin 1902, Illich 1981, Polanyi 2001), those allied with a conservative and Christian world view (e.g. Ruskin 1985, Belloc 1977), as well as thinkers focusing on environmental and third world

issues (eg. Gandhi 1996, Shiva 1992, Goldsmith 1998). This strand of thinking has often entailed a respect for pre-modern and non-Western communities and cultures and a scepticism towards Enlightenment and neo-liberal values. It stands in contrast to current neo-liberal and neo-conservative thinking (e.g. Hayek 1944, Novak 1982, Buchholz 1989).

**5** However, growing corporate power (Robins 2003), failing grass-roots support of political parties, a burgeoning PR industry and other factors have led to a growing economic and ideological dependency of political elites on big business, compromising the political democratic ideal (Balanyá et al. 2000, Mokhiber and Weissman 1999).

**6** Other authors who have discussed economic democracy include e.g. Kelly (2001) and Turnbull (2002).

**7** In the last decades, the commons has made a modest appearance in economic theory, more precisely in the applied field of resource management. (e.g. Burger et al. 2001)

**8** Examples of development as enclosure of the commons in the third world may include e.g. enclosure of artisanal fisheries in Kerala, India (which sell fish locally and preserve them by simple methods such as sun-drying) by commercial fisheries, which rely on refrigeration and canning to reach distant markets (p.199). This is the type of enclosure which resonates with the ecosystem person/omnivore distinction of Guha and Martinez-Alier (section 1.2.1.) For an analysis of the links between enclosure and famine in Ethiopia, see George (1976: 241-243).

**9** Having said that, a movement reclaiming feudally owned land in the Scottish Highlands and Islands has been gaining momentum with the 2003 Land Reform Act which gives crofters the right to purchase the land they work even if the owner refuses. (This was not in place when I conducted my interviews: the **Isle of Eigg** islanders were only able to buy their island because it was on the market.) In 2007, over half the land in the Hebrides rests in public or community ownership. (Senscot Members' Bulletin, No. 359, 19.1. 2007, www.senscot.net)

**10** A comprehensive history of European Christian and co-operative socialist thinking, which would have to include e.g. Charles Gide (1847 – 1932) and many others, is beyond the scope of this study.

**11** Another way Capitalism and Communism converge is their inability to reach environmental sustainability. Keller (1996) argues that the liberal, conservative and state socialist political tradition differ little in this respect, all resting on an ideology of maximum production without taking account of environmental limitations. Wendell Berry (2001) sees violence as underpinning both systems: *Communism and "free-market" capitalism both are modern versions of oligarchy. In their propaganda, both justify violent means by good ends, which always are put out of reach by the violence of the means. The trick is to define the end vaguely "the greatest good of the greatest number" or "the benefit of the many" – and keep it at a distance.*

**12** Father Moses Coady, one of the architects of the successful Antigonish co-operative movement in Nova Scotia in the early 20<sup>th</sup> century, saw political and economic democracy as inextricably linked. *Make all people owners*, he said, *and they will defend and preserve democracy.* By ownership he meant ownership of capital assets via co-operation, which would enable people to take part in and shape the economic process as well as the political. (Mathews 1999: 148-150). More recently, a similar plea for a wider distribution of capital in the interests of a more equitable society is made by Robertson (1990: chapter 11). He sees all citizens as entitled to capital resources which were taken from them via the process of modern economic development, to be handed over to people stronger and richer than themselves. He envisions paths to a re-distribution of capital assets which include a basic income for all as well as policies enabling individuals to build up self-employed businesses, encouraging wider share ownership, and owning their own land and houses. He also recommends co-operative enterprises. For him, such policies merge left-wing and right-wing

ideologies, and produce *co-operative capitalists and self-reliant socialists* (p. 119). A similar view is expressed by Nozick (1992: 211), who comments on the blurring of ideological lines between right and left when considered from a perspective of community self-reliance. Sale (1991: 168–169) expresses a similar view regarding bioregionalism (see section 1.2.3). Turnbull in Morehouse (chapter 13) calls for a system which he christens *social capitalism*, based on ownership sharing in the private sector on a highly decentralised and pluralistic basis (p.81–82). Like Robertson, Turnbull endorses the idea of a basic income. In a similar vein, Gandhi's work is interpreted by Conaty (2001a) as *rejecting the individualism of capitalism and the state ownership of communism*.

**13** While Williams (2005:14-15) distinguishes commodified, not-for-profit monetised, non-monetised and subsistence economies, Smith and Stenning (2006) have applied a differentiation developed by the Community Economics Collective based on class relationships. They see the economy as consisting of *market relations organised through capitalist class processes, non-market relationships* and *alternative market relations*, the latter subsuming a wide range of practices including co-operative enterprises and local currency systems on one hand and black market operations and indentured labour on the other. Interestingly, authors using the class approach (Gibson-Graham 1996, Smith and Stenning 2006) do not see intra-family exchanges as non-exchanged or subsistence work, making possible the dissection of even the family from a power/class perspective.

**14** However, I am not sure if *commodification* can be equated with the onslaught of *capitalism* (as Williams seems to see it, next paragraph). At least theoretically, a commodified world might at the same time be a world of localised family enterprises and co-operatives rather than share companies with absentee investors.

**15** Even when we try to extricate ourselves from a modernist pre-analytical vision, it is arguable that by speaking of *production, products and services* we fall into a trap, as the words already contain a market bias, implicitly pre-supposing a producer and a consumer. In traditional economies, where economic relationships are more embedded in the ecosystem and community, such words would lose their meaning (Mauss 1925). Similarly, the word *environment* would be foreign to the Indian villager, who sees himself as part of a “family of the Earth”, *Vasudhaiv Kutumbkum*, connected by relationships of mutual support and obligations (Johanisová 1994). Shiva et al. (1997: 9) assert that, *for indigenous peoples, heritage is a bundle of relationships rather than a bundle of economic rights*.

**16** De-commodification is a fact of life in many post-Soviet countries. Czech traveller Pavel Knebl (1999: 31) describes tea plantations, mostly unpicked, spreading to the horizon near Zugdidi in Georgia in 1996. “What would we use so much tea for? Bread is what we need,” one of the locals mused. Some ethnic groups have returned to their mountain villages and resumed a subsistence economy after having been deported and consigned to slave labour in cotton fields by the Communist regime (Simanek 2004)

**17** In their conclusion, they note: *In all these ways it is difficult to straightforwardly interpret the value and politics of these diverse economies. Their complex articulations, their connections to earlier proto-capitalist activities and their varied sets of economic and social relations (of exploitation) mean that it is not possible to read diverse economies in ECE necessarily as alternatives to the ‘transition to capitalism’, as emancipatory or as contributing to the alleviation of poverty or other social justice goals. Rather, our analytical task is to unpick the social form and power relations within diverse economic practices as a first step to articulating a politics of valuing such activity in post-socialism.*

### **1.2.3 New visions for old: Swadeshi, localisation, short circuits and non-commodified capital**

**1** He takes this idea from C. Wright Mills

## 2 Quoting Frank E. Mannel

3 And the utopia of one age may be dystopia to another. I am appalled by the following vision, which has since come essentially true: *We have also parks... of beasts and birds; which we use... for dissections and trials... Wherein we find many strange effects: as continuing life in them, though divers parts, which you account vital, be perished and taken forth; resuscitating of some that seem dead in appearance, and the like. We try also all poisons, and other medicines upon them, as well of chirurgery as physic. By art likewise we make them greater or smaller than their kind is, and contrariwise dwarf them and stay their growth; we make them more fruitful and bearing than their kind is, and contrariwise barren and not generative... We find means to make commixtures and copulations of divers kinds, which have produced many new kinds, and them not barren, as the general opinion is.* (Francis Bacon: *New Atlantis*, 1626)

4 Beer (1953) in fact views the concept as encompassing a much wider time horizon, and in his book gives a review of British “socialist” ideals and communities from early Christian communitarianism through the English schoolmen, John Wycliffe and the Watt Tyler peasant revolt in 1381, which he sees as a revolt against enclosure (p. 20), through the sixteenth and seventeenth centuries’ movements (Diggers) and writings (Thomas More) to the ferment at the turn of the 18<sup>th</sup> and 19<sup>th</sup> centuries. His nodes of “socialism” in history appear to reflect the *utopian periods* identified by Zablocki (1980) as quoted by Poldervaart (2001).

5 A rejection of the *Gemeinschaft* (see section 1.2.1.) is also effected by left-wing political thinker André Gorz (1994). He acknowledges that in a communitarian society, where people are not divorced from their means of production, work would lose its alienated character and become an activity where people would have a grasp of its aims and outcomes (p.63). However, he is wary of such *nostalgic aspirations* because a/ they are at variance with the ideal of an emancipated individual taking charge of her/his own life (p.3) and b/ agrarian and subsistence economies are not a real option in the urbanised and commodified West, therefore those who call for it do not know *how* to bring them about, making their exhortations utopian in the bad sense of the word. However, he does concede that such a radical vision (work integrated in the community, as in traditional rustic, mediaeval, ashram etc. communities) serves as a norm for a definition of “the good life”, which provides a platform for radical critique of industrial society (p. 64).

6 The information on Joseph Proudhon is taken from:  
[http://en.wikipedia.org/wiki/Pierre-Joseph\\_Proudhon#Political\\_philosophy](http://en.wikipedia.org/wiki/Pierre-Joseph_Proudhon#Political_philosophy) [accessed 8.8.2006]

7 As he is again today in post-Communist Czech Republic.

8 The intellectual percolations in Britain in the first decades of the 20<sup>th</sup> century among those wishing for social reform, with numerous associations formed and re-formed, journals published, passionate lectures and public discussions organised, are described in Part I of Mathews (1999).

9 The reason for the failure was the withdrawal of financial support at a crucial moment, by English Catholic authorities (Mathews 1999: 121-122). A prominent propagator of the distributist back-to-the-land movement was Father Vincent McNabb, a Dominican who rejected the use of machinery. He wore a habit “hand-spun in the Hebrides and hand-woven in Sussex”, and his dream was to: *re-integrate bed and board, the small farm and the workshop, the home and the school, earth and heaven* (Mathews 1999: 120 –122). Harold Robbins, leader of the *Catholic Rural Land Associations* which tried to put the re-settlement projects into practice, summarised their aims in the following vision of a non-commodified economy: *If men were taught to farm, primarily to feed their families, secondarily to feed neighbours grouped in social communities around them, and only finally to market their surplus co-operatively, it seemed not only would the marketing problem assume more modest proportions but the revival of social contacts would reverse the rural decline.* (Mathews 1999: 121).



**10** He sees Communism as dominated by *compulsion*, Capitalism as dominated by *competition* (leading to concentration of capital, instability, injustice, inefficiency, lack of democracy and war), while Co-operation (based on *co-operation*) leads to a system which serves both the individual and public welfare and is largely self-governing, rather than controlled by the political government. It divides purchasing power equitably and this results in steady production and *abundance for all*. On p. 68 – 72 he presents an interesting table comparing pro-slavery arguments from before the Civil War with contemporary arguments used to support a competitive economy.

**11** Hillaire Belloc in his book, *The Servile State*, makes a similar argument. So does Wendell Berry (2001), who concludes that the current free trade economy is a “total economy”, over which we have no control, and sees free trade as bringing destruction and slavery to rural and ultimately also to urban areas.

**12** Williams (2005), however, reports that it is the employed and more affluent groups who appear to take more part in the non-commodified economy in Britain and the United States (chapter 6). His research revealed that affluent households in Britain continue to perform a large share of subsistence tasks (such as wall-papering, indoor painting, etc.), even though they could afford to commodify them (i.e. pay for them as a service). One important reason was that they enjoyed it (chapter 6).

**13** In his book, Gorz does not take into account other underlying economic mechanisms which contribute to unemployment and the emergence of the servant class in the West. These include the flight of manufacturing and other jobs to other countries as part of a race to the bottom (see section 1.2.2.). The race to the bottom also undermines the decision-making power and fiscal viability of governments (Keller 2005) and thus makes Gorz’s remedies difficult to implement.

**14** Gorz also speaks about the need for *democratization of economic decision-making* (p. 42) and quotes the Viennese historian Siegi Mattl, who said, defining socialism as essentially a struggle against power: *What is at stake here is the revolutionary project in which people are something other than – more than – functionaries of a social machine; at stake is autonomy, the possibility that human beings may enter into truly free associations in which the domination of others – whether it take the form of the Ten Commandments, state power or share ownership – is no longer possible. If it is to survive, socialism will have to remember its origins of a hundred years ago. Those origins lay...in an alliance of subversions.* (p. 43). (See Williams 2005: 219–222 for a brief review of the radical current of left-wing thinking represented by Gorz.)

**15** Ridley seems to see the origins of the system he deplores in a curious monochrome, blaming the expansion of the state but not realising that to a large extent, it was the pressure of markets on social networks and environmental support systems which enhanced state power (Gray 2002, Polanyi 2001). A convergence between the right and the left in espousing bottom-up, localised, small-scale co-operative economies is noted also by Robertson (1990:119) and Shuman (1998: 125).

**16** However, at least one practical distributist, founder of the successful Antigonish Movement in Nova Scotia, father Moses Coady, included *rational use of natural resources* in his vision of *the good and abundant life*. He linked a responsible attitude to the environment with widespread ownership of capital assets, which would make people feel they have a *stake in the world* (Mathews 1999: 151, 149) See also note 9 in this section.

**17** Foreshadowing thinkers like Richard Douthwaite and Helena Norberg-Hodge, Bookchin anticipates the objection that such an economy would be inefficient, and answers: *...the word efficiency, like the word pest, is relative. Although duplication of facilities would be somewhat costly, many local mineral sources that are not used today because they are too widely scattered or too small for the purposes of wide-scale production would become economical for the purposes of a smaller community. Thus, in the long term, a more localised*

or regional form of industrial activity is likely to promote a more efficient use of resources than our prevailing methods of production.

**18** In 1888, William Morris described this aspect of the economic treadmill as follows: *The Indian or Javanese craftsman may no longer ply his art leisurely, working a few hours a day, in producing a maze of strange beauty on a piece of cloth: a steam-engine is set going in Manchester, and that victory over nature ...is used for the base work of producing a sort of plaster of china-clay and shoddy, and the Asiatic worker, if he is not starved to death outright...is driven...into a factory to lower the wages of his Manchester brother worker, and nothing of character is left him, except ...an accumulation of fear and hatred of that to him most unaccountable evil, his English master.* (Morris 1986: 163). Douthwaite (1997 2000:87) likens the global industrial system to a chain letter or pyramid system: Britain was the first to industrialise and managed to retain its social cohesion by boosting plummeting employment via exporting its mass-produced goods to the rest of Europe, destroying its craftsmanship in turn. The rest of Europe then dumped its superfluous produce on the rest of the world. Africa, Asia...are now trying to follow suit, but there is nobody new to sell to: we are all members of the pyramid system now. And only those whose names were at the top of the list came away with jobs or a profit, made at the expense of those below.

**19** These offerings were not *products and services*, nor were they calculated or coerced: they were freely given gifts.

**20** In relation to nature, humans could draw on its resources, but ruthless pollution and exploitation of nature was an act of cosmic sacrilege. (Parekh 1997: 87–89).

**21** Environmental activist and thinker Vandana Shiva discusses the concept of *swadeshi*, private property and economic freedom in her booklet *Globalization: Gandhi and swadeshi* (Shiva, 1998).

**22** Like Chesterton and Bowen and for similar reasons, Gandhi mistrusted both capitalism and communism. The principle of trusteeship was meant to supersede both, by combining the self-help aspects of capitalism with the ethos of collective responsibility of communism. After Gandhi's death, the principle was put into practice by his follower Vinoba Bhave, who brought significant amounts of land into common ownership via the *land gift* movement. This inspired the community land trust movements in the U.S.A. and elsewhere (Conaty 2000).

**23** Local food production for local consumption is an important part of the vernacular as envisaged by Illich. He points out that, until the French Revolution, 99 percent of food was locally grown within a bird's eye view of the village church spire. (Conaty 2001b)

**24** Illich as quoted in Conaty, 2001b

**25** However, compared with Williams, Illich was very sceptical of most of the forms of non-commodified work prevalent in our day. He sees third sector work, household work and other unpaid activities as a kind of *shadow work*, helping to reproduce the dominant market economy and exploiting women in domestic drudgery (Conaty 2001b). For interesting perspectives on the latter, see Gibson-Graham (1996), who in her/their dissection of household economies distinguish/es between feudal economic relationships, where the non-working wife is economically subservient to the husband, and communal economic relationships, where both partners have equal economic power (irrespective of their engagement in outside employment).

**26** Other concepts with very similar or concurring meanings have included *self-reliance* (Galtung 1986, Nozick 1992, Shuman 1998), *bioregionalism* (Sale 1991, Andruss et al. 1990, Mills 1995), *bioregional development* (Desai and Riddlestone 2002), *going local* (Shuman 1998), *encouraging homegrown local economies* (Robertson 1990), *short-circuiting-strengthening local economies* (Douthwaite 1996), *building sustainable communities* (Morehouse 1997) *building "new economics" structures* (Crabtree 2006), *counter-development* (Norberg-Hodge 1991), *person-in-community* (Daly and Cobb 1990: 168–186) and building a *lean economy* (Fleming 2005).

**27** Quite often, the visionary and practical overlap considerably within one text. Most authors in this field are not academics, and their overarching concern is not with grand theory nor with social scientific research. Their goal is to find, in theory and practice, viable and positive alternatives to a world which they perceive as going in the wrong direction. Among the more theoretical texts can be counted: Robertson (1990), Sale (1991) and Fleming (2005). Douthwaite (1996), Crabtree (2006) and Desai and Riddlestone (2002) are closer to the practical shore.

**28** The idea of localisation ties in with tendencies over the last decades to re-think regional development models in terms of “endogenous” rather than “exogenous” models of development, i.e. relying on local natural and human resources, strengths and assets (Cato 2000, 2004, Kretzmann and McKnight 1993, Lowe 2000, Pretty 2001: 225–229)

**29** See also Mills (1995)

**30** A similar insight regarding the almost mystical physical unity between human and place in true local cultures was voiced by Czech writer Ludvík Vaculík in his book on Czech rural life *Sekyra (The Axe): In this forested mountain basin the water gathered for the village wells and my father drank it. It seeped up through the grass into cows' udders. It gave shape to the fruits on the trees and he ate them. Here is the repository of the substance, the source of the atoms which joined to form his body...There is one question I have never yet asked people: Where do your atoms come from? And the trail would lead them to the train reloading area, and then they would lose it and have no more information about themselves.* (translation mine)

**31** Sale (1991:76–78) further elaborates on this and other advantages of a bioregional economy.

**32** This was originally Gandhi's point when suggesting that India should support the production of necessities, such as cloth, in the villages using traditional tools (Gandhi 1995). While the efficiency of production would be low, it would still be much higher than if the people involved made nothing (see also Douthwaite 1996: 44). J.C. Kumarappa, one of Gandhi's disciples, developed Gandhi's ideas on rural economies in a series of books, but was marginalised after India gained independence (Guha and Martinez-Alier 2000: 158-9, Kumarappa 1960). For more on Kumarappa see e.g. <http://www.kigs.org/kumarappa1.htm>.

**33** Quoting research by the Institute for Local Self-Reliance, based in Washington D.C., Shuman (1998: 107) reports that two thirds of the gross monthly revenues of a McDonald's in a Washington D.C. neighborhood were quickly respent outside the community in 1975. Fifteen years later, according to another paper, the fraction respent non-locally by McDonald's rose to three quarters.

**34** This emphasis on stability and permanence resembles the priorities of commons regimes (see section 1.2.2) and mediaeval craft guilds. According to Black (1984: 9), mediaeval craft guilds *aimed typically to secure continuity of work and income for their members, „a burgher livelihood“ ... and to maintain the fixed number of small independent producing masters of each craft. To this end they sought to limit competition.*

**35** A similar point was made by the Gandhian economist J.C.Kumarappa early in the 20th century: *If we produce everything we want from within a limited area, we are in a position to supervise the methods of production; while if we draw our requirements from the ends of the earth it becomes impossible for us to guarantee the conditions of production in such places.* (Quoted in Guha and Martinez-Alier 2000: 159). For a brief discussion on the relationship between scale and ethics, see Sale 1991: 52–54

**36** The positive externalities of localisation can be argued to be much wider. In a broad sense, all the benefits associated with localisation detailed in this section can be equally defined as positive externalities. On a community level, urban planner and economist Jane Jacobs (1972:71–72) gives a detailed description of the positive externalities engendered by a small local shop in the sixties in New York: *On one ordinary morning last winter, Bernie Jaffe and*

*his wife Anne supervised the small children crossing the corner; lent an umbrella to one customer and a dollar to another, took custody of two keys; took in some packages for people in the next building who were away; lectured two youngsters who asked for cigarettes; gave street directions, took custody of a watch to give the repair man across the street when he opened later; gave out information on the range of rents in the neighbourhood for an apartment seeker; listened to a tale of domestic difficulty and offered reassurance; told some rowdies they could not come in unless they behaved and then defined (and got) good behaviour; provided an incidental forum for half a dozen conversations among customers who dropped in for oddments; set aside certain newly arrived papers and magazines for regular customers who would depend on getting them; advised a mother who came for a birthday present not to get the ship-model kit because another child going to the same birthday party was giving that; and got a back copy (this was for me) of the pervious day's newspaper out of the deliverer's surplus returns when he came by.*

**37** See also Vandana Shiva (in Johannisova 1994) and the concept of *Vasudhaiv Kutumbkum*, the Earth Family, which includes humans as well as living and “inanimate” nature. Some American economic localisation texts explicitly include local nature within the membership of community as well (Berry 2003: 260, texts on bioregionalism, e.g. Sale 1991, Mills 1995, Andruss 1990: 29–30). This approach has a long, though somewhat forgotten tradition in the U.S.A: the regionalism of Louis Mumford (Guha and Martinez–Alier 2000: 188–189). Encouragingly, the *swadesh* principle of unity of landscape and those who live in it is being embraced more emphatically today by Western conservationists in the protected landscape concept (Brown et al. 2005). A similar approach to urban settlements (the city or neighbourhood as ecosystem, linked materially and economically with its natural surroundings) has recently been gaining ground in urban planning (Barton 2000, Girardet 1999).

**38** On the theme of the human ability of self–sacrifice and its implications for the neoclassical model of *homo economicus* see also Daly and Cobb (1990: 186–189)

**39** Jeremy Seabrook points to the psychological aspects of a society shielded from the impacts of the economic externalities of its activities: *Our much vaunted freedom of choice does not occur in a void. If freedom of choice has any meaning, it must surely imply choosing in the full knowledge of the foreseeable consequences, implications and effects of our choices. But we have given ourselves, or been given, permission to live them only at the point of consumption, disassociated from any of the disagreeable consequences, like children carefully shielded by those who know best ...and these consequences which have been severed from our choices take their toll, not only in the lives of the poorest on earth, but equally within the rich societies of the West ... Our project must be to make connections that have been allowed to lapse, or have remained in shadow* (1986: 61). In this as in other respects, the current free market system can be likened to the former Communist system, which led human beings to relinquish all responsibility to the state (Fischerova and Bruhova 2002: 121).

**40** Kunstler's summary of his book *The Long Emergency* in the on–line version of Rolling Stone magazine describes the possible drastic impacts of approaching climate change and peak oil effects on the American economy and way of life, leading to catastrophe combined with forced economic localisation. The last (and only optimistic) paragraph reads: *The survivors will have to cultivate a religion of hope -- that is, a deep and comprehensive belief that humanity is worth carrying on. If there is any positive side to stark changes coming our way, it may be in the benefits of close communal relations, of having to really work intimately (and physically) with our neighbors, to be part of an enterprise that really matters and to be fully engaged in meaningful social enactments instead of being merely entertained to avoid boredom. Years from now, when we hear singing at all, we will hear ourselves, and we will sing with our whole hearts* (Kunstler, 2005b).

**41** Strangely, some of the citizens of one of the poorest countries in the world tend to agree with this evaluation of the project of modernity: Farida Akhter, Bangladeshi rural activist, has been quoted as saying: *Last year I also visited some farmers in Canada, and it made me realise just how much better off we are here in Bangladesh. One farmer had 7000 acres and several huge tractors, but only his son there with him. He was lonely and I felt so sorry for him...People in Northern countries suffer from a poverty of happiness. It's difficult for them to see that they don't have certain things we have.*" (Anonymus 2006)

**42** Personal communication, 28.6.2006

**43** Although the theory of comparative advantage has been refuted as invalid, it remains a stock term of politicians, including Clare Short in the aforementioned article (Goldsmith and Short, 2005)

**44** In this passage Shuman also answers the economic question *for whom?* posed by Samuelson and Nordhaus (1991: 43–47). The focus in his perspective shifts from „those who have the money“ to „those who live in the place of production“.

**45** Besides subordination to basic needs, market-based activities should also be subordinated to three key principles: *direct and participative democracy in the economy (control by producers, consumers or community, or a combination of the three), environmental sustainability and social justice.* (Crabtree, 2006)

**46** Max-Neef (1991) defines nine basic needs: subsistence, protection, affection, understanding, participation, idleness, creation, identity and freedom.

**47** An interesting light on the values of society regarding the basic needs satisfaction is shed by a recent article on average salaries (Zlamalova 2006): the slowest growing salaries in the Czech Republic are those of people who work in restaurants and in textile mills, e.g. one could argue satisfy basic needs: food and clothing. The fastest growing salaries are in the global financial sector. The author cites lack of education of textile and restaurant workers as the reason. However, the reasons may be more complex and be linked e.g. to the race to the bottom in textile production, the ever-higher portion of wage percentages allocated to taxes and social security payments to pay for the growing externalities of the system, and to the banks' wealth, leading to easy creation of new wealth via multiplied expansion of deposits and speculation on the market.

**48** We will return to community banking later in the text.

**49** For example, Ziman considers *the district* (with about 100 000 inhabitants and maybe 20 miles across) as adequate for food crop production and distribution, houserepair, recycling, restaurants, schools, etc. At the level of *region* (100 miles and 2 million inhabitants) the economies of scale are adequate for building materials, processed foods, books, household appliances, seeds, universities and hospitals. Small aircraft would need a continental market and microchips and pharmaceuticals a global one. Ziman acknowledges that his table is based on guesswork and calls for a wider discussion of the issues. Obviously, the results would vary depending on the normative assumptions and economic policies adopted. A related issue is the availability of small-scale technologies (Schumacher 1993, Desai and Riddlestone 2002: 45–50).

**50** The issue of the appropriate scale of a localised economy is broader than could be presented here. Authors writing from the perspective of the American bioregional movement emphasise the importance of natural bioregions, such as watersheds and land forms (Dodge 1990). Sale (1991: 55–56) distinguishes three bioregional levels: *ecoregion, georegion and morphoregion*. However, he concedes that ultimately the boundaries of a bioregion will be determined by the local inhabitants, and goes on to give examples of how the Native American cultural distinctions copied the forms of natural bioregions. He also discusses the optimal size of a settlement, suggesting that a city of 500, 000 people has gone beyond its carrying capacity (p. 65). Building on (though not expressly acknowledging) the work of Leopold Kohr (1986), Schumacher (1993: chapter 5) looks at the issue of scale in his book

*Small is beautiful*. He believes that a city with half a million inhabitants is the upper limit of optimal city size. Ziman's (2003) idea of a multi-level economic system is similar to the multi-level currency systems which have been proposed by monetary reformers such as Lietaer (2001) and Douthwaite (1999). Douthwaite also discusses the right size of the localised economy, and comes up with the idea of a boundary determined by the circulation of local newspapers (Douthwaite 1996: 52–54). Kilpatrick Sale has written a book on the issue of scale of human institutions, countries and enterprises and on the negative impact of the large-scale on the environment (Sale 1980). For more perspectives on the issue of appropriate scale in localisation, see Boyle and Conisbee (2003).

**51** Green economist Paul Ekins (1992: 39) has emphasised the existence of a *total economy*, which includes the non-monetised sector (confusingly, he calls this last the *social economy*). Although eschewing a normative view, Williams (1996: 81) also postulates the need for looking at the whole, rather than only the commodified, economy (see section 1.2.2). For a more elaborate pattern of a „conservation economy“, see Ecotrust, 2006. Trainer (1995: 96) has suggested a sector model for a new economy which includes a non-market (or the cashless and domestic) sector and non-commodified (social planning on a municipal and state level, cooperatives) sector as well as a small free-enterprise sector. Ekins and Max-Neef (1992: 371) quote Finnish researchers Pulliainen and Pietilä (1983: 15), who distinguish between the free (non-monetary), protected (home market production and public services) and fettered (determined by global competition) economies. In their perspective, the revival of the free, non-monetary sector would shrink the protected and fettered sectors and make economic growth unnecessary. See Huncova (2004: 99–111) for a wider discussion of sectoral models of economic space in the current economic discourse.

**52** While some DIY (do-it-yourself activities, such as painting your own house) do not require access to significant capital assets, many do. Robertson (1989: 31–33) points to the importance of wider capital distribution, including assets such as workshop space, so that people may produce from their own homes both for their own use and for the market, thus strengthening their negotiating position with potential employers. Self-provisioning in terms of satisfaction of hunger and other needs requires one's own land or access to common land. The basic factor in the transition from *ecosystem people* (able to exist outside the market – see 1.2.1) to *ecological refugees* is expropriation of capital assets. The link between a large self-provisioning sector, social capital and a horizontal, „alternative“ safety net among an *ecosystem people* at home in Britain before the 19th century is illustrated by Neeson (1993: 180) in her treatise on English commoners (people who had the right of the use of a commons): *Every commoning economy provided the materials for small exchanges – gifts of things like blackberries, dandelion wine, jam or labour in carrying home wood or reeds. Some were given for good reason, others for no particular reason at all. But they were all significant because, in peasant societies, gifts helped families with little other reason for contact to make connection with each other, and through connection to establish a kind of safety net.*

**53** Mayo and Moore (2001: 8) see mutuality happening when *an organisation is run with the close co-operation or control of key stakeholders*. However, there is a big difference between control and co-operation. (For a discussion of principles of ownership see Wright 1979: 16–18. True ownership includes the right to control, the right to benefit, and the right to transfer). Co-operation of stakeholders is loosely defined by the authors and may entail nothing more than questionnaires („report cards“, p.19) in which citizens monitor public services in areas such as transport and waste. Deeper issues of control and power are sidestepped in this discourse.

**54** At the same time, before the Communist takeover, Ladislav Feierabend warned against the threat of power concentration in the hands of the state (Feierabend 1994a: 109).

**55** With such a community enterprise being for-profit, there would be an incentive for efficient management. At the same time, with all voting shareholders residing in the

community, it is unlikely that the enterprise would move elsewhere. Similarly, selling or dissolving the enterprise would not be possible unless the members agreed (the enterprise is thus to an extent immune to the predatory capitalism principle pointed out by Ziman (2003). The authors note that this is essentially the principle of credit unions with a common bond and of community land trusts (Morehouse, 1997: 23–67). Shuman suggests that instead of fighting badly behaved corporations, we should shift to creating our own corporations, based on a new vision of social responsibility, and adds: *if we choose to buy and invest only in these firms, other corporations will either adapt or die...we have far more power than we realise* (p. 202). Perhaps without knowing it, he is walking in the footsteps of the 19<sup>th</sup> century utopian socialists (see section 1.2.2 and beginning of section 1.2.3). In his *Principles of political economy*, the most widely read economics textbook of the 19<sup>th</sup> century, John Stuart Mill similarly predicted that co-operatives would prevail over corporations: *The form of association...which if mankind continue to improve, must be expected in the end to predominate, is not that which can exist between a capitalist as chief and work people without a voice in management, but the association of the labourers themselves on terms of equality, collectively owning capital with which they carry on their operations working under managers elected and removable by themselves*(Quoted in Conaty, 2002a). Shuman's *community corporation* is very close to the classic co-operative, but with emphasis on localised ownership.

**56** The authors quote Philip Raikes's introduction to his book *Modernising hunger* (1988: v): *It becomes increasingly difficult to say what are practical suggestions, when one's research tends to show that what is politically feasible is usually too minor to make any difference, while changes significant enough to be politically worthwhile are often unthinkable in practical political terms. In any case, genuine practicality in making policy suggestions requires detailed knowledge of a particular country or area: its history, culture, vegetation, existing situation, and much more besides. Lists of general "policy conclusions" make it all too easy for the rigid-minded to apply them as general recipes, without thought, criticism or adjustment to circumstances.*

**57** *The enabling is for people and the conserving is for nature: The 21<sup>st</sup> century economy must be systematically enabling. Instead of systematically creating... dependency, it must systematically foster self-reliance and the capacity for self-development. Self-reliance does not mean self-sufficiency and selfish isolation. It requires the capacity to co-operate freely with others. Self-development includes the development of the capacity for co-operative self-reliance.*(p. 13).

*The 21<sup>st</sup> century economic order ... must see the whole of economic activity as a single continuing cyclical process, consisting of countless inter-related cyclical sub-processes, with the wastes from each providing resources for others. It must design the economic system as an organic part of the natural world, not as a machine external to it – a reintegration which will also mean giving up the converse assumption that the natural world is a limitless pool and sink external to the economic system. The 21<sup>st</sup> century economic system must thus be systematically conserving* (p.14).

**58** Because food is so basic to our survival, an important corollary to this approach is the enabling of the household/non-market/informal food economy: ie. not only a direct link, but a conflation of farmer and consumer via home gardening, allotments and community gardens (Garnett 1996, Trainer 1995: 19–37). In post-communist countries, home, second home and allotment food growing have remained an important part of the informal economy (Smith and Stenning 2005). In parts of the United States, community gardens have made an important difference to the food security and social integration of vulnerable local groups (Bagby 1990, Janet Parker, Community gardens organizer in Madison, Wisconsin, personal communication, September 2006)

**59** Note the obvious link here with the ideals of the distributists and definitions of economic democracy as access to economic capital (section 1.2.2.) Similarly, the ideal of local

production for local consumption and the emphasis on the production of necessities was already formulated by the Owenites in the 1820s.

**60** According to Polanyi (2001: 78–80), neither land, labour nor money are true commodities, because a commodity is something that can be produced and sold. Mainstream economics pretends that these fictional commodities will behave in the same way as real commodities, something that Daly and Cobb (1990: 35), following the philosopher Alfred North Whitehead, might describe as the fallacy of misplaced concreteness: mistaking an abstraction for the actual reality. This fallacy of mainstream economics, according to Polanyi, has had fateful consequences for both humans and nature. In modern economic parlance, these consequences could be termed negative externalities. Crabtree describes concrete situations of “market failure” in the spheres of land, labour, capital and knowledge in West Dorset. Bruyn (1992) and Crabtree (2006) go on to develop Polanyi’s idea of embedding these fictional commodities in institutions separate from the market. On a more general level, Crabtree gives the following reason for his work: *Free market capitalism is failing to satisfy basic needs, by focusing production on goods which are not genuine satisfiers, by creating unsustainable externalities or through by-passing whole sections of the population who cannot mobilise effective demand.*

**61** Crabtree, 2001, article for Christian Ecology Link

#### **1.2.4 Embedding the concept of social enterprise**

**1** New economics foundation researcher Andrea Westall says in *Social Enterprise* magazine: *There are still a lot of disagreements over definitions. The easiest way out of this conundrum is generally pragmatic—“you know one when you see it”, “it’s actually a way of working rather than a distinct category” and, best of all, “let’s not spend too much time discussing definitions...There is some consensus around certain types, such as community enterprises, social firms or development trusts, but less so around “not-for-profit” businesses, or parts of the voluntary, co-operative and mutual sectors. [Westall 2002].* Bruno Roelants of the European Confederation of Workers’ Co-operatives, Social Co-operatives, and Participative Enterprises makes a similar admission about the social economy: *A simplistic, but not altogether untrue way to put it would be: Nobody knows exactly what [the social economy] is, but everybody knows that it exists [Roelants 2002].*

**2** Concepts of what constitutes a social enterprise and a social entrepreneur vary widely outside Britain. See e.g. Borgaza and Defourny (2001: 16-18). According to the Ashoka foundation, social entrepreneurs are simply *individuals with innovative solutions to society’s most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change. Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps.* ([http://ashoka.org/social\\_entrepreneur](http://ashoka.org/social_entrepreneur)). A social entrepreneur defined thus does not necessarily need to be working in a social enterprise. Further confusion may result from the English terms *social firm* or *community enterprise*, which, within the British social enterprise discourse, are usually subordinate terms to *social enterprise*. According to modern British parlance in the social enterprise sector, a *social firm* is a social enterprise which employs a high percentage of people who are disabled or otherwise disadvantaged in the labour force (Westall et al. 2001). A *community enterprise* is a locally based and locally owned social enterprise (or business) whose priority is serving the local community (SEL 2001, in this study it would be e.g. **Wyecycle**.)

**3.** According to Gordon (2005), an increasingly accepted British rule of thumb suggests that an established social enterprise should have more than 50% of its turnover from trading. The Department of Trade and Industry (DTI) in England surveyed Scottish social enterprises in 2006, using the bench mark that at least 25% of an organisation’s income derives from



trading. It came up with 1050. Another UK government survey in 2005 has suggested that there are 55 000 social enterprises in Britain, which would indicate 5 500 in Scotland (Senscot Members' Bulletin No. 327, 26.5.2006, www.senscot.net).

**4** Another way of expressing the requirement of an explicit social aim (or benefit to the community according to Borgaza and Defourny 2001: 17) in more conventional economic terms could be to demand "positive externalities". This raises the interesting parallel question of the "negative externalities" of business, and of the relationship of both positive and negative externalities to scale. Regarding the issue of scale, Zac Goldsmith comments on the recent efforts of supermarket chains to cut their waste, reduce their packaging, and sell organic. While applauding these developments, he nevertheless asks: *How can Safeway...be part of the solution to climate change for as long as it has only one milk distribution centre in the whole of England?* Goldsmith (2007)

**5** Pearce defines a community enterprise as community owned, led and controlled, having a concern for economic, social and environmental problems, aiming to be financially self-sustaining and not distributing surplus to members or directors (Pearce J. , 1993: 29)

**6** The Plunkett Foundation used the following three criteria to map social enterprises in rural Oxfordshire: a distinct legal identity, specifying the roles and responsibilities of participants; community-based and broadly democratic ownership and control of the enterprise; managed as an enterprise: a core financing structure based on customer payments at or near market rates for its services (Plunkett Foundation 2001).

**7** Other researchers also emphasise the liminal character of social and community enterprises. According to Westall et al.(2001: 8): *There are no clear boundaries between the social economy, private and public sectors...In fact some of the most interesting innovations may take place on the boundaries between sectors.* Social entrepreneur John Pearce (1993: 128) sees the localised community enterprise as being *at the interface of the formal and the informal economies, at the place where unpaid and paid meet.* The vision of the economy as a continuum, eschewing the notion of "sectors" altogether, figures prominently in the thinking of Laville et al (1999:5). nef 2002b (p.6-7) speak of activities of social enterprises as *muddying the boundary* between public and private benefit, since they often produce strong public as well as private benefits. They make the point that *in the case of organisations that are partly profit-distributing, or where the beneficiaries are in control, this may particularly create problems in accessing public support, such as grants, for activities.* Some authors, such as Alistair Grimes, have therefore made a case for social enterprise to be more clearly separated from the traditional voluntary sector at both policy and practical levels. Others have strongly disagreed, arguing that the dichotomy is false (Senscot Members' Bulletin No. 288, 22.7.2005, www.senscot.net).

**8** At the British grassroots however, the terms third sector, social economy, and social enterprise are sometimes used interchangeably, or are not known at all (Senscot Bulletin 12.1.2007, 5.4.2007, www.senscot.net; Smallbone et al. 2001: 15; Westall et al 2001:7). For a glimpse of the terminological confusion surrounding these and related concepts internationally, see also Levi (2005).

**9** Confusingly, Levi (2005a,b) encompasses both strictly non-profit organisations in the American sense and non-only-for profit social enterprises such as co-operatives under the concept of *non-profit*.

**10** Laville et al.(1999: 13) speak of a political embeddedness, with initiatives in civil society embedded in public policy – being deeply influenced by it but also influencing it themselves.

**11** See also Gordon (2001: 27-28)

**12** I am indebted to Stanislav Kutacek (Horni Mlyn, Krtiny) for this deeper definition of economic sustainability.

**13** I lived a large part of my life under the Communist regime in the Czech Republic. During that time, I became sensitised to power relationships and loci of power. The latter then resided mostly in Communist Party cells and institutions. On 24-25 October 2002, I attended the conference on the Social Economy in Prague, organised by CECOP, EMES and ISSAN. A grand event with hundreds of participants from abroad (and almost none from the Czech Republic), it was staged in a large and expensive hotel, a world unto itself contrasting starkly with the impoverished backdrop of a Czech tower block housing estate. Not only did I personally feel out of place (the more so when my bottle of home-made apple juice was mistaken for a bomb by security), but obviously the whole concept of the social economy appeared rootless and out of place in such circumstances. The locus of economic power here was the EU, not the grass-roots. We were given sheafs of handouts in three languages. In one of them, an official EU document entitled *Opinion on the social economy and the single market* (ESC 2000), I read that the social economy produces jobs, that it is an *element of the European welfare model* and that it can *contribute to the strengthening of local business competitiveness in a global environment*. On 22-24 September 2005, I attended another conference, on *The Social Economy in Central East and South East Europe: Emerging Trends of Social Innovation and Local Development*, in Trento, Italy, a wonderful mountain town of graceful renaissance palaces. One night in my hotel cost about one third of my monthly salary, but I could afford it with the per diems received. It was organised by the OECD LEED programme, and probably financed by member countries, including mine. The event featured a luxurious candle-lit farewell dinner, with first-class wine and large tables sagging under local delicacies, in the medieval courtyard of an ancient monastery. This was the LEED OECD headquarters. LEED stands for *Local Economic and Employment Development*. I spoke in one of the last sessions of the conference, and, as participant after participant had lauded the social economy as an instrument of economic growth, I felt it necessary to point out that permanent exponential economic growth was impossible in a finite world. I got a cool reception. While several participants privately told me later that they agreed with me, only one did so publicly – Marguerite Mendell from the Karl Polanyi Institute of Political Economy in Montreal. In one of the texts we received at the conference (OECD 2005), I later discerned the “party line”, which I had obviously overstepped: It seems that in the very first article of the OECD Convention of 14.12.1960, the OECD pledges to promote policies designed to *achieve the highest sustainable economic growth...to contribute to sound economic expansion...and to contribute to the expansion of world trade*. Here, as in Prague, the locus of power was palpably clear, and obviously aligned with the powers that be. This is not to say that organisations like the OECD LEED programme have not done important and useful work. However, their outlook may be limited to various degrees by a subconscious urge not to bite the hand that feeds them.

**14** They also define *the fifth sector* as being different from *the independent sector*, without clarifying what is meant by the latter. The *fifth sector* of Fitzpatrick and Caldwell could perhaps be equated with the *mutuality/reciprocity/volunteering* sector of Crabtree (2006), the *community sector* of J. Pearce (1993) as well as with the mutual aid groups advocated by Gorz (1994), see notes to section 1.2.3. *The fifth sector* could also include social enterprise, at least in some of its forms. The confluence of right and left in an *associative democracy*, i.e. the management of the affairs of society, as far as possible, by voluntary and democratically self-governing organisations, is also advocated by Hirst (1994).

**15** By *ecocapitalism*, the authors mean approaches ranging from ecotaxes and tradeable permits through keynesian regulation to Factor Four-type thinking. *Ecosocialism* is less clearly defined, but seems to be a top-down approach of state planning with market principles subdued or non-existent.

**16** Interestingly, they mention that the current British government representatives tend to refer to the job market as *the legitimate economy* (p. 61) This supports Williams’ findings (2005:187-189, see p. 35).

**17** Here Davey (2007) lists: declining availability of the atmosphere as an emissions dump for greenhouse gasses; declining liquid fuels after oil peak; declining gas after gas peak; declining fresh water as fossil water depletes and more droughts develop in response to climate change; declining fish stocks and other protein sources; declining wood stocks, particularly if other fuel sources become scarce; declining availability of raw materials such as copper, etc.

**18** See Principle 9 in Holmgren (2006: 187-206).

**19** SMEs are small and medium enterprises

**20** Cato has gathered evidence (2004: 221-225) to support the view that the typical inhabitant of South Wales values solidarity, job security and altruism over individualism and quick profit, and has thus often been stereotyped as adverse to entrepreneurship. However, Cato asserts, the Welsh might thrive if offered community-focused jobs with an inclusive management structure established along cooperative lines: an *associative* rather than *competitive* entrepreneurial model (see also Johanisova 2006b).

**21** Feierabend was also a member of the Czech exile government in London in 1940-1945. His important book on rural co-operation was written in English in New York after his second and final exile from home in the wake of the 1948 Communist takeover and discovered by myself in the Plunkett Foundation Library in Britain in 2001. Thanks to the support of his family we have been able to translate the book back into Czech and publish it. (See also Johanisova 2005: 27-31).

**22** I know of no proof to link the passing of the disastrous Czech Act 87/1995 nor of the European Banking Directive with the influence of “capital” – in this case large banks. However, the legislation has certainly been successful in wiping out grassroots banking competition. While countries like Britain or Poland have an exemption to the Directive, it is not clear for how long. Besides, onerous regulation is being introduced by the back door in Britain (p. 146). Douthwaite (1996: 102-103) has described the terrific pressure made on a man who attempted to set up a non-interest business circle based on the Swiss Wirtschaftsring in Switzerland and in the Netherlands. In his opinion: *The big banks, who are developing electronic money systems, will not allow their power to create money to be eroded without a struggle and will find ready allies in politicians hoping to retire to a seat on their boards.* (Douthwaite 1996:117).

**23** The birth of the Czechoslovakian and British co-operative movements was not far apart. The Rochdale Pioneers opened their shop in Toad Lane in December 1844 (Birchall 1994: 43). A year later, a credit union was founded in the Slovakian village of Sobotiste. It is sometimes referred to as the first co-operative on the European mainland. However, it lasted only six years (Nemcova et al. 2001: 17). In Prague, the first co-operative, a credit union and consumer co-operative combined, was set up in 1847 (Smrcka et al. 1992: 31). The first true co-operative law, proposed by Czech lawyer Antonín Randa, was enacted in the Austro-Hungarian empire in 1873, and was a very good law. It was abolished by the Communists in Czechoslovakia in 1954, and is valid in Austria to this day (Feierabend 1952: 22-23, Nemcova 2001: 31). In Britain, the first true co-operative law was enacted in 1852 (the Industrial and Provident Society Act) with the help of influential supporters like John Stuart Mill (Birchall 1996: 77). In both countries the laws were an important factor in the emergence of a strong co-operative sector.

**24** The survival struggle of the Czech kámpelickas founded in the 1990s and the reasons for the bankruptcies of a substantial proportion of them was more complicated than can briefly be recounted here. To give one example: The amendment (passed in 2000) to the toothless law of 1995 obliged credit unions to pay 0.5% of their deposit volume into a national guarantee fund, while banks paid only 0.1. This alone was a drain on resources. Then in April 2003, the charge of 0.5% for 2002 was raised retrospectively to 1.5% by the regulatory body. Such an unexpected expenditure could bankrupt credit unions with limited liquidity. My information on this subject is drawn from interviews with Jaromír Hošek, then manager

of **Chotebor First Credit Union**, and Lukas Hampl, then deputy director of the Czech credit union regulatory body (*Urad pro dohled nad cinnostmi druzstevnich zalozen*), in 2003, and other sources. See also Pecinkova (2003).

### **1.3 Methodology**

1 British social enterprise case-study databases such as those at [www.senscot.net](http://www.senscot.net) were as far as I know not available in 2001 and early 2002.

## **2.FINDINGS**

### **2.1. Results**

#### **2.1.1. Classification and activities of the social enterprises studied**

1 The West Dorset Food and Land Trust now receives part of its funding from the users of its premises as envisaged in Tim Crabtree's new economy model, section 2.2.4.

2 Tim Crabtree, personal communication, June 2004

3 See Morehouse (1997) for a good explanation of the various types of land trusts. In the Czech Republic the American model of land conservation trust, whose purpose is to protect and preserve natural areas, was adapted in the mid-nineties. Besides Kosenka, there are about thirty such land conservation trusts (*pozemkove spolky*) registered through an accreditation scheme. For a description of the land conservation trust movement in the Czech Republic and its pre-war Czech analogies, see Pesout (1998).

4 In 2005, dairy production was discontinued on the farm for economic reasons. The farmer had plans to re-stock cattle (beef not dairy) after a reconstruction of the premises which would include creating space for tourist accommodation on the farm. However, as of 2007 he seems to have given up this idea as there is no funding available for refurbishment of the outbuildings.

#### **2.1.2. Personal motivations of the respondents**

1 The contents of this chapter has been distilled mainly out of the answers of respondents to question 5 (*What is your personal role in the organisation, why did you decide to do this work?*), or questions 2 and 6 in the set for financial and phone interviews, respectively, which are similar (Table 1 in section 1.3). In addition, I use other comments during the interviews which seemed to shed a light on their motivations, as well as my personal knowledge of some of the Czech respondents. 76 people from projects listed in Appendix 1 were involved in these interviews, 26 of these from the Czech Republic. I also draw on the responses of two other people (farmers Hilary Hoskin and Theresa Toomey, see History and acknowledgements), making the total of respondents 78.

#### **2.1.3 A look on the inside: structure and governance**

1 So-called micro-social enterprises do not have a formal structure or registration. See MacGillivray et al., 2001

2 This chapter is based on answers to questions 3 (or 2 in the case of telephone interviews), see Table 1 in section 1.3. The question of keeping a large co-operative's ethos alive was discussed in depth with Peter Couchman (25) and Vivian Woodell (28).

3 See Wright (1979:ch. 6 ) for an accessible overview of the classic British legal forms available for a social enterprise. A recent British addition is the Community interest

company (CIC). According to its official government website (<http://www.cicregulator.gov.uk>), the CIC form is specifically tailored to social enterprises. It has a statutory “asset lock” which prevents assets and profits being distributed (except as permitted by legislation) or transferred to an organisation without an asset lock. CICs cannot have charitable status and they thus lose the tax benefits of charities. However, regulation is less onerous than with charities.

4 Pat Conaty, personal communication, 2004

5 These modified IPSs are called Benefits of the Community Societies. See Snaith (2001) for a brief but interesting legislative history of Industrial and Provident Societies and its connection to the development of co-operative principles.

6 Triodos bank is governed by a special type of Dutch trust.

7 Not in Appendix 1, but see 21 for contact

8 My understanding of the elusive issue of a co-operative's soul was increased considerably in discussions with Johnston Birchall of Stirling University (2001) and Julian Morgan of 7 Y Services Ltd. (2002). For more on the issue of scale, see sections 1.2.5 and 2.2.2.

#### **2.1.4 Finding the muscle: Financial and other survival strategies of social enterprises**

1 This chapter is mainly based on answers to questions 6,7,8,11,13 and 14 (questions 4,5,6,11 for finance organisations and 4,5 for telephone interviews), see Table 1 in section 1.3. The fifteen main survival strategies listed are not exhaustive. For this they would have to include donations from banks, industry and local businesses, membership dues, restitution payments in the Czech Republic for property confiscated under Communism, etc.

2 “Program obnovy venkova” – Programme of countryside renewal, administered today by regional governments (*kraje*).

3 The Czech Republic still has considerably lower salary levels (and some other costs) than Britain and all or most of “older-generation” EU countries.

4 In 2006 it was 100% financially sustainable. By this I mean that it was financially self-sustaining – it did not have to access outside funding. See Appendix 1 for a rough guide to the financial sustainability of the enterprises interviewed.

5 Most land in the Czech Republic used to be state-owned until the democratic revolution in 1989. It then passed to a government authority (Pozemkový fond) which has gradually been selling it off into private hands.

6 See also Douthwaite, 1996, p. 303

7 The Seven Y is no longer a co-operative. See Appendix 1 for an update.

8 As of 2007, the Firemen’s insurance company no longer distributes its profits in this manner. See Appendix 1.

9 Partly due to procurement from the superquarry across the bay, which gave the shop turnover credibility.

10 See McIntosh (2001: 270) for a longer narrative on this.

11 A variation on the cross-subsidy theme may be the strategy of the “global economy” subsidising the “local”, as in the case of the family who live on the commercial rent of a Prague flat (too expensive for most Czechs) in a remote rural area, caring for horses and growing their own food, or the man who works for a transnational pharmaceutical firm three days a week, spending the rest of his time with his family in the Czech backwoods, keeping a flock of sheep and honeybees (neither is in my survey).

12 This barter system was not the result of choice, however, but came about by default, due to failed wool markets in the whole country.

### 2.1.5 A threat to the small? The perceived challenges

1 This chapter is based mainly on questions 9 and 10 (15 for credit organisations and 7 in telephone interviews). I have included some answers from people not in Appendix 1 (See Personal Introduction and Acknowledgements).

2 The „second EU banking directive“, now subsumed under EU directive 2000/12.

3 Guene, personal communication, 2003

4 After the 1948 Communist take-over, hunting and care for game animals became a voluntary activity implemented by local people. The system has survived Communism and most villages continue to have their local hunting groups. See item 8 in section 2.1.4 for more on the Firemen's Insurance Company.

5 Personal communication, July 2003. Lenka told me she has three children and three jobs: she works in a factory, does book-keeping for several small businesses and sells snacks in the factory cafeteria. In her free time, she paints pictures.

6 Personal communication, March 2003

7 And quite a few more came up in the interviews.

8 Information from lecture of Nicholas Marston (KG Fruit) at conference organised by Plunkett Foundation, York, 18.4.2002.

9 Matthijs Biermann would like **Triodos Bank** to expand to several times its current size in the next ten years. However, he makes the apt comment that "Barclays is still a thousand times bigger".

10 Woodell, V., e-mail to the author on 18<sup>th</sup> February 2005

## 2.2 Discussion

### 2.2.1 Differences: learning from each other

1 My findings on The Isle of Eigg Trust are presented slightly more comprehensively in Johannisova (2005: 17-19). See McIntosh (2001) for a detailed narrative of the evolution of the Isle of Eigg Trust and of the background and history of the buy-out.

2 My interviewee at The Isle of Eigg Trust, Camille Dreissler, is not a native of the islands. However, she has studied their traditions and is the author of a book on local history. „We usually work by consensus,“ she told me, speaking of the The Isle of Eigg Trust. „It is both a Gaelic and a crofting tradition.“

3 In the Czech Republic, such grassroots democratic skills are in short supply and active member decision-making may be missing even in small co-operatives. Members do not actively take part in decision-making in neither the **Ostrolovsky Ujezd** nor the **Borovany** agricultural co-operatives. The manager of **Ostrolovský Újezd Co-operative** is identical with the chairman of the board. The crucial co-operative principle of one-member-one-vote does not apply in the **Borovna** and **Cizova** co-operatives (In the **Borovna** forestry co-op, votes depend on the number of hectares each municipality possesses. In **Čížová** housing co-op, there are different categories of members, with the dice loaded in favour of the municipality. See Appendix 1.)

4 As discussed in section 2.1.3., most British respondents appeared satisfied with the organisational structure of their enterprises, which varied even within the framework of each

legal form according to the needs of individual projects. Despite the flexibility, the consensus seemed to be, in the words of Peter Jones of **ViRSA**, that: „Tax avoidance is not possible. The rules are tight.“ In the Czech Republic, rules have not been able to prevent tax evasion by purportedly non-profit enterprises, dimming the public perception of the non-profit sector.

**5** Corruption is a big problem in the Czech Republic and appears to go on even at central government levels (see e.g. Spurny 2004) . In my book *Living in the Cracks* (2005: 86-87), whose content is partly identical with this study, I describe two instances of unlawful behaviour in the Czech Republic which I recorded during my interviews. One interviewee admitted to having illegally obtained the start-up capital for his social enterprise through an accounting trick. Another described a more pervasive network of corruption in his environs (a land-buying „mafia“) which he was critical of but powerless to change. In Britain, I did not come across any mention of illegal practices during my research, with one exception. In one English rural area, a local (though not locally owned) organic farm (not one of my projects) was allegedly employing illegal workers from abroad. According to my informant, this was generally known in the area, though no-one was likely to inform the authorities about it. Illegal workers in agriculture and food processing are a growing phenomenon in Britain due to the economic pressures of large retailers on their suppliers (The Ecologist 2004b: 24-25).

**6** In actual fact, the would-be founders of this particular credit union did not opt to attend a course themselves or have a lecturer come from the principal credit union association (ABCUL), which is the usual practice. Instead, one of the future board members joined another umbrella organisation (NACU – National Association of Credit Union Workers), which is an association of people rather than organisations. She received from them the appropriate teaching materials on a CD-ROM. Several of the group members were accredited as trainers. Next they approached the Open College Network, which accredited their course if delivered by a qualified trainer. „We delivered the course by ourselves and for ourselves,“ Terry Clay, one of the founders, told me. „We divided up the materials and each person taught a part. During the course we got to know each other, and a sense of trust developed. However, when we finally registered as a credit union, we found out we did not know how to run it! The materials were too theoretical. But we started small and eventually learned.“

**7** Among others, since the ammendment passed in 2000 (at the height of the *kampelicka* bankruptcies), they are expected to have several years' work experience (2-5 years depending on their formal education level) in an economic institution before they can join the board (Ammended Act 87/1995, par. 2a/10). This example illustrates the crucial importance of the right level of regulation (not too loose, not too onerous) if financial social enterprises are to flourish.

**8** Data from the Czech Statistical Office for 1997

**9** See McIntosh (2001: 29-30) for a good description of such a local non-commodified (or “vernacular”, as he calls it, following Ivan Illich) economy in the Hebrides in the 1950-60s.

**10** The **Peak District Products** marketing group (**27**) sells the arts and crafts products of its members. However, while the members are local, their materials and techniques for the most part are not site-specific.

**11** Projects nos. **47, 48, 60,61,63,65,68** (see Appendix 1).

**12** For a more comprehensive description of the **Hostetin apple-juice plant** project from my perspective, see Johanisová (2004a, 2005:15-17). It is also described in Brown et al (2005: 137-141) and in Griffiths et al. (2004:42-44) together with other White Carpathian projects (p.40-51). A Czech MA thesis (Tydláčková 2002) has attempted an analysis of the plant's economic, social and environmental benefits.

**13** Some British projects were inspired by East European traditions. For example, Sue Prince of **Beechenhill Farm** decided to start making cheese for her bed-and-breakfast guests after a visit to a Roumanian rural area.

14 Recent Czech entry into the EU and the planned relaxing of rules forbidding sale of land to foreign nationals and companies coupled with a lower purchasing power in the Czech Republic may lead to unfavourable changes in these patterns if no safeguards are implemented. Already there are rumours that much land has been thus purchased by proxy.

15 A popular fantasy trilogy by J.R.R. Tolkien, first published in 1966.

16 There is a convergence here between the founders of both the “capitalist” and the “communist” paths in modernity: both Adam Smith and Karl Marx invoked the *invisible hand of historical inevitability* (Bauman 1976: 62). For a stark refutation of the inevitability of globalisation, see e.g. Shiva (1998: 1-3).

### 2.2.2 Common themes

1 Especially question 5 in Table 1 (section 1.3): *Why have you decided to do this work?*

2 “Rational” can be understood in other ways as well. According to Bookchin (Biehl 1997: 10) a “rational society” is necessarily one that is ecological.

3 In an attempt to classify the activities of social enterprises which might come under the heading of “rural green social enterprise”, I have suggested the following: **local production for local consumption, nature and biodiversity conservation, local employment using local resources, public, bicycle and pedestrian transport support, organic and small farming, housing for locals, re-cycling and re-use of resources, support for local services, renewable energy use and energy saving, support for local traditions, crafts and events.** However, this is a fluid subject which needs much more discussion and may vary locally.

4 In the ideological taxonomy of Fitzpatrick and Caldwell (2001), these would probably come under the heading of “ecocapitalists” (see section 1.2.4)

5 The only kind of *power* mentioned on the 68 pages which Samuelson and Nordhaus (1991: 566-635) devote to monopolies is market power (p. 574-575), defined as a corporation’s power over price levels and production decisions in a certain field of production. The authors suggest here that opening up the American economy to foreign competition had in the last years diluted such power on the American markets. However, obviously the competitive exclusion mechanism will continue to function at a global level, with ever-larger and harder-to control firms vying for market power until a similar monopoly or oligopoly situation is reached at a global level. Korten (1995: 226) comments: *The world’s corporate giants are creating a system of managed competition by which they actively limit competition among themselves while encouraging intensive competition among the smaller firms and localities that constitute their periphery.* This is another way to describe “the race to the bottom”. Regarding *scale*, one paragraph, entitled *Structure: is large scale a problem*, considers the issue (Samuelson and Nordhaus 1991: 619). It concludes that *scale per se* is not a problem in current American legal thinking. In other words, a company can be large or even monopolistic, provided it does not break the law.

6 Farms of 12 acres (5 hectares) constituted 73 percent of the total number in Czechoslovakia in 1948. Another 24 percent were between 12 and 48 acres (5 and 20 hectares).

7 She gave the high prices of inputs, rents and milk quotas as a reason why most young people cannot go into farming today in Britain (from interview 11.5.2002).

8 Pat Conaty, personal communication, August 2002

9 The system was, and still is, intricate and worked well before the global economy stepped in. It has feedback loops to ensure local livelihoods rather than profits. These include a restriction of the total amount of quotas leased to any one farmer, with quotas tied to actual landholdings. A price floor guarantees growers a minimum price for their tobacco, and, in an echo of the medieval “fair price” concept: *The price floor for the first 40 years linked the*



*tobacco minimum price with the costs of maintaining a family farm and producing a crop* (Sustainability Institute 2003: 32) .

**10** Globalization has been defined as de-localisation: *Behind all these “meanings” of globalisation is a single underlying idea which can be called de-localization: the uprooting of activities and relationships from local origins and cultures. It means the displacement of activities that until recently were local into networks of relationships whose reach is distant and world-wide.* (Grey 2002: 57)

**11** In a cogent quote from Roman Herzog, former German president, Stampfer sums up the two poles latent in the co-operative movement: *Economic feasibility and humanity are each other’s condition. Without the one we cannot do it – without the other we cannot bear it.* (Guene and Mayo 2001: 107).

**12** Perhaps there is a hidden legacy of the Czechoslovakian agricultural co-operatives as well. One of these may be the relatively equitable land distribution pattern (many small owners of land.) The agricultural co-operatives, through mutual credit systems and protection of the small farmer via association, were instrumental in keeping a large proportion of farmers on the land until the late forties. Landholding patterns (with the exception of the borderland regions, where there were big upheavals) then remained essentially frozen for fifty years. Today, as opposed e.g. to Scotland, there remain many small landholders in rural areas. Economic power thus often rests rather in the hands of the big farms than in those of the landowners. (I am indebted for this latter insight to Antonin Bucek, personal communication, May 2006.)

**13** This was *Ustredni svaz ceskoslovenskych druzstev*. The Czech consumer co-operative movement was for the most part a workers’ and a town and city movement. It was under the influence of the social democratic party and later also partly under Communist influence. Other more thoughtful Czech co-operative leaders of the period on the contrary stressed pluralism and economic checks and balances (Feierabend 1952: 30, 61).

**14** Jan Slaby, Czech co-operative expert, personal communication, February 2007

**15** A. Giddens: *The Third way: The renewal of social democracy* (quoted in Gordon 2001: 45), an influential book in Britain and elsewhere, postulates “the death of socialism”.

**16** Lang and Caraher (2000:5) have asserted that the *free market* is an euphemism for supporting some economic sectors, but not others.

**17** Hilka Pietilä (1997:181), promoter of the Finnish village action movement, is however very wary of the benefits of EU and even municipal funding in support of rural projects. She feels that such paid projects may undermine the tradition of voluntary work in the villages, which has undergone a renaissance in recent years. In addition, strings attached to the funding may mean a shifting of priorities from what local people feel is really needed. Finally, the money flow is often temporary, and if new resources are not found, may leave locals more alienated than before.

**18** The allusion seems to be to corruption, with officials in the know surreptitiously purchasing land which then gains value through development.

**19** According to Lang and Caraher (2000: 8) Norway in the 1970s decided to maintain a viable but supported small farm sector and to keep people in the countryside. This entailed e.g. grants to enable small farmers to hire extra labour for a few weeks to take holidays. A ban on artificial colouring was seen as a way to promote both healthy and local food.

### **2.2.3 Reclaiming the vision: Social enterprise and radical reformism**

**1** I use the term here loosely as a synonym for social enterprise in the more full and radical sense of the word. Other authors might use different names (eg. the community enterprise of Richard Douthwaite, section 1.2.3).

2 Especially in the Czech Republic, *short circuit* and *opting out of the system* survival strategies were occasionally linked to participation in the shadow economy, i.e. tax evasion (see item 6 in section 2.1.4). However, the prime reason given was not a wish to make profit on behalf of the state, but onerous requirements which made legal operations an insurmountable problem for the small producer (see also section 2.1.5 on benign cheating). An interesting though much wider-ranging parallel is discussed by Ekins (1992: 39, quoting Hernando de Soto): *In Lima bureaucratic procedures are such that it can take 289 days and more than \$1200 (32 times the survival wage) to set up a small business. ... About 48% of the city's economically active population, contributing 61% of the working hours, is employed in the informal economy, proportions thought to represent Latin America as a whole.*

3 According to Jules Pretty, a sustainable agriculture in the deepest sense can draw on both traditional and modern practices. The important thing is to move beyond the Cartesian modernist paradigm and involve farmers as active agents who, with the aid of enabling organisations, are able to decide themselves what kind of agriculture they need. He cites many encouraging examples of the *Nayakrishi* type (Pretty 1995).

4 Regarding lifestyle changes threatening capitalism (or conducive to an environmentally and socially sustainable economy): lifestyle is associated with value shifts and according to many left-wing thinkers, it is value shifts and accompanying lifestyle changes which might, in the end, help transform the current economic system (see Gorz, 1994, section 1.2.3). Beck (2002: 213) has discerned in today's youth culture an *antipolitics*, which *opens up the opportunity to enjoy one's own life and supplements this with a self-organised concern for others that has broken free from large institutions. It is organised around food, the body, sexuality, identity and in defence of the political freedom of these cultures against intervention from outside. If you look at these cultures closely, what seems to be unpolitical becomes politicised.* Here Beck echoes the assertion of Lesley Vine of **Laurieston Hall**, who summed up the philosophy of her group: „For us, the personal was political and the way to change society was to change yourself.“ (item 15 in section 2.1.3). Authors focused on environmental sustainability (Dominguez and Robin 1999, Librova 1994, 2003) have similarly identified lifestyle and value shifts in society as a possible path toward deeper change.

5 For example, Holman (2000: 121, 227) includes human capital under manufactured capital. By human capital he means accumulated technological knowledge. He sees investment into this kind of capital (i.e. into education, research and development) as akin to investment in other kinds of capital.

6 Other basic failings the model has been criticised for: 1. The term *labour* de-couples human work from the human being itself. It is thus severely reductionist. Similarly, *land* is used to indicate the whole natural environment. What is more, land as a factor of production has been paid very little attention in economic theory (Polanyi 2001: 75, Daly and Cobb 1990: 97, Daly 1996: 47-48). 2. The model is linear rather than systemic and circular, and it contains few feedback loops. Human work and nature are thus firmly placed in the position of instruments to an end (production) instead of being ends themselves. 3. Financial, manufactured, human and natural capital are falsely seen by economic theory as completely or almost interchangeable, leading to ever-recurring theories of the inexhaustibility of natural resources (Daly and Cobb 1990: 72-73, Daly 1996: 76-79, Frankova 2007, Simon 1981, Hampl 2004).

7 According to Daly and Cobb (1990: 61), *The exchange of commodities during fairs and market days is a practice of ancient origin... This exchange of products Polanyi refers to as market with a little „m“.* *It is not the basic organising principle of the economy. The Market as the basic organising principle of society had its historical origin in the transition from feudalism to capitalism. It is what today's economists blandly refer to as „the factors market“. Its creation required the transformation of nature into land, life into labour, and patrimony into capital. This was for Polanyi „the great transformation“ – the conversion of*

*the means of production (not just their products) into commodities to be allocated by the market –or in this case, the Market.*

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9 In the so-called rich countries, we have all but lost this type of capital. Vandana Shiva has equated *seeds* with a special type of *commons*. It was forbidden to buy and sell seeds in traditional Indian society. Shiva (1992: 105) links the destruction of traditional agricultural knowledge in Asia by Western science with *ecological destruction of nature's processes and the economic destruction of the poorer people in rural areas.*

10 With the exception of Ruthenian credit unions, where there were very low aggregate savings and high demand for credit. Here the government stepped in with loan finance (Feierabend 1952: 36).

11 In fact **Somerset Food Links**, despite its varied activities, had no formal organisational structure (see Appendix 1).

12 Examples of such highly technical reports for government authorities include Conaty et al 2002, Dayson et al 2001, Shadrake et al. 2005. Of the bottom-up public initiatives, the website of the Community Land Trust Movement (involving among others, **Stonesfield Community Trust** and the growing a number of Development Trusts which have emerged as community buy-outs under a new law which makes island buy-outs by local communities easier) is at [www.communitylandtrust.org.uk](http://www.communitylandtrust.org.uk). A leaflet published by **Somerset Food Links** inviting potential members to buy shares in the new company limited by guarantee, Somerset Local Food Ltd., tells them: [This is] *a chance to put your money where your mouth is.*

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## APPENDICES

### Appendix 1 Brief descriptions and contact details of projects interviewed in Britain and the Czech Republic

Each entry includes: number and name of project in alphabetical order, region, main area or areas of activity, listing according to social enterprise criteria (see box), date and type of interview, summary of project, contact details of interviewed person(s). Czech names and surnames ending with an "a" are likely to denote women. The *main area or areas of activity* are of course to a degree arbitrary, many overlap, and criteria such as "education" or "social inclusion" could equally well have been chosen. The descriptions and details apply to the date of the interview, though in some cases (indicated in the text), I have been able to update the information.

#### **Social enterprise criteria (see section 1.3 for details and summary table):**

A- Formal co-operative structure

B -Co-operative structure in the spirit of the updated Rochdale principles (see Appendix 3)

C - A conscious ethical goal (social, environmental or other - eg support of local arts and crafts tradition)

D - Emphasis on local resources and local production for local consumption, local money flows and employment, local environmental sustainability

E - All or large part of income from own resources

#### ***Britain***

##### **1.Association of Scottish Community Councils (updated 2004)**

###### **Scotland /Enabling and Umbrella Organisations/July 2002/CD/face-to-face**

There are 1, 200 community councils in Scotland. These are similar to English parish councils and consist of elected volunteers from a local community (which may geographically be one village, several villages or a small part of a larger town) whose remit is to take the views of the community to the district councils. In 1993 these community councils formed the ASSC. It gives the councils access to government documents and channels their reactions back to the government. It also publishes a regular newsletter, organises an annual general meeting and a "community of the year" award, all this with one staff member and several elected volunteer officials.

*Contact details: Douglas Murray (secretary of ASSC), ASSC, 21 Grosvenor Street, Edinburgh EH1 5ED, tel. 0131 225 4033, e-mail: secretary@ascc.org.uk, web page: www.ascc.org.uk*

##### **2.Beauly Firth and Glens Trust**

###### **Highlands and Islands/ Land and Property, Arts and Crafts/ CE/ April 2002/ telephone**

The focus of the Trust, which has sixty members and is registered as a company limited by guarantee, is to develop a former school into a village Centre which would serve both locals and visitors in Beauly. With the aid of private and government funding the Trust purchased and refurbished the building and opened the Beauly Centre in April 2000. It has a shop and exhibition room with weaving looms, used by local weaving enthusiasts for their work and for demonstrating this traditional craft to visitors. They have many more plans and would like to achieve financial sustainability soon through exhibition takings, sales from the shop, etc.

*Contact details: Graham Strachan (area development manager), The Highland Council, Town House, Inverness, IV1 1JJ, tel. 01463 724 222, e-mail: graham.strachan@highland.gov.uk*

##### **3.Beechenhill Farm**

###### **East Midlands-Peak District/Food and Farming/CDE/June 2002/face-to-face**

A 92-acre dairy and sheep farm run by Terry and Sue Prince, Beechenhill Farm has been converted to organic in 2000. It is financially self-sustaining, part of its income comes from a bed-and-breakfast scheme and from farming subsidies and grants and the rest from produce sales. The B-and-B takes in frozen ready meals cooked by locals for guests. Terry and Sue have built and repaired drystone walls and planted a tree avenue, they organise farm walks and host school visits (15/yr), contribute to the local economy through the B-and-B as well as by providing part-time and contract employment. Sue is an artist and has illustrated her own book about the farm called Farming at Beechenhill.

*Contact details: Sue Prince, Beechenhill farm, Ilam, Ashbourne, Derbyshire DE9 2BD, tel. 01335 310 274, e-mail: beechenhill@btinternet.com, web page: www.beechenhill.co.uk*

#### **4. Broomhouse Food Co-op**

##### **Scottish Lowlands/Food and Farming/C/June 2002/telephone**

The Broomhouse Food Co-op has been going since 1995. It sells fresh fruits and vegetables to its 150 members in a rented shop. Members, who pay the co-op 1 £ a year, need not order the vegetables, they buy what they need during the shop opening hours (daily 9 am to 1 pm). The selling is done by 6-7 committed volunteers who are also members of the management group. The co-op serves as a point of contact and support for elderly people, paying for counselling services where needed. The food selling is financially sustainable on a volunteer work basis, the health activities and the salary of the part-time project worker are funded by the health authority.

*Contact details: Anita Aggarwal (project worker), Broomhouse Food Co-op, Health Shop, Unit 1, Broomhouse Market, Edinburgh, tel. 0131 467 7678*

#### **5. Centre for Sustainable Energy**

##### **South West/Environment/CE/May 2002/face-to-face**

Founded in 1979 and formerly known as the Urban Centre for Appropriate Technology, this is a company limited by guarantee and a charity which helps individuals, organisations and local communities in efforts at transition to sustainable energy use. The board of trustees appoints the chief executive. They have a turnover of over 1 million pounds, a staff of 30 and a small office in London as well as in Bristol. They operate on a mix of grants and consultation fees. An important source of funding is money from energy suppliers (the *energy efficiency commitment*). Although operating like a commercial institution, the management can decide to undertake work which is important even if it has no direct funding for it.

*Contact details: Sarah Frankish (finance and administration manager), Centre for Sustainable Energy, The Create Centre, B-Bond Warehouse, Smeaton Road, Bristol BS1 6XN, tel. 0117930 4097, e-mail: sarahf@cse.org.uk, web page: www.cse.org.uk*

#### **6. Charity Bank (updated 2004)**

##### **London and South East/ Finance/ CE/May 2002/ face-to-face**

Charity Bank was launched as a full-fledged bank in May 2002. It had been operating since 1997 as a part of the Charity Know How Fund called Investors in Society. Its purpose then and now was to support through loans charities and businesses with a clear social purpose who otherwise would not be able to access finance. Often the loans are for buying property or bridging project funding. As a bank, it is unique in that it has charitable status and is regulated both by the Charity Commission and the Financial Services Authority. It has a 10 million £ loan fund built up from donations, grants and zero-interest loans and supports organisations all over the country.

*Contact details: Danyal Sattar (assistant lending manager), Charity Bank, Charities Aid Foundation, Kings Hill, West Malling, Kent ME 194TA, tel. 01732 520 000, e-mail: dsattar@charitybank.org, web page: www.charitybank.org*

#### **7. Chipping and District Memorial Hall**

##### **North West/Land and Property, Rural Services/CDE/June 2002/face-to-face**

The Chipping and District Memorial Hall, built in 1999, is registered as a charity, and according to its constitution all the local citizens ( population of approx. 800) become members at age 18. Decisions are made by a board and a management committee The hall has 15 regular local user groups (yoga, gym, class, playgroup, computer classes, etc.) and is used for conferences as well as private events such as birthdays and weddings. The charity has a trading arm, a company ltd. by guarantee, which operates the bar and donates its profits to the charity. The project accessed EU and UK government funding for the building but now is financially self-sustaining with a small surplus.

*Contact details: Kate and John Bailey, Chipping and District Memorial Hall, Garstang Road, Chipping, Preston PR3 2Q2, tel. 01995 61835 (village hall), 01995 61033 (home), e-mail:*

*Johnb@communityfutures.org.uk, web page: www.chippingvillage.co.uk*

## **8. Edinburgh Community Food Initiative**

### **Scottish Lowlands/Food and Farming/C/April 2002/face-to-face**

This is an urban organisation based in a disadvantaged part of Edinburgh, a company limited by guarantee plus registered charity. It was founded in 1996 by Edinburgh food co-ops and serves as their umbrella/support group. They have a warehouse and several vans which they use to deliver food, especially fresh fruits and vegetables, to the co-ops and to schools and nurseries. In addition they have a wide-ranging programme of healthy eating promotion. This includes teaching mothers to blend fresh food for babies, school education programmes, cooking courses, breakfast clubs at schools, fruit snack initiatives and more. All this with 5-6 staff plus volunteers.

*Contact details: Marjorie Shepherd (development worker), ECFI, 22 Tennant Street, Edinburgh EH6 5ND, tel. 0131 467 7326, e-mail: ecfi@madasafish.com*

## **9. Envolve**

### **South West/Enabling and Umbrella Organisations, Environment, Food and Farming/CD/May 2002/face-to-face**

Envolve helps individuals and organisations make practical changes toward sustainability. It acts a seedbed for projects, including *Growing for Gold* (Jacob Dales) which trained unemployed people in horticulture and found placements with local growers for them, *Real Bath Breakfast* (Kathy James), a certificate scheme for caterers who source their breakfast ingredients from within 40 miles, *Environmental Business Solutions* (Simon Richards), which has worked with 150 businesses to help them save energy and recycle waste, and the *Southside Food Co-op* (Viv Talbot). Envolve depends on grant funding but wants to increase its income from membership and services.

*Contact details: Simon Richards, Viv Talbot, Envolve, Green Park Station, Green Park Road, Bath BA1 1JB, tel. 01225 787 910, e-mail: office@envolve.co.uk, web page: www.envolve.co.uk*

## **10. Ethical Investment Co-operative**

### **Scottish Lowlands/Finance/ABCE/May 2002/face-to-face**

The mission of the Ethical Investment Co-operative is, in the words of Guy Hooker, to "put the energy of people's money in the direction of their values". It started in 1996 though the roots go back to 1990, and now has 3 500 clients, with new clients coming in all the time. EIC act as ethical finance stockbrokers, offer people independent financial advice on ethical investment and invest their money for them in accordance with clients' stated priorities. They are a secondary co-op, which means they have employees who are not members of the co-op. Currently they have five members and eight non-members, and are based in Edinburgh and Darlington.

*Contact details: Guy Hooker (director), EIC, 119 Bruntsfield Place, Edinburgh EH10 4EQ, tel. 0131 466 4666, e-mail: guyhooker@yahoo.co.uk*

## **11. Ethical Property Company (updated 2004)**

**West Midlands - Oxfordshire/Finance, Land and Property/CE/June 2002/face-to-face**

The Ethical Property Company is a public limited company with three staff members. Its 400 shareholders own shares in the company (average size of share is £1 500) and the money is invested in properties which are rented to small charities, co-operatives, community and campaign groups. The EPC rents the properties to groups of organisations linked by place or theme who can then share office equipment and co-operate in other ways. Rents tend to be slightly cheaper than they would be commercially. The EPC now has 70 tenants in several cities. The EPC is not listed on the stock market, but its shares can be bought and sold through a Triodos match bargain market.

*Contact details: Jamie Hartzell (managing director), The Ethical Property Company Ltd., 9 Park End Street, Oxford OX1 1HH, tel. 01865 207810, e-mail: Jamie@ethicalproperty.co.uk, web page: ethicalproperty.co.uk*

**12. First Dorset Credit Union****South West/Finance/ABCD/May 2002/face-to-face**

The First Dorset Credit Union was registered in 1999 after a two-year preparation period. It has a part-time office manager, 400 members and a catchment area of 35, 000 people. The 12-member board of directors meets every month and volunteers work on committees (loan committee, supervisory committee), in recruitment and publicity and at collection points. These are open twice a week in Dorchester and once a week in Crossways village. Members pledge to save regularly and are eligible for a loan after having saved for 10 weeks. Loans range from £150 to £1,000. So far, the credit union is not financially sustainable and is partly supported by grants.

*Contact details: Rosemary Britten (office manager), First Dorset Credit Union, 22 High East Street, Dorchester, Dorset DT 1 1EZ, tel. 01305 257 460, e-mail: fido@onetel.netuk, web page: www.fido-cu.co.uk*

**13. Full Circle Fund - Women's Employment, Enterprise and Training Unit****East Anglia/ Finance/ACD/ May 2002/ face-to-face**

The Flow Circle Fund (FCF) grew out of WEETU (Women's Employment, Enterprise and Training Unit) and is still connected with it. FCF was launched in the mid-nineties as a pioneering micro-credit initiative. It runs a training and lending program for women who want to start a business. The principle is peer lending : the women form 4-6 member lending circles which are a vehicle of mutual support as well as a guarantee of repayment of the loans. FCF has 5 staff and helps several hundred women a year. It has an IPS structure, but does not issue shares. It is grant-funded and the only members of the IPS are its voluntary board members.

*Contact details: Jenny Eaton (enterprise development officer) and Janet Davies (Financial Manager), Full Circle Fund, WEETU), Sackville Place, 44 - 48 Magdalen Street, Norwich NR 3 15U, tel. 01603 665555, e-mail: fullcircle@weetu.org*

**14. Glastonbury Trust (updated 2004)****South West/Enabling and Umbrella Organisations, Environment, Finance/CDE/May 2002/face-to-face**

The Glastonbury Trust is an educational and religious charity incorporated by guarantee and founded in 1999. The trust has a trading company, Glastonbury Courtyard Ltd., which owns a complex of properties in the centre of Glastonbury, housing a café, retail shops, offices, function rooms and a variety of social enterprises. All tenants pay market rent, providing a steady stream of income to the trading company, which transfers the surplus as gift aid to the trust. The trust employs one person, Mike Jones, as executive director to run the business of the trust. The trust makes donations to help subsidise the rents of charitable organisations in the complex as well as further donations to support other religious and charitable educational activities, mainly in the Glastonbury area.

*Contact details: Mike Jones, Glastonbury Experience, 2-4 High Street, Glastonbury, Somerset BA6 9DU, tel. 01458 831339, e-mail: glastonburytrust@ukonline.co.uk*

## **15. Growing with Nature**

### **North West/Food and Farming, Environment/CDE/June 2002/face-to-face**

Alan and Debra own 3.5 acres of land and run an organic (and stockless, ie without use of animal manure) box scheme which delivers a weekly bag of vegetables and fruits to 500 households, most of them in Preston and Lancaster. They buy in vegetables from 5 other local growers (52 acres total) and employ 4 full-time and 6 part-time workers, including 3 children who distribute leaflets on bikes. Although clients are not formal members, Alan sees the project as a "vegetable club" whose important ingredient is mutual education. The farm organises open days, publishes a newsletter, and runs an apprentice scheme. It is financially sustainable.

*Contact details: Alan and Debra Schofield, Growing with Nature, Pilling, Bradshaw Lane Nursery near Preston, Lancashire PR3 6AX, tel. 01253 790 046, e-mail: alan@gwnhome.demon.co.uk*

## **16. Honeycomb Project (updated 2004)**

### **East Midlands- Peak District/Environment, Arts and Crafts/CD/June 2002/face-to-face**

Set up by the combined efforts of Leek College, Meadows Special School Social Services and Staffordshire Carers, this is now an annex of Leek College. It can be described as a community business or managed workspace, providing work training for local young people over 18 who have moderate learning difficulties and are not yet ready for formal employment. At the centre they learn practical skills such as furniture restoration and sewing, take short courses (fire regulations, etc.) and gain self-confidence. Many have gone on to part-time voluntary employment and several to part-time paid employment. The building is open to use by a variety of community groups and a successful outdoor pursuits centre was opened on the grounds in 2002..

*Contact details: Ken Weston (centre manager), Honeycomb Project, Honeycomb Centre, Unit 2, Buxton Road, Longnor, Buxton, Derbyshire SK17 0NY, tel. 01298 83857, e-mail: kweston@leek.ac.uk, web page: www.beehive.thisisstaffordshire.co.uk*

## **17. Isle of Eigg Trust**

### **Highlands and Islands/Land and Property/ CDE/ May 2002/ face-to-face**

The Trust bought the island land and properties (formerly owned by a feudal landlord - a laird), on behalf of the 70-odd Eigg citizens in 1997 in a celebrated buy-out. Since then, the Trust has established security of tenure for the locals, initiated woodland regeneration, built a pier building to house three local businesses, supported business training for local people, and more. The Trust has charity status but its trading arm, the Isle of Eigg Trading Company, owns the pier building and rents the premises to the businesses. An intricate democratic structure links the Trust to residents, the Scottish Wildlife Trust and the Highland Council.

*Contact details: Camille Dreissler (director), Cuagach, Isle of Eigg PH 42 4RL, tel. 01687 482 410, e-mail; camille.d@talk21.com (Community Land Action Group website www.clag.org.uk)*

## **18. Laurieston Hall Housing Co-op**

### **Scottish Lowlands/Land and Property, Food and Farming/ABCDE/June 2002/face-to-face**

Laurieston Hall began as a radical commune in 1972. It is now registered as a friendly society with 31 members who spend half of each working week gathering wood, working in the garden, milking cows etc., while the other half is often spent in outside employment. Work is organised via members' committees and a weekly meeting makes decisions by consensus. Members have use of numerous common rooms, such as a TV room, computer room, and wood workshop. The co-op hosts events for the public (harmony singing, dancing, also work-based events to help with maintenance) and these are organised by two workers' co-ops formed by members of the housing co-op.

Contact details: Lesley Vine, Richard Langley, Laurieston Hall, Castle Douglas DG7 2NB, tel. 01644 450 633, e-mail: lesley@lauriestonhall@demon.co.uk

### **19. London Rebuilding Society**

#### **London and South East/Finance/ABCDE/May 2002/face-to-face**

The London Rebuilding Society (LRS) was set up in 2001 with the aim of providing loans (£ 5, 000 to £ 50,000) to London social enterprises for purchasing equipment or property, bridging loans, employee buyouts, etc. It has branches in London with local development managers who provide borrowers with long-term support. LRS has a co-operative structure and issues shares to obtain money for lending. The maximum value of one share is 20 000,-, each shareholder is a member and has one vote. Members are organisations (including banks) and individuals, they can get their share values back at three months's notice.

Contact details: Naomi Kingsley (chief executive and company secretary), London Rebuilding Society, 227c City Road, London EC1V 1JT, tel. 020 7682 1666, e-mail: naomi.kingsley@londonrebuilding.com, web page: www.londonrebuilding.com

### **20. Made in Stroud**

#### **South West/Arts and Crafts, Food and Farming, Rural Services/BCD/May 2002/face-to-face**

Made in Stroud Ltd. is a company limited by guarantee with two directors/employees. It organises and co-ordinates farmers' markets in Stroud and Gloucestershire and co-operates with another organisation, Forest Food Links, to promote local food consumption through work with schools and support of farmers. Made in Stroud Ltd. also has a contract with the Made in Stroud Shop Ltd. This is a co-operative (company ltd. by guarantee) with 100 members, local artists and craftspeople, who rent shop space from Made in Stroud Ltd. and sell their products there. Made in Stroud is partly financially self-sustaining though income for core costs comes from the local government.

Contact details: Clare and Kardien Gerbrands (directors), Made in Stroud, 16 Kendrick Street, Stroud GL5 1AA, tel. 01453 758 060, e-mail: info@MadeIn Stroud.org

### **21. West Mendip Credit Union (updated 2004)**

#### **South West/Finance/ABCDE/May 2002/face-to-face**

The credit union was registered in 1999 after a preparation period during which members attended a course taught to themselves by themselves. It has 214 members and no paid staff. Volunteers serve on the 8-member board, on committees and at four collection points each Saturday morning. They also publish a newsletter called *No small print*. Members, who save a minimum of £1 per month, are eligible for loans after having saved for 13 weeks, the loan will not normally exceed twice a person's savings. The interest is 1% per month on the reducing balance of the loan, members are paid a yearly dividend of 1%. The credit union is financially self-sustaining.

Contact details: Terry and Sarah Clay, 12 Bowyers Close, Glastonbury, Somerset BA9 9DA, tel. 01458 834 789, e-mail: terryclay@btinternet.com

### **22. Mendip Vale Recycling**

#### **South West/Environment/CD/May 2002/face-to-face**

A part of the Mendip Vale charitable trust set up in 1989, this is a new workshop where 50 people with mental health problems come 3 days a week and shred cardboard collected from local businesses. They make it into bedding for animals and it is sold to local farms and stables. There are plans to construct worm beds at some local farms where the soiled shredded cardboard will be composted and the compost, worms and a liquid plant food will be sold again. With one full-time and one part-time employee besides the clients and volunteers, the workshop is financed by grants, by the patients' social services placement fees and by its own revenue from selling the product.

Contact details: Neil Montgomery (project supervisor), Mendip Vale Recycling, Unit 7, Station Yard Industrial Estate, Dyehouse Lane, Glastonbury, Somerset BA6 9LZ, tel. 01458 830308, mobile: 07799 866203

### **23. Moorlands Telecottage**

#### **East Midlands-Peak District / Rural Services/CD/June 2002/face-to-face**

This is an initiative of the Area Youth and Community Education Office with no legal status of its own. It is a room with computers and internet connection used in three ways: 1. Local community groups get free access to the internet, 2. Computer training courses are run for local people, 3. Local businesses have access to the internet and to training. Since its inception in 1989 the telecottage has worked as an informal employment agency, helping to link businesses with local people who had trained in the courses and go on to become personal assistants, etc. via computer working from home. This approach - teleworking - has many benefits in rural areas.

Contact details: Simon Brooks, Area Youth and Community Education Office, Manifold Primary School, Warslow, Buxton, Derbyshire SK1 7JP, tel. 01298 84336, e-mail: [simon.brooks@staffordshire.gov.uk](mailto:simon.brooks@staffordshire.gov.uk)

### **24. National Association of Farmers' Markets** (updated 2004)

#### **South West/Enabling and Umbrella Organisations, Food and Farming/CD/March 2002/face-to-face/**

Farmers' markets were pioneered by Envolve (9) in Bath in 1997 and today there are 202 all over the country. They are organised by local authorities, volunteers, the farmers themselves or on a business basis and their aim is to give the farmers an outlet for their produce and consumers a chance to meet food producers at first hand. NAFM is an umbrella group of the farmers' markets which was set up in 1999 in response to a growing need by the local markets for certification and help with publicity. It has 3 full time and one part time staff. Funding comes from members' fees (yearly 85 pounds) and government grants, in future perhaps also from sponsorship contributions.

Update 2004: In 2004 NAFM merged with the Farm Retail Association (originally a co-operative of farmers selling direct to the public) into a new organisation called the National Farmers' Retail and Marketing Association (FARMA). It represents market managers as well as all aspects of producers selling direct, has 750 members across the U.K. and is supported largely by members' donations.

Contact details: Rita Exner (executive secretary), FARMA, The Grenhouse, PO Box 575, Southampton, S01 57BZ, tel. 0845 230 2150, e-mail: [info@farmshopping.com](mailto:info@farmshopping.com), web page: [www.farma.org.uk](http://www.farma.org.uk), or Gareth Jones, e-mail: [gareth@farmshopping.com](mailto:gareth@farmshopping.com)

### **25. Oxford, Swindon and Gloucester Co-operative Society** (updated 2004)

#### **West Midlands-Oxfordshire/Rural Services/ABCDE/June 2002/face-to-face**

This is a regional retail co-operative (industrial and provident society) with 70 000 customer members and 85 stores, a third of these in rural areas. Their roots go back to the 19<sup>th</sup> century. They are fully financially sustainable and give 2% of their annual surplus to fund the Co-operative Futures agency which gives free advice to new and existing co-operatives on financing, structure, marketing, etc. A similar percentage of the surplus goes to a community fund for grant support of local projects. Despite the Society's size the members take an active part in shaping policy and the Society has recently started looking at ways of local food sourcing at their instigation.

Update 2004: The society has grown from 70,000 to 89,000 members and from 85 stores to 115.

Contact details: Peter Couchman (membership and corporate marketing manager), Oxford, Swindon and Gloucester Co-operative Society, New Barclay House, 234 Botley Road, Oxford OX2 0HP, tel. 01865 249 241, e-mail: [peter.couchman@osg-co-op.co.uk](mailto:peter.couchman@osg-co-op.co.uk) or [mehnaz.begum@osg.coop](mailto:mehnaz.begum@osg.coop)

## **26. Peak District Farm Holidays**

### **East Midlands- Peak District/Food and Farming/CDE/June 2003/face-to-face**

This is a farm tourism marketing group which started in the seventies. Its aim is not only to let the outside world know about the accommodation they offer, which they achieve through a targeted marketing approach (website, advertisements, leaflet with details about individual farms), but also mutual support, training and development. Legally they are an association, with a management team which meets every two months. They have a membership of 30, their main funding has been members' contributions. They have attracted EU funding for premises upgrading and IT development and are now thinking of new local food projects targeted at local businesses.

*Contact details: Sue Prince, Beechenhill Farm, Ilam, Ashbourne, Derbyshire DE9 2BD, tel. 01335 310 274, e-mail: beechenhill@btinternet.com, web page: www.peakdistrictfarmhols.co.uk*

## **27. Peak District Products**

### **East Midlands-Peak District/Arts and Crafts/BCDE/June 2003/face-to-face**

This is a marketing group who produce leaflets and organise selling exhibitions of arts and crafts products produced in or inspired by the Peak District. It has 40 members (painters, cabinet-makers, a photographer, stained-glass artist, etc., one of the members is the Chatsworth Farm shop part of whose food produce is local) and is registered as a company limited by guarantee, with an AGM and elected management committee who double as directors and meet once a month. They have no premises and no staff, all work is done by volunteers. They are self-sustaining thanks to members' contributions, though they have also accessed grant funding.

*Contact details: Sheila Reynolds (chairman), Spital House, How Lane, Castleton S33 8WJ, tel. 01433 620 670, e-mail: talbotho@aol.com, web page: www.peakdistrictproducts.co.uk*

## **28. Phone Co-op (updated 2005)**

### **West Midlands-Oxfordshire/Rural Services/ABCE/June 2002/face-to-face**

This is an industrial and provident society selling telephone and internet services as well as phone systems. Many of its customers, who totalled 12,000 in early 2005, are also its members. Despite the large and growing membership (4,500 in 2005, this includes individuals and groups such as charities and other ethical organisations), the management actively promotes the engagement of members in governance. Members own withdrawable shares in the Phone Co-op. The Phone Co-op is financially sustainable and uses its surplus for re-investment, members' dividends, and contributions into a loan fund to support newly-formed co-operatives. It has an environmental policy (sourcing renewable energy, using hemp paper, etc.)

*Contact details: Vivian Woodwell (executive director), 5 The Millhouse, Elmsfield Business Centre, Worcester Road, Chipping Norton, Oxon OX7 5XL, tel.from UK: 0845 458 9000,international: +44 1608 647710, e-mail: vivian@thephone.coop, web page: www.thephone.coop*

## **29. Port Appin Community Co-operative Ltd.**

### **Highlands and Islands/Rural Services, Land and Property/ABCDE/May 2002/face-to-face**

The co-operative was set up in 1983 as a Friendly society (later becoming a company limited by guarantee so now it has both forms) and has a membership of 250 in a catchment area of 400. It has been running the village shop since 1984 and has initiated the building of 15 houses for local residents, run a voluntary car service, published a guide to the district, and organised craft fairs. It owns the shop, a van and land in the village. The co-op is financially sustainable, the surplus goes to a trust which it has founded to distribute small grants in the community (for the football team, highland dancers, arts group, etc.) It has also set up a community enterprise which has helped young people start their own business.



Contact details: Ian McNicol (chairman of board), Dunvegan, Port Appin PA384DE, tel. 01631 730271 daytime, 01631 730433 evening

### **30. Radford Mill Farm** (updated 2004)

#### **South West/Food and Farming/CDE/March 2002/face-to-face**

This is a 100-acre organic farm with 50 cows, 40 sheep, pigs, turkeys and a variety of crops including fruits and vegetables. The farm is rented by farmer Susan Seymour who works it with twenty employees, a large part of whom are volunteers or part-time. They live on the grounds and take turns cooking lunch. The produce, including yoghurt, ready-made salads and meat, is sold through local markets and a box scheme. Part of the farmworkers have formed an industrial and provident society (RMDG) with charity status and they are refurbishing the original mill to set up a farm shop, community café and garden as well as a workshop employing disabled people.

*Update 2004: After the initial consultation and feasibility study had been completed the constitution of Radford Mill Development Group was revised and elections were held for local people to join the committees. RMDG continued to run community events and fundraise and develop the project for one next year. Unfortunately in 2003 the land had not yet been put into trust, the project had not received a lease for the land from the land owner, and in 2004 the tenancy of the farmer was terminated due to a personal disagreement with the landowner. The RMDG project is currently suspended.*

Contact details: Kate Allport, Envolve, Green Park Station, Green Park Road, Bath BAJ 1JB, e-mail: katea@envolve.co.uk (web page of farm: [www.radfordmill.co.uk](http://www.radfordmill.co.uk))

### **31. Rural Environmental Action Project (REAP)**

#### **Highlands and Islands/ Enabling and Umbrella Organisations, Environment/CD/April 2002/telephone**

REAP is part of a national organisation called Community Service Volunteers, a company limited by guarantee. The mission of REAP, who have five full-time and one part-time staff members, is to support local groups who have identified a goal such as buying a woodland for the community, running a heritage railway line or starting a credit union. They also operate a small grants scheme (awards up to £ 500) and organise workshops, subjects include localisation vs. globalisation and running a social enterprise. Three volunteers work on an environmental magazine called *The Green Diary*, which has a circulation of 3,000 copies. REAP is supported by grants but have done a social audit of their work to show that this money is an investment which brings benefit to an area.

Contact details: Kevin McDermott (project manager), Rural Environmental Action Project, 117 Mid Street, Keith AB55 5BL, tel. 01542 888 070, e-mail: [KevinMcDermott@csv.org.uk](mailto:KevinMcDermott@csv.org.uk)

### **32. Seven Y Rural Services Network** (updated 2004)

#### **East Midlands - Herefordshire/Food and Farming/ABCDE/June 2002/face-to-face**

Seven Y, named after local rivers Severn and Wye, was started by Nick Helme from his kitchen table in 1991 as a machinery ring for local farmers. Twelve years later, it has a staff of 22 (7 office staff and 15 working employees) and serves its members as a labour agency and buy-and-supply centre as well as offering training (computer skills, materials handling, enterprise skills, diversification skills, etc.) and an apprenticeship scheme. It is an Industrial and Provident Society with 550 members, mostly local farmers. It is financially-self-sustaining and has recently invested in a new project called Bioganix, which will convert poultry litter and other waste into compost.

*Update 2004: The organisation is now called 7 Y Services Ltd. It is no longer an Industrial and Provident Society, but has changed to a conventional limited company. It is still owned by the same 500 or so farmers and rural businesses, and employs 45 people full time.*

Contact details: Julian Morgan (manager), Seven Y Rural Services Network, Wharton Court, Leonminster, Herefordshire HR6 0NX, tel. 01568 610077, e-mail: [julian@7y.co.uk](mailto:julian@7y.co.uk), [team@7y.co.uk](mailto:team@7y.co.uk), web page: [www.7y.co.uk](http://www.7y.co.uk)

### **33. Somerset Food Links** (details updated 2006)

#### **South West/Enabling and Umbrella Organisations, Food and Farming/BCD/May 2002/face-to-face**

Somerset Food Links is a partnership of local statutory agencies with no formal legal structure and originally two, now four staff members, two of them part-time. With its ethos of "promote and float", Somerset Food Links has helped create *Somerset Farmers' Markets Ltd.*, a company limited by guarantee which organises local farmers' markets. It is run by a board elected by its members - the sellers at the markets. Another organisation just starting in 2002 is *Somerset Local Food Ltd.*, an industrial and provident company whose shares will be owned by local people. These two are the owners of a third one: *Somerset Farmers' Markets Direct*, a local food phone delivery service.

*Contact details: Vivien Grammer, Paul Sander-Jackson, Somerset Food Links, Unit 11, Bridge Barns, Upton Bridge Farm, Long Sutton, Nr. Langport TA109NJ, tel. +44 (0) 1458 241 228 vivien.grammer@southsomerset.gov.uk, paul.sander-jackson@neweconomics.org*

### **34. Standlake and Northmoor Community Bus Service**

#### **West Midlands- Oxfordshire/Rural Services/C/June 2002/face-to-face**

Brenda Smith has helped re-new a bus service which had previously been running every Saturday from the villages of Standlake and Northmoor to the town of Witney. With support from the neighbouring village bus service in Aston and the Oxfordshire Rural Community Council, she joined up potential passengers and volunteer drivers and they registered as a travel club. Passengers are members of the club and must book in advance. The club hires the Aston mini-bus and passengers pay a fee for the trip. Brenda says: "People who use the bus have become a little community on their own." The service is not self-financing, it depends on subsidies.

*Contact details: Brenda Smith, Longwood House, Shifford Lane, Standlake, Oxon OX9 7RD, tel. 01865 300 370, e-mail: brenda.smith@westoxon.gov.uk*

### **35. Stonesfield Community Trust** (updated 2005)

#### **West Midlands-Oxfordshire/Land and Property/CDE/June 2002/face-to-face**

The Trust started in 1983 with the aim of providing local affordable housing. It is a charity governed by a board of trustees. Land for the first two houses was donated and money was borrowed. For a second batch of homes, they bought land with a loan from the district council and got money for building from donations, small loans and ethical loans (Triodos Bank,<sup>43</sup> and The Ecological Building Society). These houses were built to a high environmental standard. Today the Trust owns 12 dwellings and a pre-school. All the homes are occupied by lower-income local families. When the Trust repays its debts, it may use rent money to improve local social services.

*Update: In 2005, the first loans have been fully repaid and net income from the property now funds a local youth service.*

*Contact details: Tony Crofts, Home Close, High Street, Stonesfield, Witney, Oxon OX8 8PU, tel. 01993 891 686, e-mail: totony.crofts@virgin.net*

### **36. Strathfillan Community Development Trust**

#### **Highlands and Islands/Land and Property/CD/May 2002/ face-to-face**

The Trust was set up in the villages of Tyndrum and Crianlarich (approx.400 inhabitants) by the community council with the aim of increasing local control over land and housing in this low-wage tourist area. It is a company limited by guarantee with 70 members, with an active board, working groups, and a part-time development manager. With the aid of grants and a loan from Investors in Society (see Charity Bank,<sup>6</sup>) SCDT bought and renovated four properties which they are now renting to local residents. They have also acquired two woodland areas which they are replanting with native species and have many other plans for the enhancement of the area.

Contact details: Sue Wyllie (development manager), SCDT office, Invervey, Tyndrum FK20 8RY, tel. 01838 400 545, e-mail: strathfillancdt@onetel.net.uk

### **37. Stroud Cohousing**

#### **South West/Land and Property/BCE/April and July 2002/ by e-mail**

This is a cohousing community with 35 houses/flats and a central communal kitchen in Stroud. To build this, the future householders have formed a development company which will then pass the freehold over to a company limited by guarantee, the Stroud Cohousing Company Ltd. Each householder will be a member of this company, they will meet regularly and decide on issues such as garden, parking, maintenance etc. The company will own the houses and lease them to the householders for 999 years. They will be able to sell their house at market price, although the community reserves the right to block the sale to someone they do not want.

Contact details: David Michael (managing director and company secretary), 59 Lansdown, Stroud, Glos GL5 1BN, tel. 01453 766466, e-mail: david@ic.org, web page: [www.cohouses.net](http://www.cohouses.net)

### **38. Sustainable Tourism Initiative**

#### **London and South East /Enabling and Umbrella Organisations/ CD/ July 2002/ face-to-face**

The Sustainable Tourism Initiative is a partnership of UK government institutions, tourism industry federations, and charities concerned with sustainable tourism. It grew out of the work of the charity ACT - Action for Conservation through Tourism and promotes a vision of tourism as a "sustainable product" which does not undermine local resources (land, people, traditions) and whose benefits go to local people and communities rather than to large foreign companies. In the past, ACT has developed and implemented projects such as local heritage trails in Britain and other countries, including the Czech Republic.

Contact details: Jenny Holland, 42 Regatta Point, 38 Kew Bridge Road, Brentford TW80EB, tel. 02088 474 895

### **39. Tablehurst and Plawhatch Community Supported Farms**

#### **London and South East/ Food and Farming/ABCDE/March 2002/ face-to-face**

These are two farms (500 acres total) which practice biodynamic farming - meat, dairy, vegetables, feed for the animals. Tablehurst Farm has been owned by local people (approximately 400), who formed a co-operative for the purpose, since 1996. Plawhatch has followed suit in 2001. The co-op is the sole shareholder of the farm businesses. The farmland is owned by two local trusts. Financial sustainability has been achieved by adding value to the farm products (producing cream, cheese, yoghurt, meat) and selling them at the farm shop. The co-op and farms are also active in student and apprentice training, public education, and have live-in people with learning disabilities.

Contact details: Chris Marshall (chairman of the co-op board), 15 Riverside, Forrest Row, East Sussex, tel. 01342 822 611, mobile: 01342 822611, e-mail: [chris.marshall@symonds-group.com](mailto:chris.marshall@symonds-group.com)

### **40. Telework Association**

#### **East Midlands-Peak District/Enabling and Umbrella Organisations/C/June 2002/face-toface**

A national organisation whose aim is to help people telework - work from their homes through a computer. It is a company limited by guarantee, has a board of directors who meet once a year, otherwise communicates via computer. They are partly grant-financed, partly self-financing (contracts, consultancies).

Contact details: Simon Brooks (director of the Telework Association), Area Youth and Community Education Office, Manifold Primary School, Warslow, Buxton, Derbyshire SK1 70JP, tel. 01298 84336, e-mail: [simon.brooks@staffordshire.gov.uk](mailto:simon.brooks@staffordshire.gov.uk)

#### **41. Trans-Fife Community Transport**

##### **Scottish Lowlands/Rural Services/BCDE/August 2002/face-to-face**

Trans-Fife is a company limited by guarantee with charitable status. It started in 1990 with one microbus and the aim of providing accessible transport to local people in a depressed rural area. Today it has 17 buses, 20 paid staff members and 40 voluntary drivers. The 400 local groups who use the Trans-Fife services are also its members, with elected representatives serving on the board and management group. Trans-Fife rents scooters and cars to enable people access training or employment, runs a volunteer minibus driver training course and has contracts with local doctors to provide transport in out-of-office-hours. It is part self-financing, part grant-supported.

*Contact details: Bill O'Sullivan (general manager), Trans-Fife Community Transport, Unit 1 & 2 Crosshill Business Centre, Main St., Crosshill, Fife KY5 8BJ, te. 01592 869400, e-mail: whohos@aol.com*

#### **42. Treehouse (details updated 2004)**

##### **North Wales/Food and Farming, Rural Services/BCDE/February 2002/face-to-face**

The Treehouse Food Shop and Restaurant was born in 1993, when Jane Burnham and her partner, who had been growing organic vegetables, decided they needed a retail outlet. Today vegetables make up about 40% of the Treehouse sales, the rest is organic dairy produce, bread and meat. They also serve ready-made meals. The Treehouse is a business with ten employees and Jane the sole owner. Jane sources her vegetables (90% in-season and 50% off-season) from six small local growers, who over the years have formed an informal producer co-operative, meeting at intervals to agree on what to plant and grow. The Treehouse also operates an organic vegetable box scheme.

*Contact details: Jane Burnham, The Treehouse, 14 Baker Street, Aberystwyth SY23 2BJ, tel. 01970 67 5791, e-mail: jane@aber-treehouse.com, web page:www.aber-treehouse.com*

#### **43. Triodos Bank**

##### **Sout West/Finance/CE/June 2002/face-to-face**

Opened in 1980 in the Netherlands, this is a bank which invests in projects bringing social, cultural and environmental value. A typical loan recipient is an organic farm, a fairtrade project, a charity wishing to buy its premises. Loans are between £ 20,000 and 10 million pounds, interest paid to savers and salaries paid to senior staff are less than in other banks. A central feature of the bank's governance is a Trust which issues shares and elects a supervisory board. Shareholders do not own the company, and there is a ceiling to the number of votes of one shareholder. Triodos has 200 staff (50 in Britain). It also supports micro-credit schemes in over 40 developing countries.

*Contact details: Matthijs Bierman (deputy managing director), Triodos Bank, Brunel House, 11 The Promenade, Bristol BS8 3NN, tel. 0117 973 9339, e-mail: matthijs.bierman@triodos.co.uk*

#### **44. ViRSA-Villages Retail Services Association**

##### **South West/Enabling and Umbrella Organisations, Rural Services/ACD/May 2002/face-to-face**

Founded in 1993, ViRSA is an IPS and charitable trust which helps rural communities in England to keep or revive their shop, post office, pub. The ViRSA Educational Trust has 2 full time and one part-time staff and several part-time field workers. It is supported by member subscriptions as well as by banks and companies such as Sainsbury's. It has a trading arm (Virsa Ltd.) and has helped develop a membership organisation, the Rural Shops Alliance (RSA), with 4000 members (rural community councils, local retailers). It has helped 60 shops survive, has a database of rural shops and post-offices and informs the government about the impact of rural retail services closure.

*Contact details: Peter Jones (director), ViRSA, The Little Keep, Bridport Road, Dorchester, Dorset DT1 15Q, tel. 01305 259 383, e-mail: virsa@ruralnet-org.uk, web page: www.virsa.org*

**45. West Dorset Food and Land Trust** (updated 2004)

**South West/Enabling and Umbrella Organisations, Food and Farming/BCD/May 2002/face-to-face**

The aim of the Trust is to influence both demand for and supply of local food. On the demand side, it has published a local food directory and helped schools grow their own food, on the supply side it has established farmers' markets and a Centre for Local Food in Bridport with a meat cutting room, a commercial kitchen and a distribution depot for use by local food producers. The Trust itself, with three part time and one full time staff member, depends on grants, but the organisations it has helped establish, such as an organic marketing co-op, are or will be financially self-sustaining. The Trust works in close partnership with the local college, district council, farmers and community.

*Contact details: Tim Crabtree (trustee), Centre for Local Food, Unit 17, St Michael's Trading Estate, Bridport, Dorset DT 63 RR, tel. 01308 420 269, e-mail: tim.crabtree@foodandland.org*

**46. WyeCycle** (updated 2005)

**London and South East/ Food and Farming, Environment/ CDE/ May 2002/ face-to-face**

Wyecycle is a community business based in the town of Wye (3,000 inhabitants) with five staff, registered as a company ltd. by guarantee. It operates a recycling and composting scheme in Wye and neighbouring Brook, organises a veggie box scheme and a farmers' market two times a month. It is financially sustainable, with the core of its income coming from the local county and borough councils and from its own trading - selling glass, paper, compost, etc. Although it started out as a Friends of the Earth Group in 1989, it now sees its remit as both environmental (reducing waste, cutting pollution, etc.) and social (employment, support of local farmers and the local economy).

*Contact details: Richard Boden (director), Wyecycle ltd., The Green House, Unit 2a, Briar Close Industrial Estate, Wye, Kent TN2 55HB, tel. 01233 813 298, e-mail: info@WyeCycle.org, web page: www.WyeCycle.org*

**Czech Republic**

**47. Agrica Tour**

**South Moravia/ Food and Farming, Environment/CDE/March 2003/face-to-face**

This is a 50-acre family organic farm, with 100 sheep and a bed-and-breakfast scheme as well as a campsite which thanks to the ECEAT network (55) has become popular with Dutch tourists. About a third of the family income comes from agricultural subsidies. Peter, his family, brother and parents live on-site in the old family farmhouse and the parents help out with work on the farm and caring for the children. They only have casual help, doing most of the work themselves. A large part of any profits is recycled into upgrading the building. For Peter, who doubles as the local mayor, a major goal is making a living in the country and keeping the environment unpolluted.

*Contact details: Petr Novak, Lhotka 10, 588 56 Telc, tel. 00 420 567 317 111, e-mail: att@agrica.cz, web page: www.agrica.cz*

**48. Bioclub Ceske Budejovice** (update 2004)

**South Bohemia/Food and Farming, Environment/BCDE/October 2002/face-to-face**

Founded in 1998 by a biodynamic farmer couple, this is an informal group of about 30 people who meet once a month on the premises of the environmental charity Calla in the city of Ceske Budejovice and order dry organic food such as flour, etc, wholesale. They take turns sending the order and sorting the delivered goods, there is an envelope system for the money. Calla serves as the pick-up point. Although the original reason for starting the group was a

wish for a better variety of cheaper organic food, over time the emphasis has shifted and the reason for meetings is now predominantly social, with members sharing recipes and discussing alternative lifestyle issues.

*Update 2004: This informal co-op has now disbanded, and Petr and Gabriela are focussing on their organic farm, with a direct-selling vegetable scheme taking shape.*

*Contact details: Petr and Gabriela Dostalek, Veselka 52, 37401 Trhove Sviny, tel 00420 386 321 617*

#### **49. Borovany Agricultural Co-operative**

##### **South Bohemia/Food and Farming, Land and Property/AE/March 2003/face-to-face**

With 6 920 acres, 700 dairy and 200 beef cattle, pigs and a chicken battery farm, this is one of the large post-Communist mixed farms. Financially it is self-sustaining and has had a profit every year since "re-birth" as a post-Communist farming enterprise in 1992. Formally, it is a co-operative, has 365 members and 107 employees, 70% of whom are members of the co-op. The members do not take part in decision-making though they attend the AGM. They do not receive a share in profits, but are paid a not-unsubstantial rent for their land (approx. 4 GBP per acre). Profit is invested in new assets and used to repay debts to members who left the co-op. See also **60** and **64**.

*Contact details: Milada Bockova (economic manager), Borovany - zemedelske obchodni druzstvo, Vodarenska 97, 37312 Borovany, tel. 00420 38 79 81 404*

#### **50. Borovna Forest Co-operative**

##### **South Moravia/Land and Property/ADE/June 2003/face-to-face**

Twenty-five local villages and small towns co-operatively owned 2000 acres of woodland between 1932 and 1959, when the state appropriated the forests and dissolved the co-op. In 1996 this forest co-op was re-instated and received its property back. Today 15 municipalities own a total of 575 shares in the co-op. Local councils elect representatives for the AGM and the AGM elects the board. Representatives vote on a one-share-one-vote basis. The co-op employs 60 people who take care of a total of 8 600 acres (most of these are not part of the co-op property). They have a profit from selling their own wood, both raw and processed, and from marketing the wood of others.

*Contact details: Rostislav Cermak (manager), Lesni druzstvo Borovna, Lipky c. 105, 58856 Telc IV, tel. 00420 567213429, e-mail: ldborovna@volny.cz*

#### **51. Chotebor First Credit Union** (updated 2007)

##### **East Bohemia/Finance/ABCDE/July 2003/face-to-face**

This is one of the 47 credit unions left in the country and, with 500 members and a catchment area of 11 000 people, today also one of the largest. It was registered in 1996 and for the first two years was run on a volunteer basis. Today it has 4 staff members and two collection points open daily from 8 to 4. Members are offered current accounts and can access loans (without prior saving) from 20 to 4000 GBP. They vote on a one-member-one-vote basis and elect a 5-member board, a loan and supervisory committee at the AGM. With a policy of low overheads and with few bad debts, this credit union pays members higher interest rates (dividends) on savings accounts than banks do.

*Update 2007: The credit union has finished operations due to the EU banking directive legislation passed by the Czech parliament in spring 2004. Former members did not have to turn to banks as a slightly larger credit union from the town of Trebic opened a branch in Chotebor and even employed the manager Jaromir Hosek.*

*Contact details: Jaromir Hosek (manager), Prvni Trebicka zalozna, Ulice Krale Jana 1713, 58301 Chotebor, tel. 00420 569 624 699, e-mail: jhosek@seznam.cz*

#### **52. Cizova Housing Co-op**

##### **South Bohemia/Rural Services/ACE/April 2003/face-to-face**

The housing co-op in Cizova (880 inhabitants) was founded in 2000 to take advantage of a government housing subsidy. It has built 16 one-family-houses and is building 23 more. Two member categories exist in the co-op. Individual members (future and current householders) have one vote per 200 GBP, the village council has one vote per 20 pence. The co-op has taken out a mortgage with a bank on behalf of the members, members pay back to the co-op over a 20-year-period. After that the co-op plans to wind up and privatise the houses. The new families have already made a difference, adding children to the primary school which was at the point of closure.

*Contact details: Roman Carek (village mayor and co-op chairman), Cizova 75, 398 31 Cizova, tel. 00420 382 227 9233 (village council), e-mail: obec@cizova.cz, web page: www.cizova.cz*

### **53. Colourful World**

#### **South Moravia/Arts and Crafts, Enabling and Umbrella Organisations/CDE/July 2003/face-to-face**

Pavel Vanasek started freelancing as interior decorator after the 1989 revolution. The hilly region Northeast of Jihlava ("Vysocina") has long been known for its good quality craftsmen and Pavel had many friends among them. Soon Pavel started sub-contracting local joiners, carpenters, woodcutters, blacksmiths, etc. to help him deliver custom-made interiors for customers at home and abroad. There is no formal umbrella co-operation scheme but mutual trust and dependency has developed as Pavel continues to maintain close contact with the craftsmen some of whom get 70% of their work from his business, which now has a 400 000 GBP turnover.

*Contact details: Pavel Vanasek, Barevný svět Cz, Seifertova 4, 586 00 Jihlava, tel. 00420 567 309 308, e-mail: p.vanasek@barevnysvet.net, web page: www.barevnysvet.net*

### **54. Communal Heating in Svaty Jan**

#### **South Bohemia/Rural Services/CDE/October 2002/face-to-face**

The local council in Svaty Jan nad Malsi (400 inhabitants) uses wood-chip from its own woodlands to fire two communal furnaces. These heat the council building, the school, the pub, the village shop and post-office, the surgery, 17 flats and one private house. The furnaces are owned by the council and serviced by 5 workers who double as forestry workers and do odd jobs in the village. In addition to its own wood, the village uses waste wood from forests owned by other villages. This is given free in exchange for chipping. The project is economically self-sustaining but had an initial grant of 7 500 pounds from the government and the EU in 1999.

*Contact details: Antonin Michal (deputy mayor), Skola obnovy venkova, 373 23 Svaty Jan nad Malsi, tel. 00 420 387 962 221 (home), e-mail: skolaobnovy@volny, web page: www.svatyjan.elsanet.cz*

### **55. Countryside Accommodation Association and ECEAT CZ**

#### **South Moravia, national/Food and Farming, Enabling and Umbrella Organisations/C/September 2002 and March 2003/face-to-face by Tomas Fort and N.J.**

These two organisations have helped nurture Czech attempts at rural accommodation for tourists. The Association has been active since 1992 and has worked in publicity and lobbying on behalf of its members, small rural accommodation providers, who today number 250. It also operates a voluntary national certification scheme. ECEAT CZ, also active since 1992, is a member of the Dutch ECEAT international (European Centre for Eco- and Agro-tourism). It has co-evolved with the Association to become an experts' organisation whose main remit is consultancies (e.g. helping to start up businesses) and publicity and marketing of many forms of countryside holidays.

*Contact details: Michal Burian, ECEAT CZ, Sumavska 31 b, 61254 Brno, tel. 00420 541 235 080, e-mail: eceat@ecn.cz, web page: www.eceat.cz, www.venkovskaturistika.cz*

### **56. Firemen's Insurance Company**

**South Bohemia, national/Finance/CDE/October 2002/face-to-face by Tomas Fort**

Founded in 1992, this insurance company builds on the tradition of a large co-operative firemen's insurance company which existed between 1900 and 1946. The current structure is a shareholding company with 86% of the shares owned by 3 620 firemen's organisations. Many are voluntary fire brigades from small villages. The majority of shares is held by a large firemen's umbrella group. The company has a basic capital of 5 million GBP, 10 branches, 116 staff and 300 000 insurance agreements, mostly with middle-class and lower-middle class home-owners. Profit from shares is distributed to local fire brigades, which are often an important mainstay of local communities.

*Contact details: Vaclav Zizka (manager of South Bohemian branch), Hasicska vzajemna pojistovna, Lannova 63, 37001 Ceske Budejovice, tel. 00420 387 437 905, e-mail: zizka@hvp.cz, web page: www.hvp.cz*

**57.Gemini Farm and Workshop**

**South Bohemia/Food and Farming, Land and Property, Arts and Crafts/CDE/March 2003/face-to-face**

Robert and Nadia own 148 acres of meadow and forest and keep 7 horses, 5 beef cattle and 50 sheep. About 10% of their income are farming subsidies, the rest comes from a family business selling Austrian lawn mowers and from Robert's landscape management and building business, which employs six workers full-time, contributing substantially to local employment. Robert and his friends have recently planted a tree avenue and hand-built a stone road. A part of the business' profit is used to restore lost and broken traditional stone pillars consecrated to Virgin Mary and other saints. A sculptor completes the shapes and Nadia, who is an artist, paints in the faces.

*Contact details: Robert Blizenec and Nadia Smirnovova, Paseky 25, 37333 Nove Hradky, tel. 00 420 386 327 099, e-mail: blizenec@blizenec.cz, web page: www.blizenec.cz*

**58.Hana's Traditional Czech Handicrafts**

**South Bohemia/Arts and Crafts/CDE/June 2003/face-t-face**

Hana learned Easter egg painting and other traditional crafts from her grandmother as child. In 1999 she started her own business selling traditional decorated eggs, wax-decorated ceramics, batik pictures and scarves. She sells through the internet, an arts and crafts marketing group and shops, tourists are an important target group. She works from home and is helped by her husband Arnost who has his own carpentry workshop in the house (self-built by Hana's father in the seventies) and has designed, created and fitted the tools needed for Hana's work. She employs three women (one part-time), two of whom are disabled and for one of whom she receives a government allowance.

*Contact details: Hana Doskocilova, Ruzova 1, 37007 Ceske Budejovice, tel. 00420 386 356 237, e-mail: hana.doskocilova@quick.cz, web page: www.kraslice.wz.cz*

**59.Hostetin Apple-juice Plant in the White Carpathians (updated 2004)**

**South Moravia/Environment, Food and Agriculture, Land and Property/CDE /January and February 2003/face-to-face**

The apple-juice plant in Hostetin village is a project of White Carpathian Traditions, an association of businesses, local councils, charities and farmers whose goal is to conserve local cultural and natural diversity. The plant, its building supported by several grants and a loan, started operation in 2000 and has been producing 140 000 litres/year of organic juice, contributing directly (2 jobs off-season and 8 in season) and indirectly to local employment. The association has founded a trading company which will operate the plant and serve as a marketing service for other local products. All profits will go to the association which plans to use them in support of the aims stated above.

*Contact details: Radim Machu, Hostetin 4, 687 71 Bojkovice, tel. 00 40 572 641 855 e-mail: veronica.hostetin@ecn.cz*

**60.Hruska Family Farm**



**South Bohemia/Food and Farming/DE/March 2003/face-to-face**

After getting their engineering diplomas in agriculture in 1991, city-born Jaroslav Hruska and his wife JMENO started a family farm on Jaroslav grandfather's farmhouse and land. The farm, confiscated in 1953, had been returned to the family by the Borovany agricultural co-operative (see 49). They have added to the original 104 acres and now own 396 acres plus 80 cattle including 32 dairy cows. They make their own feed, keep their own pigs and poultry and grow their own potatoes. With partial government support, they have refurbished the farm and bought new machinery. Jaroslav's parents, who have moved to the village, help out with work on the farm.

*Contact details: Jaroslav Hruska, Trebec 34, 37312 Borovany, tel. 00 420 386 325 224*

**61.Hutzul Farm****East Bohemia/Food and Farming/CDE/November 2002/face-to-face by Tomas Fort**

The farm is owned by Ivan Karbusicky and his wife Inka and its purpose is to breed Hutzul horses, a small hardy breed which had been on the verge of extinction in the country in the early seventies. Ivan was then the member of a voluntary group in Prague which started a small herd, later he and a friend moved to Krkonose National Park and the Hutzul Farm was born. Originally supported by the local state farm, the project is now self-financing thanks to income from a small pub, tourist accommodation, horse-riding and farming and National Park subsidies. The farm has been organic since 1998. It has 60 horses, around 6 employees and volunteers come to help for a week or more.

*Contact details: Ivan Karbusicky (manager), Farma Hucul, Janova Hora 92, 512 38 Vitkovice v Krkonosich, tel. 00 420 481 582 819, e-mail: farma@hucul.cz, web page: www.hucul.info*

**62.Kopanice Development Information Centre****South Moravia/Food and Farming, Enabling and Umbrella Organisation/ /April 2003/face-to-face**

This is a one-room two-staff non-profit organisation in one of the five villages of a distinctive region called Moravian Kopanice, a group of five mountain villages with a total of 1500 people. It is a remote part of the White Carpathians and many agricultural and crafts traditions have survived here. An important part of the centre's work is helping local part-time farmers with an average of 6 acres fill in complicated forms for government agricultural subsidies. They also organise a variety of courses and provide office and staff support for the local Probio branch (see also 66). Most funding comes from grants, the village council provides free office space.

*Contact details: Milan Drgac and Renata Vaculikova, Informacni stredisko pro rozvoj Moravskych Kopanic, Stary Hrozenkov 11, 687 74, tel. 00420 572 696 323, e-mail: iskopanice@razdva.cz*

**63.Kosenka Environmental Land Trust****South Moravia/Food and Farming, Environment, Land and Property/CD/April 2003/face-to-face**

Czech land trusts, whose remit is largely environmental and cultural, do not have a specific legal structure but are accredited by a special body on the basis of their activity. The aim of this Trust, which is in practice a partnership of the environmental organisation Kosenka and local landowners, is to manage valuable mountain meadows in such a way as to keep up their biodiversity. Kosenka owns 16 acres (including an orchard of old fruit varieties), rents 7 acres and has agreements with local farmers, owners of another 37 acres, who pledge to manage their land in an environmentally benign way. The Trust has a steering group which meets seven times a year. See also 70.

*Contact details: Rostislav Travnicek (chairman of steering group and national accreditation group board member), Pozemkovy spolek Kosenka pro prirodu, CSOP Kosenka, Brumovska 11, 76601 Valasske Klobouky, tel. 00420 5773 20145, e-mail: kosenka@mail.walachia.cz*

#### **64.Ostrolovsky Ujezd Agricultural Co-operative (updated 2007)**

##### **South Bohemia/Food and Farming, Land and Property/ACDE/February 2003/face-to-face**

With 474 acres and 75 dairy cows, this mixed farm is one of the smaller co-operatives which emerged after the co-op "transformation" in 1992. Members' share value is calculated according to the assets (farm animals, etc.) they or their parents put up in the 1950s. Land is rented by the co-op from members and non-members and they are paid a rent (see also 49). The original number of members (50) has dwindled as the children of members who have died leave the co-op, and the co-op is paying off the debts. It employs four local people, lends machinery such as tractors when needed and local people can buy milk, straw, grain for feed and potatoes directly from the co-op.

*Update: The farm no longer keeps dairy cattle*

*Contact details: Vaclav Nemecek (co-op manager and chairman of board), Zemedelske druzstvo Ostrolovsky Ujezd, 37401 Trhove Sviny, tel. 00420 386 322 305*

#### **65.Personal Development and Health Trust in Nesmen**

##### **South Bohemia/Rural Services, Land and Property/ CE/May 2003/face-to-face**

A farmhouse near the Nesmen village in South Bohemia is owned by the Trust and used for organising weekend courses focused on self-development, creativity and spirituality. The founder, psychologist Lida Chrastanska, was inspired by the British Findhorn Foundation where she attended a course. The Trust was founded in 1996 and owns the building, Lida organises the courses and pays a rent to the trust. The house was bought thanks to a gift from an American donor and the project is partly financially self-sustaining, part of the funding for repairs comes from gifts. Two volunteers live on-site and grow fruits and vegetables which form part of the participants' menu.

*Contact details: Lida Chrastanska, Nadacni fond pro osobni rozvoj a zdravi, Dlouha 200, 37001 Borek u Ceskych Budejovic, tel. 0420 387 225 239, e-mail: chrastan@ipex.cz, web page: www.spirala/cz/nesmen*

#### **66.Probio Mutual Fund**

##### **South Moravia, national/Food and Agriculture, Finance, Environment/CE/April 2003/face-to-face**

Probio, a national association of organic farmers, has been administering the Mutual Fund as a revolving interest-free loan fund for its members since 1995. An initial loan stock of appr. 5000 GBP was donated by SVWO, a Swiss organic farming association, and the fund has been growing thanks to gifts and a regular percentage of members' contributions. There were only two bad loans out of 45 between 1995 and 2001. In 2002 15 loans were provided ranging from appr. 600 to 2000 GBP (total appr. 22 000 GBP). Loans are provided for equipment and stock purchase, processing and marketing of organic produce, and to tide members over natural catastrophes (floods, fire).

*Contact details: Milan Drgac (contact person for Probio White Carpathian Branch and member of Probio board), Informacni stredisko pro rozvoj Moravskych Kopanic, Stary Hrozenkov 11, 687 74, tel. 00420 572 696 323, e-mail: iskopanice@razdva.cz*

#### **67.Rose Association**

##### **South Bohemia/Enabling and Umbrella Organisation/CD/July 2003/face-to-face**

Twelve municipalities joined together in 1999 and formed this association, which also includes two non-profit groups and a local monastery. Today there are 16 municipalities and the total catchment area is 20 000 people. The association is managed by an elected volunteer board and has one staff member who administers and oversees projects. The association is supported by members' contributions (each municipality pays an equivalent of 20 p per inhabitant) and accesses EU grants for common projects. One recent project has been the

acquisition of a chipping machine by the association which members will borrow to shred wood waste from pruning fruit trees, etc.

*Contact details: Stanislav Malik (chairman of the association and Borovany mayor), Sdruzeni Ruze, Mestsky urad Borovany, Zizkovo namesti 107, 37312 Borovany, tel. 00420 387 981 550, e-mail: sekretariat@borovany-cb.cz, web page: www.sdruzeniruze.cz*

#### **68.Stehlik Publishers**

##### **South Bohemia/Rural Services, Food and Agriculture,Arts and Crafts/CDE/December 2002/face-to-face**

Ivos and Jitka live near the edge of the Sumava National Park, with their children, extended family and a friend. Working from home, they have set up a small publishing house, publishing an average of two hardcover books a year with a focus on local arts and crafts and sustainable development. In addition, they distribute another selected 400 book titles to booksellers, libraries and to individuals by mail order. They farm 37 acres of meadow, keep horses, goats and chickens, grow part of their own food and get part from in-kind exchanges with neighbours. They educate their children at home and organise a yearly woodcutting course.

*Contact details: Ivos and Jitka Stehlik, Brixovy Dvory 194, 38451 Volary, tel. 00420 388 333 519, e-mail: ivos.stehlik@tiscali.cz, web page: www.knihystehlik.com*

#### **69.Traditional Market in Valasske Klobouky**

##### **South Moravia/ Arts and Crafts/CDE/April 2003/face-to-face**

This yearly crafts market started in 1992, has grown quickly and in 2002 has drawn nearly 300 traditional local craftspeople (85 also demonstrated their craft), 6 traditional music groups and about 14 000 shoppers in a town of 5000. The market is organised by a group of local groups and organisations including the museum society, the environmental group Kosenka, a traditional music group and a sports club. The town council also takes part. 450 volunteers help out at the event, serve local food and clean up afterwards. About 50 local businesses sponsor the event. Proceeds from the market go to the local groups for specific projects. See also **63** and **70**.

*Contact details: Rostislav Travnicek, Valassky jarmek, CSOP Kosenka, Brumovska 11, 76601 Valasske Klobouky, tel. 00420 5773 20145, e-mail: kosenka@mail.walachia.cz*

#### **70.White Carpathian Sheep Partnership**

##### **South Moravia/Food and Farming, Land and Property, Environment/ CDE /April 2003/face-to-face**

When sheep farming in the country collapsed in 1997, the environmental organisation Kosenka in partnership with farmers Pavel Seliga and Jan Sveda started a project whereby 30 non-local people invested 64 pounds (price of one sheep) each and Kosenka bought and leased the sheep to the farmers on the owners' behalf. The farmers then bought another 30 sheep with a loan from Probio (see probio) and invested their own capital to rent land and build fences. Today the farmers have a flock of 300 sheep and rent over 1200 acres from 105 local owners. In autumn they graze local nature reserves in accordance with traditional land management (see **63**). Sixty percent of the "absentee" sheep owners accept interest on their 64 pound investment in lamb meat.

*Contact details: Rostislav Travnicek, Valassky jarmek, CSOP Kosenka, Brumovska 11, 76601 Valasske Klobouky, tel. 00420 5773 20145, e-mail: kosenka@mail.walachia.cz*

#### **71.Zahradky Arts and Crafts Workshop**

##### **South Bohemia/Arts and Crafts, Land and Property/CDE/September 2002/face-to-face**

A project of the village council and brainchild of mayor Eliska Novotna, the Zahradky (270 inhabitants) workshop was launched in 1999 and is located in the loft of the village hall. A hostel, meant for visitors to the workshop, opened at the same time. Since then, the workshop has hosted numerous week-long and weekend-courses of basket weaving, embroidery,

woodcutting, flower-arranging, candle-making, etc. Local children receive a 50% subsidy from the council when attending. Two-thirds of the instructors are from the local area and the two projects have created one full-time and two part-time jobs in the village. They are about 90% financially self-sustaining.

Contact details: Eliska Novotna, Obecni urad Zahradky, 378 53 Zahradky 42, tel. 00420 384 490 051, e-mail: obec@zahradky.cz, web page: www.zahradky.cz

## Appendix 2 Rural fragments

### I. A bitter piece of rural history

Karel Zavesky, born 1922, told the following story in the recent Czech TV documentary *Ztracena duše národa (The nation's lost soul)*:

I was born near Roudnice, north of Prague, in an old farming family. We had a big farm, my dad always tried to get the most modern machinery, we had been one of the first farms in the whole country to have a tractor. It was a good life, though we had to work hard. If the weather was good, you stayed out working from morning to night, even Sundays. Even on Christmas Day.

In 1951 all our farmhands were ordered to leave by the local authority. That same year they took our tractor. Although only the family were left to work the land, we still managed to fulfill all the obligatory quotas of milk, beef, poultry. But we could not win. They kept raising the quotas. It was obvious they had decided to destroy us. In December 1952 I was arrested and taken to Roudnice. I got a ten months' prison sentence for "negligence". Other farmer friends got arrested as well, the charges were either negligence or sabotage.

Karel's wife takes up the story:

It was terrible. My in-laws lived with us, and though my father-in-law was normally a very strong and outgoing man, he suddenly seemed to go into a stupor. It was up to me to hold everything together.

Everything happened very quick, all within one week.

On Monday I had gone to visit my parents. They had been forcibly moved from their own farm shortly before.

On Tuesday my oldest daughter phoned to say they had sentenced father to ten months.

On Wednesday I went to see him in the jailhouse. I remember I was full of optimism. On that very day Stalin had died, and I was telling my husband: "You will see, all will be well soon."

On Thursday the head of the local authority phoned up and told me to be ready at six in the morning the next day. The whole family were to be forcibly removed from the farm. I panicked. We had seven rooms, how could I pack it all at such short notice? A neighbour came to help. We took corn sacks, opened the wardrobes one by one and swept everything into the sacks. And I was ready.

Friday morning came, and the lorry arrived without seats, without any kind of cover to keep off the rain. It was March 7<sup>th</sup> and it was cold. One of my small sons had died shortly before, and I went on the phone and I told the head of the local authority to get another lorry. I said I would not get on this one with the old parents and the small children...I had not given birth to the children to bury them in the cemetery...Before we got onto the lorry, I told my

mother-in-law: "Mother, don't let yourself cry. Keep your dignity. We will be back." Only I imagined we would be back that same autumn maybe. But it did not turn out that way.

We were back only after forty years.

Karel's family were taken to a far-off depressing place they had never seen before, lacking even a dry toilet. They were forbidden to visit Roudnice or their farm for many years. After the 1989 revolution, they were compensated and got the farm back. It was in a desolate state, but they repaired it and are now living there again.

There were probably thousands of bigger farmers all over the country who were evicted from their homes like Karel and his family. Some were luckier - they did not get a jail sentence. Others, who helped print leaflets calling for a return to democracy or hid friends escaping across the border, were even less lucky - they got sixteen years, and some never returned home.

## II.

For me, moving to the country has changed my values and given my life new dimensions. The bright and positive face of the rural which I have discovered thus includes:

**Deeper links with nature and the seasons.** Tending my garden and walking to the bus stop or train station, I have awoken to the meaning of the seasons. There is a time to plant, to weed, to harvest and to rest. There are all sorts of animals living here with us: butterflies, snails, birds, frogs and slow-worms. They depend on us to keep up the gardens, fields, cow-farms and compost heaps they need to survive. Behind the fence there is the forest with its gifts of berries and mushrooms, and its lessons in change and transience as trees blossom, sprout leaves, and finally stand naked in the cold, preparing to bloom again next year. Seasons have their special meals and celebrations such as Easter which might feel meaningless in the city take on a new significance in conjunction with them as well.

**Less dependence on a monetised economy.** Food and flowers from the garden, water from the well, mushrooms from the woods, gifts of eggs from neighbours, cheap direct sale of potatoes in the autumn to store in the cellar and cheap milk from the farm. Local production and reciprocity are a shadow of what they once were, still they do make a difference and give a feeling of security. The house is mine so no rent needs to be paid, but on the other hand all the repairs do. Still, this is something I can postpone when hard times come without risk of eviction. And whenever I go out to run in the fields or admire the sunset, there is no rent to be paid either.

**Closer links with people and place.** When you venture out of doors in the village, you never know what will happen. Seeing somebody in their garden, you need to talk a bit about the weather and the flowers. You might get a cucumber or some seeds, you may learn some interesting gossip, you may get invited for a cup of coffee. The locals are all related it seems and they are all interested in everything that goes on, including everything that goes on in your life. On the other hand they tend to be tactful and circumspect. Keeping up good relations is important as we all know we will be meeting each other, giving each other cucumbers and inviting each other for coffee for many years to come. We are linked by a common history, a common place and a common interest in this place. We help each other. It is too small for anybody to fade into the background. And it is too small for anybody to be unimportant.

**Deeper links with the past** I live in an old house and over the years it has subtly influenced me with its functional pre-industrial beauty. It was built long ago of local stone and local wood and whitewashed with lime. It meant not only a dwelling but a livelihood: people were born here, lived here, worked here and died here, in this house. I have heard

stories of what happened here before I was born, the old people have told me of their childhoods in the village. There used to be a medieval castle in the woods, it is now grown over with forest, but the place-language still remembers it. The old disused brewery had a big hall with pillars in the basement where secret dances were held during the war, when it was forbidden. Dancers and musicians alike came from the village, and old eyes still light up at the memory. In the fields at crossroads, crosses were put up and lime trees planted to commemorate happy and tragic events now forgotten. And then there are the remnants of the annual events dating from time immemorial. Like the *masopust*:

### **Many Bottom Lines**

The village I live in has retained a fascinating yearly custom dating from pre-Christian times. A quaint and outdated tradition to some, it is arguably the life-blood of the community and has so many strands of meaning it is difficult to touch upon them all in a short text such as this.

A relative of the current West European and old Roman Carnival, the South Bohemian *masopust* takes place in the winter-time, traditionally on the eve of the forty-day fast before Easter, though those who take the fasting afterwards seriously are few. The *masopust*, however, remains alive and well in many small villages and hamlets and there actually seems to have been a renaissance of the custom after the 1989 revolution.

On a *masopust* Saturday, you stand prepared at the door of your house when you hear the music coming near. If you have the older type of house, with living quarters and farm buildings around a closed courtyard, you have thrown the gates open, with refreshments and drinks ready on a table. Finally you hear the traditional tune right behind the corner, and then the *masopust* is upon you. First the nine young men in black with their leader dressed in colourful rags dance an intricate circular dance at your doorstep. The young men have special tall hats with many colourful little paper roses. The hats are decorated each year with green juniper, indicating both the renewal of nature and the thorns which Jesus was crowned with before his crucifixion. In this as in other cases the Catholic Church had adapted to a local tradition, layering old customs with new meanings.

The formal circular dance by the nine young men over, you are addressed by your name and asked for money. You give what you can spare. Then the leader of the *masopust* asks you for your favourite tune and, if you are a woman, one of the young men dances with you to the music. They dance with all the women in your family, and now the other "masks" come into the courtyard. There may be chimney-sweeps, bears, Gipsies, monks, men often dress as women and vice-versa. This year we had among others a cow-herd with three cows and a film-crew. The bear plays a tune, the chimney-sweep asks to sweep your chimney, the Gipsy reads your hand, the cowherd sells the cows' milk. They all expect some small change and this will later form part of the collective funding of the whole event. But the emphasis is not on the fundraising, but on the fun involved, with the cowherd chasing the cows all over the place, the Gipsy stealing the witches' brooms and the man dressed as a woman coyly showing her leg encased in frilly long underwear. Drinking, eating and socialising follows. Finally the *masopust* leader gives the sign, the band plays the little tune and the young men start off at a brisk trot to your neighbours', masks and onlookers following. They visit all the houses in the village and the culmination is a dance in the village hall, with free entry for all who gave money and who fundraised as masks.

I have taken part in this event many times yet each time I seem to discover a new layer of meaning. Some are obvious, such as the creativity, fun and abandon which go with making and wearing the masks. Both old and young participate. Children are discouraged from wearing masks though, and not only because of the alcohol drinking and cold. One of the paradoxes of the *masopust* is that despite its carnival atmosphere, this is a serious adult matter. The circle dance participants, though they may not consciously perceive it, enact a link to place, to the past, even to cosmic cycles: According to ethnologists, it was originally a benediction, and the hidden meaning of the ceremony was support for the fruitful, life-

giving forces of nature. This is why the young unmarried men dance with the women. If you try to step into the circle of male dancers even today, you are told off. No-one can step into the circle though no-one will tell you why. It remains one of the mysteries of the *masopust*, respected in the jet age as it was in our great-grandparents' day.

The young men silently bow, holding their high hats, before the crosses and chapels they pass on their way, and dance without music in front of the memorial of the First World War. A silent dance is also made before a house where someone has died in the last year. Going from house to house and farm to farm, the leader of the *masopust* (although a man, he is called its *mother*) must know what has happened in each house and the names of the people living there. Often, whole families from the city and other villages come home to grandma's for the event and old friends meet who have not seen each other since last year. The feeling of belonging which you get from being visited in your house by a large part of the village every year is strong, and intentionally *not* being visited during the *masopust*, which I hear may exceptionally happen, must be devastating.

There are countless more subtle aspects to the *masopust* ceremony, such as a sense of self-esteem and identity for the boys who organise everything and a link to the older men who had handed it down, the songs and the special baking, a reflection by some masks of current events and politicians. All these "bottom lines" intermingle and make for a potent mixture contributing to the spiritual and social health of the village and its inhabitants. This remains true despite the shadows: drinking the whole day, vulgarity with some of the masks and even fighting in the evening between young men who had drunk too much. And of course the cold one must endure.

Since my first *masopust* I have never been the same. This year I have again watched the 20-year-olds lay their tall colourful hats next to their mobiles in the pub and wondered about the the resilience, fragility and future of old customs.

### **Appendix 3 Co-operative principles**

In 1844-1854, the Rochdale Pioneers, whose successful consumer co-operative in the town of Rochdale near Manchester was the cradle of the world co-operative movement, set out their rules in what became known as the Rochdale co-operative principles<sup>1</sup>. The original principles remained widely influential for many decades. They were then updated by the International Co-operative Alliance (an umbrella group whose members are co-operative associations from more than 100 countries representing over 760 million members) in 1937, 1966 and most recently on 23d September 1995 at the ICA 100th anniversary meeting in Manchester. This 1995 version appeared after almost 15 years of internal consultation within the co-ops and embodies both the underlying values of the co-operative movement and the guidelines to put them into practice.<sup>2</sup>

#### **1<sup>st</sup> principle: Voluntary and open membership**

Co-operatives are voluntary organisations, open to all persons able to to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political and religious discrimination.

#### **2<sup>nd</sup> principle: Democratic member control**

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have voting rights (one member, one vote) and co-operatives at other levels are organised in a democratic manner.

### **3<sup>d</sup> principle: Member economic participation**

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

### **4<sup>th</sup> principle: Autonomy and independence**

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

### **5<sup>th</sup> principle: Education, training and independence**

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

### **6<sup>th</sup> principle: Co-operation among co-operatives**

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

### **7<sup>th</sup> principle: Concern for community**

While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

The principles are a part of the International Co-operative Alliance Statement on the co-operative identity, which also includes the definition of a co-operative and expresses the underlying values of the co-operative movement:

#### **Definition**

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

#### **Values**

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

1 Birchall, J, 1994, p. 54-64

2 The updated Rochdale principles as set down in this Appendix had originally been accessed from the Cooperative Life website ([www.cooplif.com](http://www.cooplif.com)) and my understanding of their meaning and relevance to social enterprise has benefitted from a lecture by Pat Conaty (2002) and from an article by Ann Hoyt (1996), see References. For more information on the International co-operative alliance, see their website at [www.coop.org](http://www.coop.org)



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